

EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2001	\$52,662,700 ¹
Add estimated 2001-03 general fund revenues	1,706,315,707 ²
Total resources available	\$1,758,978,407
Less recommended 2001-03 general fund appropriations	1,746,983,713
Estimated general fund balance - June 30, 2003	\$11,994,694

¹ This amount includes the effect of recommended general fund deficiency appropriations of \$20,843,672 and estimated agency general fund turnback of \$14,252,498.

² Section 12 allows the director of the Office of Management and Budget to direct the Industrial Commission to transfer additional funds from the Bank of North Dakota to the general fund if actual 2001-03 revenues are less than projected. The transfers may not exceed the lesser of the amount of the revenue shortfall or \$25 million; however, the transfers may not reduce the Bank's capital to less than \$140 million.

TOTAL APPROPRIATIONS SUMMARY

	1999-2001 Legislative Appropriations	Increase (Decrease)	2001-03 Legislative Appropriations
General fund	\$1,614,882,210	\$132,101,503	\$1,746,983,713
Estimated income	3,265,271,344	(242,574,361) ¹	3,022,696,983 ¹
Total all funds	\$4,880,153,554	(\$110,472,858)	\$4,769,680,696

¹ The special funds appropriation decrease from the 1999-2001 biennium to the 2001-03 biennium results primarily from the Legislative Assembly removing \$775,859,048 of higher education tuition and local funds from the appropriation process by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, there would have been an estimated income increase of approximately \$513,284,687 from the 1999-2001 legislative appropriation to the 2001-03 legislative appropriation.

2001-03 GENERAL FUND REVENUES

1. Provided for general fund revenues of \$1.76 billion, \$110.1 million more than 1999-2001 biennium revenues as included in the March 2001 revenue forecast.
2. Assumed **revenue growth** (excluding transfers) of approximately 2.8 percent for each year of the 2001-03 biennium.
3. Major areas of revenue growth (compared to the March 2001 forecast for the 1999-2001 biennium) include:
 - a. Individual income tax revenue increases by \$48.1 million or 11.9 percent.
 - b. Sales and use tax revenue increases by \$26.9 million or 4.4 percent.
4. Oil tax revenue remains unchanged at \$62 million. In addition to the general fund share of oil taxes, \$9.2 million is estimated to be transferred to the permanent oil tax trust fund at the end of the 2001-03 biennium in accordance with the provisions of North Dakota

5. Century Code (NDCC) Section 57-51.1-07.2; \$13.3 million is estimated to be transferred at the end of the 1999-2001 biennium. Moneys in the fund may be spent only upon a two-thirds vote of the Legislative Assembly.
6. Included \$60 million from the **Bank of North Dakota**, \$10 million more than the amount transferred during the 1999-2001 biennium.
7. Included \$6 million from the **Mill and Elevator**, \$3 million more than the amount transferred during the 1999-2001 biennium.
8. Anticipated state agency **general fund turnback** of \$14.3 million at the end of the 1999-2001 biennium.
9. Appropriated \$20.8 million from the general fund for 1999-2001 biennium **deficiency appropriations**.
10. Included \$2 million resulting from the sale of **developmental disability facility loans** to the Bank of North Dakota.
10. Authorized the director of the Office of Management and Budget to request **additional Bank of North Dakota transfers** of up to

\$25 million if revised revenue projections during the 2001-03 biennium indicate that general fund revenues will be less than the estimates approved by the 2001 Legislative Assembly. The transfers may not exceed the actual amount that revenues are less than estimated, and the transfers may not reduce the Bank's capital structure below \$140 million.

11. Reduced general fund revenues by \$2.5 million relating to the increasing share of federal **mineral royalties** that counties and school districts receive under NDCC Section 15-40.1-13. The counties will receive 30 percent in 2002, 40 percent in 2003, and 50 percent thereafter compared to the 10 percent and 20 percent received in 2000 and 2001, respectively. The balance is deposited in the general fund and is deemed the first moneys withdrawn for state school aid purposes.

2001-03 GENERAL FUND APPROPRIATIONS

1. Included general fund appropriations of \$1.76 billion, \$132.1 million or 8.2 percent more than the 1999-2001 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
 - a. Higher education - \$32.5 million, a 9.7 percent increase.
 - b. Department of Public Instruction - \$24.7 million, a 4.5 percent increase.
 - c. Department of Human Services - \$19.9 million, a 5.7 percent increase.
 - d. Information Technology Department - \$19.4 million.
 - e. Department of Corrections and Rehabilitation - \$14.4 million, a 23.1 percent increase.
 - f. Judicial branch - \$13.1 million, a 32.3 percent increase.
 - g. Highway Patrol - \$10.1 million, a 106.3 percent increase.
 - h. Industrial Commission - (\$14 million).

2001-03 SPECIAL FUNDS APPROPRIATIONS

1. Included special funds (estimated income) appropriations of \$3.02 billion, \$242.6 million less than the 1999-2001 legislative appropriations. The decrease results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds from the appropriation process by providing a continuing appropriation for higher education special funds. If higher education tuition income and local funds had been specifically appropriated, there would have been an overall increase in special

funds appropriations from the 1999-2001 to 2001-03 bienniums of approximately \$513,284,687 or 15.7 percent.

2. Major special funds appropriations increases (decreases) relate to:
 - a. Department of Human Services - \$148.2 million, a 16.8 percent increase.
 - b. Department of Transportation - \$64.2 million, a 9.5 percent increase.
 - c. Department of Public Instruction - \$28.4 million, a 13.9 percent increase.
 - d. Information Technology Department - \$25.8 million, a 52.2 percent increase.
 - e. Industrial Commission - \$21.8 million, a 158.4 percent increase.
 - f. Higher education - (\$633.2 million), an 88.7 percent decrease.

HIGHER EDUCATION

1. Increased **general fund** support for higher education by \$32,504,549 or 9.7 percent compared to the 1999-2001 legislative appropriations.
2. Removed \$177,746,228 of **tuition and other income** from the appropriation process (\$159,495,220 was appropriated for the 1999-2001 biennium).
3. Removed \$578,112,820 of **local funds** from the appropriation process (\$523,858,540 was appropriated for the 1999-2001 biennium).
4. Consolidated the University System office salaries and wages, operating, and equipment line items into one line item--operations--and the line items for institutions into two--operations and capital assets.
5. Provided funding of \$31,567,243 for University System pools including:
 - a. An **equity and special needs pool** of \$4,628,824 for:
 - (1) Critical needs in campus operations.
 - (2) One-time funding for innovation initiatives.
 - (3) Equity salary adjustments.
 - (4) Other equity and special needs.
 - b. A **technology pool** of \$26,938,419 for:
 - (1) University System equipment (\$217,020).
 - (2) Increased system technology and network costs (\$1.2 million).
 - (3) Costs associated with the implementation of the statewide information technology network (\$3,295,474).
 - (4) Costs associated with the operation of the Interactive Video Network (IVN), On-line Dakota Information Network (ODIN),

and Higher Education Computer Network (HECN) (\$22,225,925).

- c. Funding of \$4,000,000 for **competitive research** matching funding, which is a \$2,028,900 increase from the previous biennium, \$4,223,031 for **student financial assistance grants**, which is a \$227,250 decrease from the previous biennium, \$1,560,716 for the **professional student exchange program**, which is a \$250,000 increase from the previous biennium, and \$770,730 for the **scholars program**, which is a \$64,500 increase from the previous biennium.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided a general fund appropriation of \$509 million for per student payments, transportation aid, and teacher compensation payments, an increase of \$30 million, or 6.3 percent, from the 1999-2001 appropriation of \$479 million for per student payments and transportation aid.
2. Increased per student payments from \$2,230 in 2000-01 to \$2,287 in 2001-02, an increase of \$57 per student (2.6 percent), and \$2,347 in 2002-03, an increase of \$60 per student (2.6 percent).
3. Anticipated a decrease in fall enrollment in kindergarten through grade 12 public schools from 108,094 students in 2000-01 to 105,941 students in 2001-02, a decrease of 2,153 students (2 percent), and 103,575 students in 2002-03, a decrease of 2,366 students (2.2 percent).
4. Provided a general fund appropriation of \$35 million for **teacher compensation payments** of \$1,000 the first year and an additional \$2,000 the second year (second-year total of \$3,000 per teacher FTE) for approximately 8,884 eligible instructional FTE positions.
5. Provided a special funds appropriation from the **state tuition fund** of \$67.2 million, an increase of \$13.7 million, or 25.6 percent, from the 1999-2001 appropriation of \$53.5 million. The appropriation will provide payments of approximately \$300 per census unit, an increase of \$80, or 36 percent, from the 2000-01 appropriated payment of \$220. The appropriated amount is based on the assumption that the Board of University and School Lands will distribute all income relating to tobacco settlement moneys which have been or will be deposited in the common schools trust fund.
6. Provided a general fund appropriation of \$49.9 million for **special education grants**, an increase of \$3.3 million, or 7.1 percent, from the 1999-2001 appropriation of \$46.6 million.

7. Provided a general fund appropriation of \$2.2 million for **revenue supplement payments**, a decrease of \$1.25 million, or 40.3 percent, from the 1999-2001 appropriation of \$3.1 million.
8. Provided a general fund appropriation of \$1.2 million to develop and administer **standards-based student tests**, as required for the state to continue to receive federal Title I funding.

HUMAN SERVICES

1. Changed the source of funding for salaries and wages from the general fund to special funds by a total of \$1.2 million to recognize **anticipated salary savings** from vacant employee positions and employee turnover. This represents a two percent reduction of general fund salaries for the human service centers and a one percent reduction of general fund salaries for the remainder of the department, including the State Hospital and Developmental Center. In addition, the funding source was changed from the general fund to special funds for 10.65 FTE vacant positions at the State Hospital that the hospital has no immediate plans to fill, totaling \$853,908. The 1999 Legislative Assembly reduced general fund support for salaries by a total of \$3.5 million to recognize anticipated savings from vacant positions and employee turnover.
2. Used **health care trust fund** moneys for:

Grants and loans	\$12,100,226
Health Insurance Portability and Accountability Act (HIPAA) computer system project and other technology projects	3,000,000
Nursing home bed reduction incentive	4,000,000
Nursing facility compensation enhancement	8,189,054
Nursing facility rate limit increases resulting from rebasing	681,846
Nursing facility and intermediate care facility for the mentally retarded personal care allowance increase	309,600
Basic care compensation enhancement	202,080
Basic care personal care allowance increase	180,000
Targeted case management services	338,530
Qualified service provider training grants	140,000
Statewide long-term care needs assessment	241,006
Service payments for elderly and disabled (SPED)	6,898,302
Senior citizen mill levy matching grants	250,000
Independent living center grants	100,000
Administrative costs	71,158
Total	\$36,701,802

3. Increased funding provided from “**retained**” funds by \$2,494,569 compared to the 1999-2001 biennium to a total of \$31,940,419. “Retained” funds are federal funds received by the state for administrative costs incurred by the counties that the state retains pursuant to the “swap” agreement with the counties.
4. Increased funding by \$748,580 compared to the 1999-2001 biennium, \$335,227 of which is from the general fund for **Indian county allocation** to provide funding at 90 percent of the statutory formula (NDCC Section 50-01.2-03.2). Total funding of \$2,525,000 is provided for this allocation.
5. Required the department to seek a Medicaid **personal care waiver** to allow Medicaid funds to be used for a portion of basic care costs. This change results in a funding source change from the general fund to federal funds of \$5,609,666.
6. Provided \$584.3 million, \$151.7 million of which is from the general fund and \$9.5 million from the health care trust fund for the **medical assistance program**, excluding the intergovernmental transfer program. The funding provided is an increase of \$70 million, or 13.6 percent, of which \$6.2 million is from the general fund compared to the 1999-2001 biennium.
7. Increased funding for **Healthy Steps** (children’s health insurance program) by \$5 million, \$1.1 million of which is from the general fund. Funding is provided to continue eligibility requirements at 140 percent of poverty, to provide for an average caseload that begins the biennium at 2,885 children each month and ends the biennium at 2,995 children each month, and to provide for an inflation rate on the insurance premiums of 16.4 percent. Total funding for Healthy Steps is \$8.9 million, \$1.9 million of which is from the general fund.
8. Increased funding for **developmental disabilities grants** by \$15.3 million, or 10.3 percent, \$4.4 million of which is from the general fund to provide a total of \$164.2 million, \$53.7 million of which is from the general fund. The Legislative Assembly added funding for increasing the average wage for community provider direct care workers by 10 cents per hour and for increasing provider reimbursement rates by 2.2 percent each year.
9. Increased funding for the **senior citizen mill levy match** by \$400,000 compared to the 1999-2001 biennium to a total of \$1,662,945. Of this amount, \$1,412,945 is from the general fund and \$250,000 is from the health care trust fund.
10. Provided \$13.4 million for **SPED**, \$5,835,142 of which is from the general fund, \$6,898,302 from the health care trust fund, and \$682,151 from the counties.
11. Provided \$1,203,280 from the general fund for **expanded SPED**.
12. Required the department to establish **targeted case management services** for eligible elderly and disabled individuals who are at risk of requiring long-term care services. As a result, funding of \$551,700 was removed from SPED, \$217,800 from expanded SPED, and \$14,462 from basic care, and \$1,107,750 was added to medical services for these case management costs that previously were paid for through SPED, expanded SPED, and basic care assistance.
13. Reduced **partnership program** funding at the human service centers by \$2,035,184. General fund support for the program increased by \$337,515, and federal funding decreased by \$2,372,699. Total funding of \$5,796,110, \$2,139,990 of which is from the general fund, is included for the partnership program at the human service centers.
14. Provided that special funds of \$2,139,284 be received from the Department of Corrections and Rehabilitation for driving under the influence (**DUI**) **offender treatment services** provided to corrections inmates at the State Hospital. With this special funds increase, the general fund support is reduced by \$2,139,284. The Department of Corrections and Rehabilitation was appropriated only \$1.6 million for these services, which may result in the State Hospital being unable to generate the \$2.1 million of special funds.

TECHNOLOGY

1. Provided funding of \$94,840,190, of which \$19,648,060 is from the general fund and \$75,192,130 is from special funds, to the Information Technology Department. This includes funding of \$5,221,466, of which \$868,216 is from the general fund, appropriated for the Division of Independent Study and transferred to the Information Technology Department pursuant to Senate Bill No. 2251. The funding provided from the general fund is for the following:

Statewide information technology network	\$4,920,825
Enterprise resource planning system	7,500,000
Geographic information systems	750,000
Educational Technology Council	1,200,000
Center for Innovation and Instruction	800,334
SENDIT Technology Services	1,673,669
Prairie Public Broadcasting	1,407,513
Division of Independent Study	868,216
Other	527,503
Total	\$19,648,060

2. Authorized a total of 244.7 FTE positions, 76.7 FTE positions more than the 1999-2001 authorized level. The additional FTE positions include four for the implementation of the statewide information technology network, 26 for software development projects, 37.7 for the Division of Independent Study, and nine for other initiatives.

JUDICIAL BRANCH

1. Provided funding for increasing Supreme Court justices' salaries by approximately eight percent for the first year of the biennium and seven percent for the second year of the biennium and for increasing district court judges' salaries by approximately seven percent for each year of the biennium. The Supreme Court justices' and district court judges' salaries for the 2001-03 biennium are as follows:

	July 1, 2000	July 1, 2001	July 1, 2002
Supreme Court justice	\$87,895	\$94,858	\$102,021
Other Supreme Court justices	\$85,483	\$92,289	\$99,122
District court presiding judges	\$80,755	\$86,754	\$93,343
Other district court judges	\$78,887	\$84,765	\$90,671

2. Provided funding of \$10,904,353, of which \$10,154,353 is from the general fund, for clerk of court unification costs, an increase of \$9,904,353 from the 1999-2001 biennium.

HEALTH

1. Provided \$4.7 million from the community health trust fund for tobacco prevention and control.
2. Provided funding of \$350,000 from the community health trust fund, \$100,000 for funding the Community Health Grant Program Advisory Committee and \$250,000 to provide grants to cities and counties for tobacco education and cessation programs.
3. Created a separate line item for federal funding from the Centers for Disease Control and Prevention of \$2,369,934 for tobacco prevention and control.
4. Authorized the issuance of bonds of \$2,700,000 for an addition to the East Laboratory with \$1,755,000 to be available from non-general fund sources to assist in the retirement of bonds.

CORRECTIONS

1. Provided a general fund appropriation of \$1.5 million for the establishment of a **prerelease center**. The center will be operated

on a contract basis and will house up to 50 inmates who are within six months of release. The center will provide counseling, job skills training, cognitive restructuring, and alcohol and drug abuse treatment services.

2. Provided a general fund appropriation of \$1.6 million for contracting with the State Hospital for the operation of a **DUI offender treatment program**.- The program will provide treatment services to DUI offenders with three or more offenses and will have a maximum occupancy of 25 inmates.
3. Provided \$1.4 million, of which \$1 million is from the general fund, for the operation of the **Tompkins Rehabilitation and Corrections Unit**, an increase of \$288,455 from the amount appropriated for the 1999-2001 biennium. The 1999 Legislative Assembly authorized the program to allow the department to contract with the Stutsman County jail for inmate cells and with the State Hospital for treatment services.
4. Provided one FTE position and \$239,283 from supervision fees collected by the department for the establishment of a **South Central Judicial District drug court**.
5. Provided a general fund appropriation of \$1.1 million from the general fund and authorized 28 FTE positions for the **seriously mentally ill (SMI) unit** at the James River Correctional Center for the last nine months of the biennium.
6. Provided a general fund appropriation of \$3.6 million for **housing state inmates at county or out-of-state correctional facilities**, an increase of \$1.7 million from the 1999-2001 appropriation of \$1.8 million.

COMMERCE

1. Consolidated the Department of Economic Development and Finance, the Division of Community Services of the Office of Management and Budget, and the Department of Tourism into the Department of Commerce (Senate Bill No. 2032). The department consists of a Division of Economic Development and Finance, Division of Community Services, Division of Tourism, and Division of Workforce Development. A commerce cabinet consists of various state agency heads to coordinate economic development and tourism efforts. An economic development foundation, consisting of from 15 to 30 individuals appointed by the Governor, will advise the commissioner and develop a strategic plan for the department.

Employees of the department are excluded from the North Dakota personnel classification system.

2. Provided \$2,350,000 from the general fund for the development fund for the 2001-03 biennium, an increase of \$1.6 million compared to the \$750,000 provided for the 1999-2001 biennium.

ETHANOL

1. Provided \$2,500,000 from the highway tax distribution fund for **ethanol incentives** for the 2001-03 biennium, an increase of \$700,000 from the \$1,800,000 appropriated for the 1999-2001 biennium.
2. Required **an ethanol plant that intends to participate** in the ethanol incentive program during the 2001-03 biennium to notify the Agricultural Products Utilization Commission in writing by October 1, 2001, in order to be eligible.
3. Allowed the **Alchem** plant in Grafton to receive up to \$750,000 per year in incentives and the **ADM** plant in Walhalla and any new plant that begins operations to share equally in up to \$500,000 per year in incentives.
4. Removed the requirement that only **ethanol sold in North Dakota** qualifies for the incentive payment of 40 cents per gallon.

LEWIS AND CLARK

The following schedule compares the funding appropriated for the Lewis and Clark Bicentennial for the 2001-03 biennium to the 1999-2001 biennium:

Agency	2001-03 General Fund Appropriation	1999-2001 General Fund Appropriation	2001-03 Increase
Commerce Department	\$905,751		\$905,751
Tourism Department		\$123,995	(123,995)
State Historical Society	1,523,844	931,345	592,499
Parks and Recreation Department	765,441	437,700	327,741
Council on the Arts	174,948	25,000	149,948
Total	\$3,369,984	\$1,518,040	\$1,851,944

TRANSPORTATION

1. Increased **motor vehicle registration fees** by \$7 per vehicle per year. This increase is estimated to generate \$9.5 million for the

2001-03 biennium. The Legislative Assembly provided that for the 2001-03 biennium only \$2 of the \$7 increase be deposited in the highway fund rather than the highway tax distribution fund, which increases the state share by \$1 million for the 2001-03 biennium. As a result, \$7,021,000 of the additional revenue estimated to be generated will be deposited in the state highway fund and \$2,479,000 will be distributed to cities and counties.

2. Did not change the 21 cent per gallon **fuel tax rate**.
3. Provided \$2.5 million of funding received from the asbestos settlement for partial **remodeling of the highway building** due to the presence of asbestos. The total project is estimated to cost \$8.5 million.
4. Added a \$3.2 million contingent special funds appropriation for a **new license plate issue** only if the Legislative Assembly specifically identified additional revenues to provide for the cost of the general license plate issue. Because the Legislative Assembly did not specifically identify additional revenue to provide for the cost of a new license plate issue, this appropriation will not be spent.
5. Reduced funding from the highway fund that is provided for the **Highway Patrol budget** by \$7.1 million, from \$13.3 million in 1999-2001 to \$6.2 million for 2001-03.
6. Increased funding by \$4.5 million of special funds for **motor pool** rate increases.
7. Increased funding for **highway construction** compared to the 1999-2001 biennium by \$78.5 million, \$21.9 million of which is from the highway fund. A total of \$451.2 million is provided for highway construction, \$363.2 million of which is from federal funds and \$88 million from the highway fund.
8. Added \$5 million of federal funds for paying preliminary engineering costs on the **Four Bears Bridge** project.
9. Authorized the department to obtain a Bank of North Dakota loan for matching **federal emergency relief funds** and to repay the loan by the end of the biennium by requesting a deficiency appropriation.

CAPITAL CONSTRUCTION

1. Provided funding of \$702,759,858 for the following capital projects:
 - a. \$102,224,176 for major capital projects.
 - b. \$26,812,182 for extraordinary repairs.
 - c. \$573,723,500 for other projects (including \$451,162,687 for the Department of Transportation and \$100,533,764 for the State Water Commission).

The funding sources for major capital projects and extraordinary repairs and other projects are as follows:

	General Fund	Special Funds
Major capital projects	\$5,747,696	\$96,476,480
Extraordinary repairs and other projects	25,205,004	575,330,678
Total	\$30,952,700	\$671,807,158

2. Continued State Water Commission authority to issue \$62.3 million in bonds for **water and flood control projects** originally authorized by the 1999 Legislative Assembly (Senate Bill No. 2188) and, in addition, authorized the issuance of \$10.5 million in bonds for a new flood control project. The \$72.8 million in bond proceeds is designated for water and flood control projects in the following cities:
 - a. Grand Forks - \$34 million.
 - b. Devils Lake - \$25 million.
 - c. Grafton - \$4.8 million.
 - d. Wahpeton - \$3.5 million.
 - e. Fargo - \$5.5 million.
3. Authorized the following major capital construction projects to be financed by **bonding**:

University of North Dakota - Memorial Student Union renovation	\$3,500,000 *
North Dakota State University	
Minard Hall renovation	3,000,000 *
New student residence hall	8,000,000 *
State College of Science	
Parking lot renovations	1,000,000 *
Student Union renovation and expansion	2,000,000 *
Minot State University - Old Main renovation	7,850,000
State Department of Health - East Laboratory addition	2,700,000
Job Service - Bismarck office	2,302,000
Total	\$30,352,000

* The Legislative Assembly provided for the projects to be financed with higher education revenue bonds.

STATE EMPLOYEES

1. Provided funding for state employee **salary increases** equal to three percent of salaries for the first year of the biennium and two percent for the second year of the biennium. Annual increases are to be at a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. Funding provided for these increases totals \$39.5 million, \$27 million of which is from the general fund.
2. Provided \$5 million, \$2.7 million of which is from the general fund, for **market equity compensation adjustments** for classified state employees.
3. Provided \$492,302, \$360,797 of which is from the general fund, for **minimum pay grade adjustments** for classified state employees.
4. Provided \$178,233, \$142,697 of which is from the general fund, for salary equity adjustments for **elected and appointed officials**, effective January 1, 2002. These increases are in addition to the salary increases of three percent for the first year and two percent for the second year of the biennium.
5. Continued funding for the cost of health insurance premiums for state employees. The legislative appropriation provides \$409.09 per month for employee health insurance (an increase of \$59.37 compared to the 1999-2001 premium). A health insurance plan with benefits similar to the plan provided during the 1999-2001 biennium was projected to have required monthly premium payments of approximately \$427 per month.
6. Authorized a total of 11,616.78 FTE positions, 79.86 FTE positions more than the 1999-2001 authorized level and 14.3 FTE positions fewer than the executive recommendation.

**GENERAL FUND REVENUE ESTIMATES FOR THE 1999-2001 AND 2001-03 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS**

	Actual		Estimated		2001-03 Increase (Decrease) Compared to 1999-2001	2001-03 Percentage Increase (Decrease) Compared to 1999-2001
	1995-97 Biennium	1997-99 Biennium	1999-2001 Biennium\1	2001-03 Biennium\2		
Beginning balance	\$31,151,278	\$65,000,000	\$61,114,425	\$52,662,700	(\$8,451,725)	-13.83%
Revenues						
Sales and use tax	\$517,328,106	\$569,501,827	\$616,840,047	\$643,705,000	\$26,864,953	4.36%
Motor vehicle excise tax	88,142,913	94,863,089	109,998,958	113,531,000	3,532,042	3.21%
Individual income tax	315,516,252	358,287,825	402,767,325	450,847,000	48,079,675	11.94%
Corporate income tax	99,347,937	123,420,219	94,220,001	104,439,000	10,218,999	10.85%
Insurance premium tax	36,968,670	33,133,216	39,260,916	39,896,000	635,084	1.62%
Business privilege tax	3,854,132	6,494,162	4,782,211	4,800,000	17,789	0.37%
Cigarette and tobacco tax	45,030,090	44,091,170	41,692,734	38,796,000	(2,896,734)	-6.95%
Oil and gas production tax	33,042,320	26,973,613	38,433,430 ^{\3}	38,431,000 ^{\3}	(2,430)	-0.01%
Oil extraction tax	21,987,655	16,703,114	23,566,570 ^{\3}	23,569,000 ^{\3}	2,430	0.01%
Coal severance tax	22,245,267	22,596,137	22,437,459		(22,437,459)	-100.00%
Coal conversion tax	24,064,781	23,786,790	25,518,737	48,670,000	23,151,263	90.72%
Gaming tax	22,848,486	22,801,868	27,046,000	20,403,000	(6,643,000)	-24.56%
Wholesale liquor tax	10,339,078	11,140,328	10,857,646	10,540,543	(317,103)	-2.92%
Mineral leasing fees	5,629,526	7,257,989	7,896,523	6,757,500	(1,139,023)	-14.42%
Interest income	15,554,914	19,013,889	20,382,000	21,011,000	629,000	3.09%
Departmental collections	28,737,207	32,997,069	42,544,198	48,977,350	6,433,152	15.12%
Total revenues	<u>\$1,290,637,334</u>	<u>\$1,413,062,305</u>	<u>\$1,528,244,755</u>	<u>\$1,614,373,393</u>	<u>\$86,128,638</u>	<u>5.64%</u>
Transfers and other sources						
Bank of North Dakota	\$50,214,540	\$29,600,000	\$50,000,000	\$60,000,000 ^{\4}	\$10,000,000	20.00%
Student loan trust	1,000,000	3,000,000		9,000,000	9,000,000	
Mill and Elevator	1,071,878	1,128,872	3,000,000	6,000,000	3,000,000	100.00%
Gas tax administration	2,000,000	5,500,000	1,380,608	1,363,392	(17,216)	-1.25%
Lands and minerals fund			3,000,000	3,545,102	545,102	18.17%
PERS life insurance fund			1,500,000		(1,500,000)	-100.00%
Financial institutions regulatory fund			200,000	300,000	100,000	50.00%
Water development trust				9,733,820	9,733,820	
State aid distribution fund	35,444,748	28,016,831				
Sale of DD loans				2,000,000 ^{\5}	2,000,000	
Other	1,000,476	3,197,042	442,859		(442,859)	-100.00%
Total transfers	<u>\$90,731,642</u>	<u>\$70,442,745</u>	<u>\$59,523,467</u>	<u>\$91,942,314</u>	<u>\$32,418,847</u>	<u>54.46%</u>
Total beginning balance, revenues, and transfers	<u>\$1,412,520,254</u>	<u>\$1,548,505,050</u>	<u>\$1,648,882,647</u>	<u>\$1,758,978,407</u>	<u>\$110,095,760</u>	<u>6.68%</u>

\1 Revised 1999-2001 revenue forecast (March 2001).

\2 Legislative amounts for the 2001-03 biennium.

\3 North Dakota Century Code Section 57-51.1-07.2 provides that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceeded \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. Moneys in the permanent oil tax trust fund may only be spent upon approval of two-thirds of each house of the Legislative Assembly.

Total oil and gas tax collections are estimated to be \$75.3 million during the 1999-2001 biennium, resulting in \$13.3 million being transferred to the permanent oil tax trust fund. Total oil and gas tax collections are estimated to be \$71.2 million during the 2001-03 biennium, resulting in \$9.2 million, for a total of \$22.5 million, being transferred to the permanent oil tax trust fund at the end of that biennium. Interest on moneys in the fund are transferred to the general fund.

\4 In addition to the \$60 million transfer from the Bank of North Dakota included in the legislative amounts, Section 12 of 2001 House Bill No. 1015 provides that if actual general fund revenues are less than projected for the 2001-03 biennium, an amount equal to the revenue shortfall, not to exceed \$25 million, may be transferred from the Bank of North Dakota. The transfer may not reduce the Bank's capital structure below \$140 million.

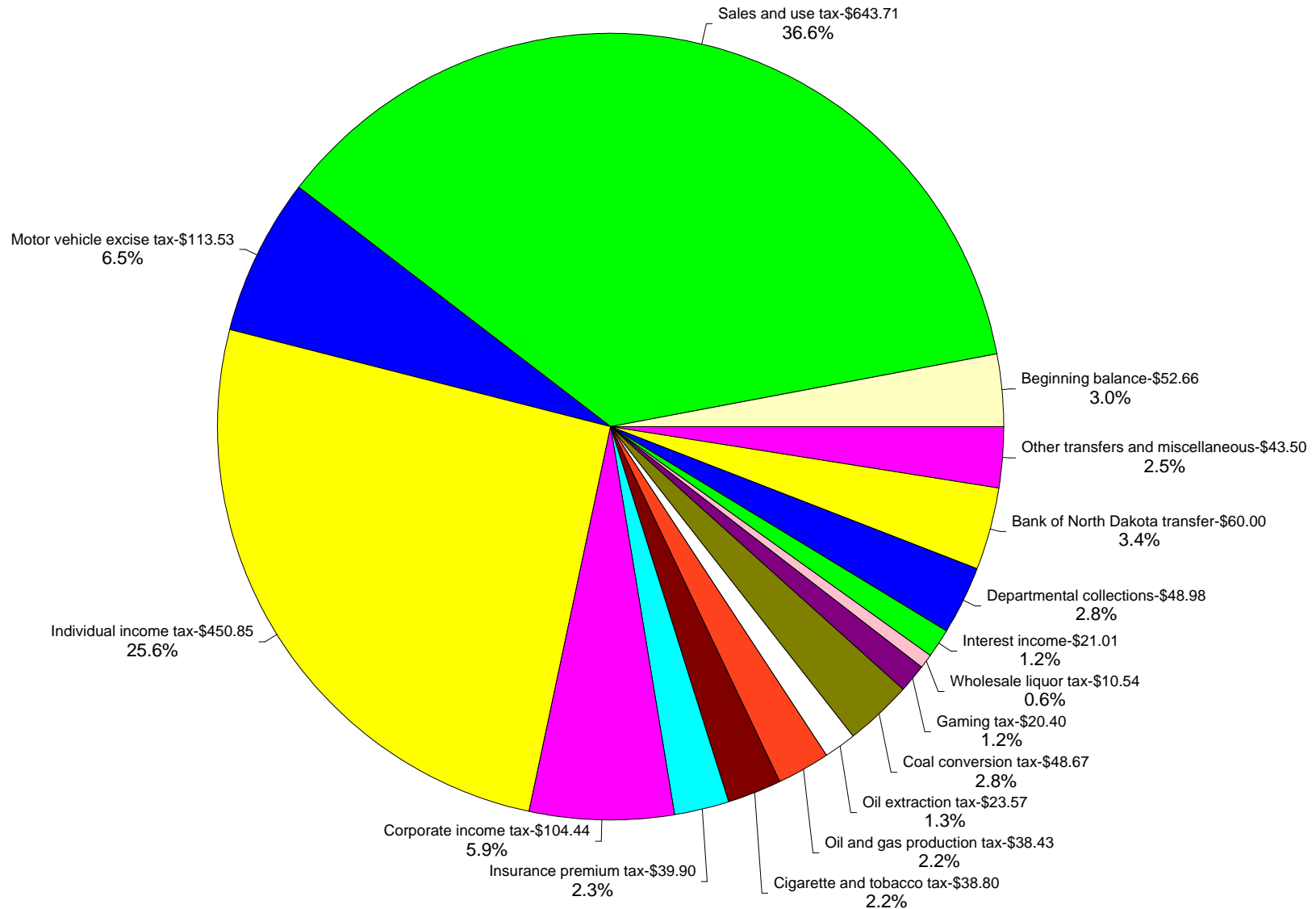
The 1999 Legislative Assembly, in Section 18 of 1999 Senate Bill No. 2015, authorized up to \$40 million of additional general fund transfers as necessary to achieve a June 30, 2001, general fund balance of \$10 million. No contingent Bank of North Dakota transfers to the general fund are anticipated during the 1999-2001 biennium.

\5 The 1999 Legislative Assembly authorized the sale of up to \$2.15 million of loans from the developmental disabilities (DD) revolving loan fund, if necessary, to achieve an end of biennium general fund balance of \$11.3 million. Current projections included in the 2001-03 executive budget recommendation provide for a June 30, 2001, balance of \$52.7 million. Consequently, no loans are anticipated to be sold during the 1999-2001 biennium.

Section 9 of 2001 House Bill No. 1015 provides that, at the request of the director of the Office of Management and Budget, up to \$2 million of loans from the DD revolving loan fund may be sold and the proceeds deposited in the general fund.

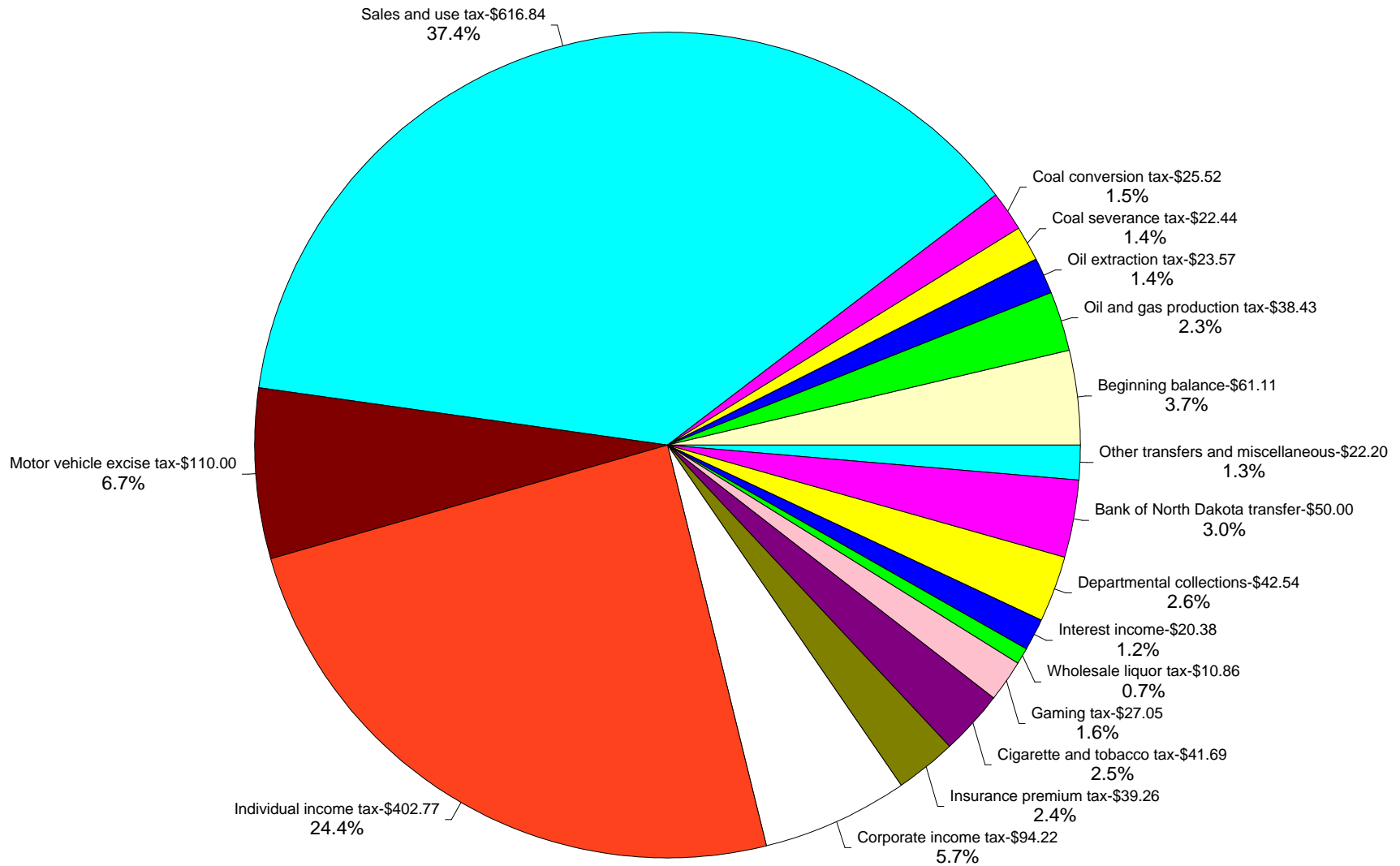
2001-03 ESTIMATED GENERAL FUND REVENUES

Total 2001-03 Estimated General Fund Revenues - \$1,758.98
(Amounts shown in millions)



1999-2001 ESTIMATED GENERAL FUND REVENUES (MARCH 2001 FORECAST)

Total Revised 1999-2001 Estimated General Fund Revenues - \$1,648.88
(Amounts shown in millions)



COMPARISON OF 2001-03 AND 1999-2001 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 1999-2001		Legislative Appropriation 2001-03		Increase (Decrease) From 1999-2001 to 2001-03	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
Miscellaneous							
070	Homestead tax credit	\$4,540,813	\$4,540,813	\$4,540,813	\$4,540,813		\$0
085	Payments to political subdivisions						
	Total Miscellaneous	<u>\$4,540,813</u>	<u>\$4,540,813</u>	<u>\$4,540,813</u>	<u>\$4,540,813</u>	<u>\$0</u>	<u>\$0</u>
General Government							
101	Governor's office	\$2,115,733	\$2,115,733	\$2,419,645	\$2,419,645	\$303,912	\$303,912
108	Secretary of State	3,864,468	4,114,468	4,412,921	4,803,921	548,453	689,453
110	Office of Management and Budget \1	16,283,305	24,155,886	18,888,692	28,480,812	2,605,387	4,324,926
112	Information Technology Department	250,000	49,659,557	19,648,060	94,840,190	19,398,060	45,180,633
117	State Auditor	4,148,630	6,111,629	4,566,068	6,711,905	417,438	600,276
120	State Treasurer	1,478,678	1,478,678	2,626,334	2,626,334	1,147,656	1,147,656
125	Attorney General	14,078,406	30,000,971	14,804,385	32,408,644	725,979	2,407,673
127	Tax Commissioner	16,939,702	17,233,431	17,721,663	18,431,392	781,961	1,197,961
140	Administrative Hearings	120,000	1,696,016		1,371,292	(120,000)	(324,724)
150	Legislative Assembly	8,320,216	8,320,216	9,070,163	9,070,163	749,947	749,947
160	Legislative Council	6,679,184	6,844,184	7,373,402	7,373,402	694,218	529,218
180	Judicial branch	40,640,576	41,690,519	53,753,509	55,971,330	13,112,933	14,280,811
190	Retirement and Investment Office		2,546,883		2,790,133		243,250
192	Public Employees Retirement System		3,399,952		3,859,480		459,528
	Total General Government	<u>\$114,918,898</u>	<u>\$199,368,123</u>	<u>\$155,284,842</u>	<u>\$271,158,643</u>	<u>\$40,365,944</u>	<u>\$71,790,520</u>
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$547,053,909	\$751,323,082	\$571,719,794	\$804,411,499	\$24,665,885	\$53,088,417
226	Land Department		7,419,679		7,508,864		89,185
250	State Library	3,002,427	4,596,260	3,114,656	4,713,513	112,229	117,253
252	School for the Deaf	4,701,654	5,423,510	5,054,301	6,149,925	352,647	726,415
253	Vision Services - School for the Blind	2,196,188	3,199,080	2,114,991	3,472,812	(81,197)	273,732
270	Vocational Education	13,148,183	28,893,792	14,353,955	29,241,697	1,205,772	347,905
	Total Elementary, Secondary, and Other	<u>\$570,102,361</u>	<u>\$800,855,403</u>	<u>\$596,357,697</u>	<u>\$855,498,310</u>	<u>\$26,255,336</u>	<u>\$54,642,907</u>
Higher Education							
214	University System pools \2			\$31,567,243	\$31,567,243	\$31,567,243	\$31,567,243
215	University System office	\$11,773,288	\$16,707,188	26,878,595	30,595,417	15,105,307	13,888,229
227	Bismarck State College	15,256,622	34,416,398	16,227,193	16,227,193	970,571	(18,189,205)
228	Lake Region State College	5,137,908	13,490,480	4,956,785	5,281,785	(181,123)	(8,208,695)
229	Williston State College	5,126,564	13,579,829	5,479,231	5,479,231	352,667	(8,100,598)
230	University of North Dakota	99,439,266	439,305,968	87,964,012	106,805,797	(11,475,254)	(332,500,171)
232	UND School of Medicine and Health Sciences	29,499,694	87,926,754	30,006,416	30,006,416	506,722	(57,920,338)
235	North Dakota State University	76,921,130	248,860,223	68,668,747	104,035,095	(8,252,383)	(144,825,128)
238	State College of Science	25,916,496	50,982,332	26,982,802	32,199,522	1,066,306	(18,782,810)
239	Dickinson State University	13,571,998	31,639,971	14,140,133	18,140,133	568,135	(13,499,838)
240	Mayville State University	8,715,645	19,024,363	9,055,337	13,055,337	339,692	(5,969,026)
241	Minot State University	25,615,173	56,120,960	26,532,386	34,382,386	917,213	(21,738,574)

242	Valley City State University	11,740,491	24,454,277	12,440,847	12,440,847	700,356	(12,013,430)
243	Minot State University - Bottineau	4,094,861	7,644,104	4,285,240	4,285,240	190,379	(3,358,864)
244	Forest Service	1,640,151	3,835,239	1,768,869	2,819,395	128,718	(1,015,844)
	Total Higher Education	<u>\$334,449,287</u>	<u>\$1,047,988,086</u>	<u>\$366,953,836</u>	<u>\$447,321,037</u>	<u>\$32,504,549</u>	<u>(\$600,667,049)</u>
	Total Education	<u>\$904,551,648</u>	<u>\$1,848,843,489</u>	<u>\$963,311,533</u>	<u>\$1,302,819,347</u>	<u>\$58,759,885</u>	<u>(\$546,024,142)</u>
	Health and Welfare						
301	State Department of Health	\$14,566,472	\$85,358,073	\$14,812,936	\$97,110,668	\$246,464	\$11,752,595
313	Veterans Home	2,272,926	8,423,638	3,332,074	9,432,009	1,059,148	1,008,371
316	Indian Affairs Commission	312,782	329,082	336,059	336,059	23,277	6,977
321	Department of Veterans Affairs	445,998	467,676	493,530	514,319	47,532	46,643
324	Children's Services Coordinating Committee		6,750,000		7,821,811		1,071,811
325	Department of Human Services	348,505,717	1,230,998,384	368,451,360	1,399,162,121	19,945,643	168,163,737
360	Protection and Advocacy	776,548	2,284,040	776,548	2,948,096		664,056
380	Job Service North Dakota	1,250,000	54,113,408	2,100,356	60,712,160	850,356	6,598,752
	Total Health and Welfare	<u>\$368,130,443</u>	<u>\$1,388,724,301</u>	<u>\$390,302,863</u>	<u>\$1,578,037,243</u>	<u>\$22,172,420</u>	<u>\$189,312,942</u>
	Regulatory						
401	Insurance Commissioner		\$11,024,989		\$11,879,398		\$854,409
405	Industrial Commission	\$20,595,597	34,366,522	\$7,364,181	42,950,171	(\$13,231,416)	8,583,649
406	Labor Commissioner	701,037	942,286	848,422	1,078,384	147,385	136,098
408	Public Service Commission	3,577,067	9,242,189	3,857,005	9,581,438	279,938	339,249
412	Aeronautics Commission	550,000	14,614,589	550,000	15,127,544		512,955
413	Financial Institutions		2,960,666		3,563,855		603,189
414	Securities Commissioner	1,090,041	1,090,041	1,121,241	1,121,241	31,200	31,200
471	Bank of North Dakota	8,567,000	36,009,439	8,500,000	39,280,867	(67,000)	3,271,428
473	Housing Finance Agency		23,715,484		39,872,263		16,156,779
475	Mill and Elevator Association		20,525,488		21,741,294		1,215,806
485	Workers Compensation Bureau		26,120,384		31,641,340		5,520,956
	Total Regulatory	<u>\$35,080,742</u>	<u>\$180,612,077</u>	<u>\$22,240,849</u>	<u>\$217,837,795</u>	<u>(\$12,839,893)</u>	<u>\$37,225,718</u>
	Public Safety						
504	Highway Patrol	\$9,506,236	\$25,245,878	\$19,613,659	\$33,243,102	\$10,107,423	\$7,997,224
506	State Radio Communications	3,923,597	4,438,587	4,315,752	4,840,184	392,155	401,597
512	Emergency Management	14,925,370	80,163,266	963,160	70,833,988	(13,962,210)	(9,329,278)
530	Department of Corrections and Rehabilitation	62,425,829	85,488,290	76,848,031	101,981,130	14,422,202	16,492,840
540	Adjutant General	8,386,735	26,768,633	9,440,964	40,683,818	1,054,229	13,915,185
	Total Public Safety	<u>\$99,167,767</u>	<u>\$222,104,654</u>	<u>\$111,181,566</u>	<u>\$251,582,222</u>	<u>\$12,013,799</u>	<u>\$29,477,568</u>
	Agriculture and Economic Development						
602	Department of Agriculture	\$4,479,272	\$9,075,714	\$4,371,396	\$11,422,080	(\$107,876)	\$2,346,366
605	Department of Commerce \3	12,953,300	58,325,657	17,880,287	61,534,012	4,926,987	3,208,355
611	Crop Product Harmonization Board				450,000		450,000
616	Seed Department		5,317,244		5,454,447		137,203
627	Upper Great Plains Transportation Institute	486,991	6,755,433	505,079	7,888,427	18,088	1,132,994
628	Branch Research Centers \4	7,060,029	10,982,817	8,034,160	15,057,645	974,131	4,074,828
630	NDSU Extension Service	12,975,020	29,719,766	14,329,745	33,628,046	1,354,725	3,908,280
638	Northern Crops Institute	668,579	1,076,653	724,426	1,457,123	55,847	380,470
640	Main Research Station	25,972,518	46,529,185	28,149,485	54,962,097	2,176,967	8,432,912
649	Agronomy Seed Farm		1,202,339		1,259,140		56,801
665	North Dakota State Fair	550,000	570,000	575,000	595,000	25,000	25,000
	Total Agriculture and Economic Development	<u>\$65,145,709</u>	<u>\$169,554,808</u>	<u>\$74,569,578</u>	<u>\$193,708,017</u>	<u>\$9,423,869</u>	<u>\$24,153,209</u>

Natural Resources							
701	State Historical Society	\$6,504,168	\$7,541,830	\$7,179,402	\$12,764,348	\$675,234	\$5,222,518
709	Council on the Arts	805,283	1,787,083	982,428	2,034,657	177,145	247,574
720	Game and Fish Department		30,578,752		35,319,641		4,740,889
750	Parks and Recreation	6,774,559	11,226,390	7,656,019	15,053,019	881,460	3,826,629
770	State Water Commission	9,262,180	139,534,955	9,733,820	144,906,008	471,640	5,371,053
	Total Natural Resources	<u>\$23,346,190</u>	<u>\$190,669,010</u>	<u>\$25,551,669</u>	<u>\$210,077,673</u>	<u>\$2,205,479</u>	<u>\$19,408,663</u>

Transportation							
801	Department of Transportation		\$675,736,279		\$739,918,943		\$64,182,664
	Total Transportation	<u>\$0</u>	<u>\$675,736,279</u>	<u>\$0</u>	<u>\$739,918,943</u>	<u>\$0</u>	<u>\$64,182,664</u>
	TOTAL APPROPRIATIONS	<u>\$1,614,882,210</u>	<u>\$4,880,153,554</u>	<u>\$1,746,983,713</u>	<u>\$4,769,680,696</u>	<u>\$132,101,503</u>	<u>(\$110,472,858)</u>

APPROPRIATION SUMMARY

Miscellaneous	\$4,540,813	\$4,540,813	\$4,540,813	\$4,540,813			
General Government	114,918,898	199,368,123	155,284,842	271,158,643	\$40,365,944		\$71,790,520
Education	904,551,648	1,848,843,489	963,311,533	1,302,819,347	58,759,885		(546,024,142)
Health and Welfare	368,130,443	1,388,724,301	390,302,863	1,578,037,243	22,172,420		189,312,942
Regulatory	35,080,742	180,612,077	22,240,849	217,837,795	(12,839,893)		37,225,718
Public Safety	99,167,767	222,104,654	111,181,566	251,582,222	12,013,799		29,477,568
Agriculture and Economic Development	65,145,709	169,554,808	74,569,578	193,708,017	9,423,869		24,153,209
Natural Resources	23,346,190	190,669,010	25,551,669	210,077,673	2,205,479		19,408,663
Transportation		675,736,279		739,918,943			64,182,664
TOTAL APPROPRIATIONS	<u>\$1,614,882,210</u> *	<u>\$4,880,153,554</u> *	<u>\$1,746,983,713</u>	<u>\$4,769,680,696</u>	<u>\$132,101,503</u>		<u>(\$110,472,858)</u> ⁵

* 1999-2001 appropriations made by the 56th Legislative Assembly	\$1,594,038,538	\$4,809,337,839					
1999-2001 deficiency appropriations made by the 57th Legislative Assembly	20,843,672	70,815,715					
Total 1999-2001 appropriations	<u>\$1,614,882,210</u>	<u>\$4,880,153,554</u>					

\1 The Office of Management and Budget legislative appropriation for the 2001-03 biennium includes funding of \$5,613,893 for Central Services. For the 1999-2001 biennium, the Legislative Assembly provided a separate appropriation of \$5,480,854 for Central Services.

\2 The 1999 Legislative Assembly appropriated funding of \$28,869,587 in University System pools. This funding was allocated to higher education institutions during the 1999-2001 biennium and is therefore reflected in the 1999-2001 amounts shown for individual higher education institutions.

\3 The 2001-03 legislative appropriation for the Department of Commerce includes funding for Economic Development and Finance, Tourism, Community Services, and Workforce Development. For the 1999-2001 biennium, funding for Economic Development and Finance, Tourism, and Community Services was appropriated separately as follows:

	General Fund	Total Funds
Economic Development and Finance (HB 1019)	\$7,813,802	\$11,906,877
Tourism Department (SB 2022)	4,016,000	4,379,000
Division of Community Services (SB 2015)	1,123,498	42,039,780
Total	<u>\$12,953,300</u>	<u>\$58,325,657</u>

\4 The 2001 Legislative Assembly consolidated funding for all agricultural branch research centers into one appropriation. For the 1999-2001 biennium, funding for the research centers was appropriated separately as follows:

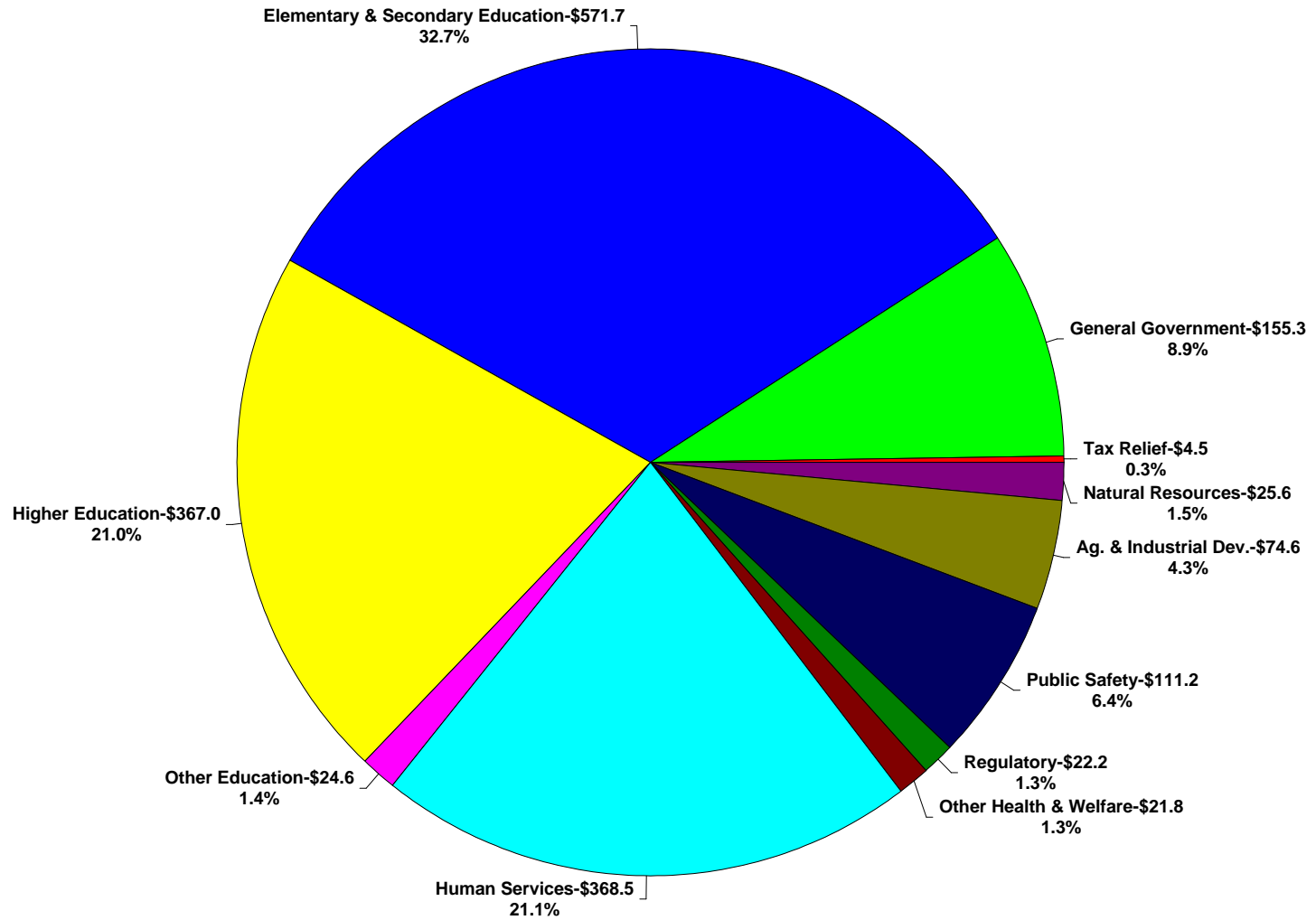
	General Fund	Total Funds
Dickinson Research Center	\$1,560,968	\$2,325,804
Central Grasslands Research Center	862,056	1,384,499
Hettinger Research Center	809,095	1,303,355
Langdon Research Center	860,733	1,081,797
North Central Research Center	788,187	1,307,598
Williston Research Center	848,242	1,130,381
Carrington Research Center	1,330,748	2,449,383
Total	<u>\$7,060,029</u>	<u>\$10,982,817</u>

\5 The total funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds from the appropriation process by providing a continuing appropriation for higher education special funds including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, there would have been an overall increase in the total funds legislative appropriation from 1999-2001 to 2001-03 of approximately \$645,386,190 or 13.2 percent.

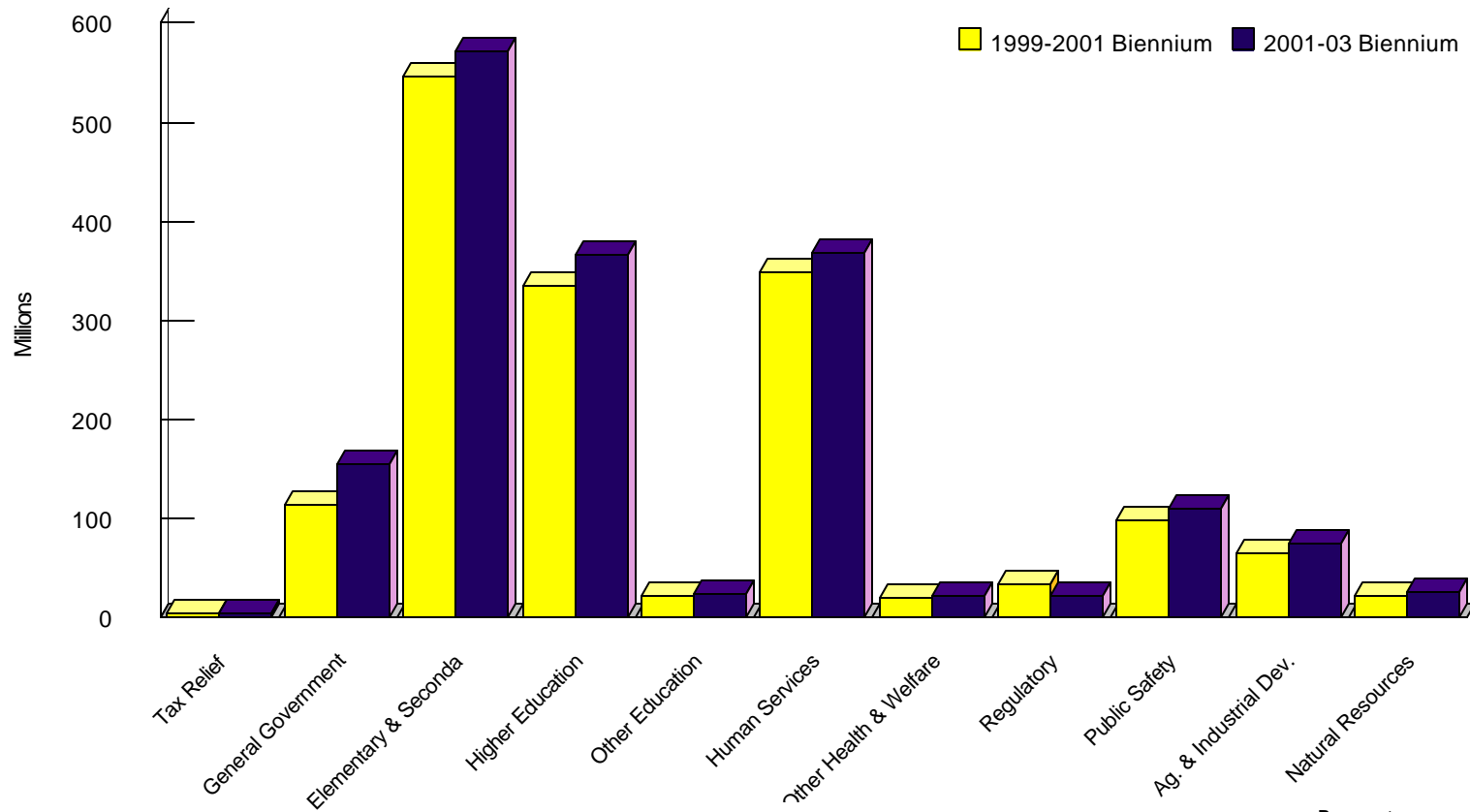
2001-03 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts shown in millions

Total 2001-03 Biennium General Fund Appropriations - \$1,747.0



COMPARISON OF 2001-03 AND 1999-2001 GENERAL FUND APPROPRIATIONS
Amounts shown in millions

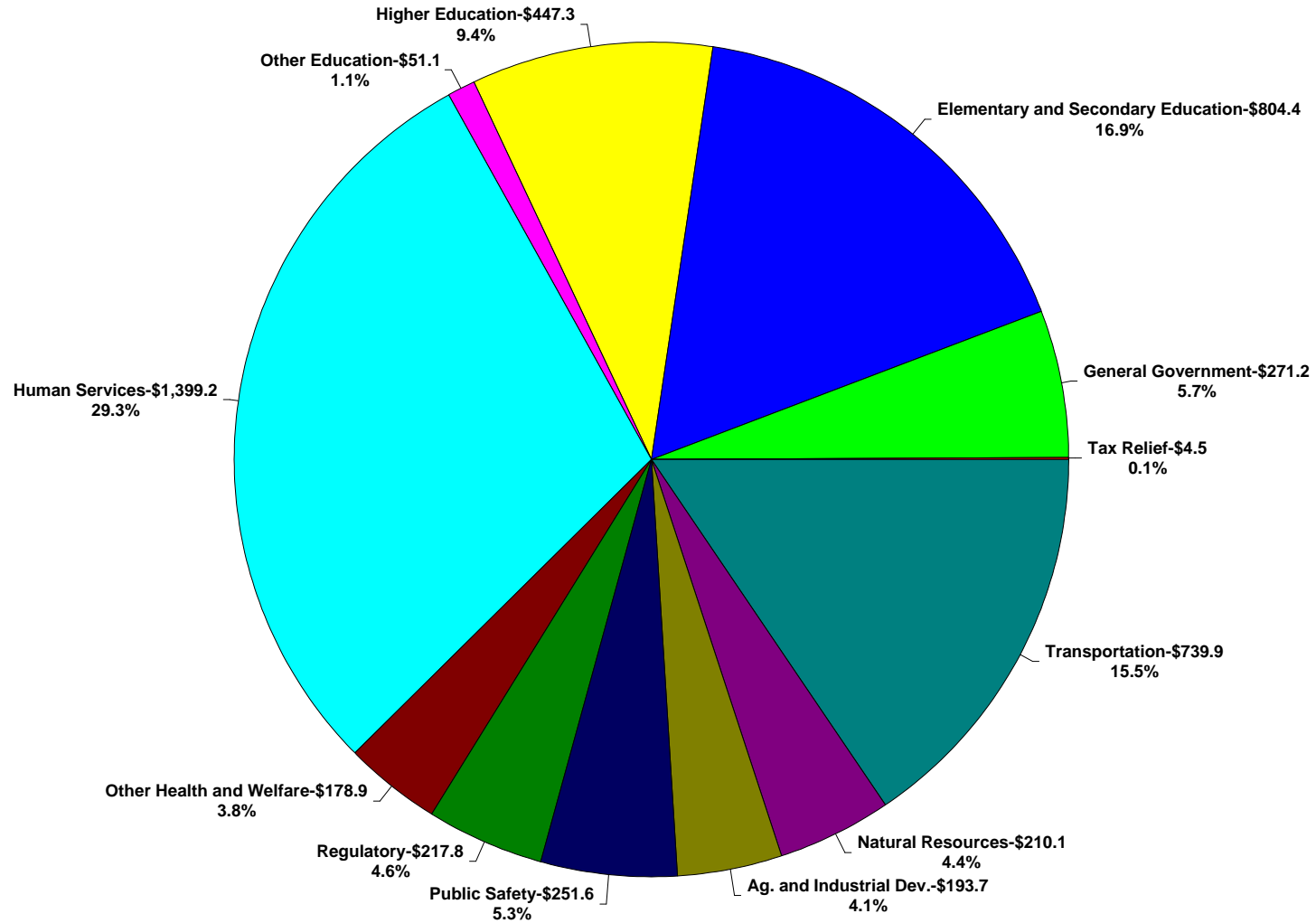


	1999-2001 Biennium	2001-03 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
Tax Relief	\$4,540,813	\$4,540,813		
General Government	114,918,898	155,284,842	\$40,365,944	35.1%
Elementary & Secondary Education	547,053,909	571,719,794	24,665,885	4.5%
Higher Education	334,449,287	366,953,836	32,504,549	9.7%
Other Education	23,048,452	24,637,903	1,589,451	6.9%
Human Services	348,505,717	368,451,360	19,945,643	5.7%
Other Health & Welfare	19,624,726	21,851,503	2,226,777	11.3%
Regulatory	35,080,742	22,240,849	(12,839,893)	(36.6%)
Public Safety	99,167,767	111,181,566	12,013,799	12.1%
Ag. & Industrial Dev.	65,145,709	74,569,578	9,423,869	14.5%
Natural Resources	23,346,190	25,551,669	2,205,479	9.4%
Grand Total	\$1,614,882,210	\$1,746,983,713	\$132,101,503	8.2%

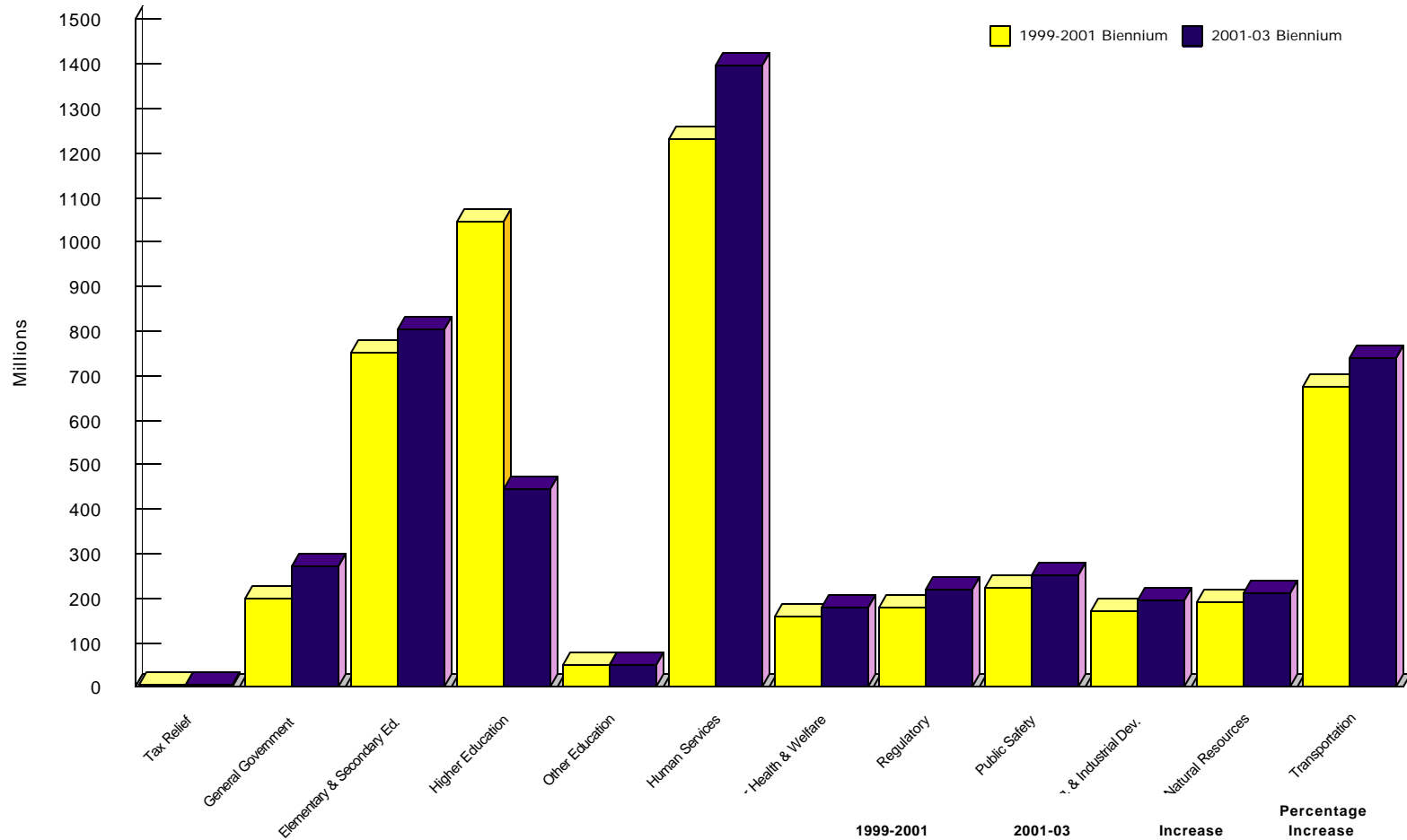
2001-03 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts shown in millions

Total 2001-03 Biennium All Funds Appropriations - \$4,769.7



COMPARISON OF 2001-03 AND 1999-2001 ALL FUNDS APPROPRIATIONS
Amounts shown in millions



NOTE: The all funds appropriation decrease from the 2001-03 biennium to the 1999-2001 biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds from the appropriation process by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, there would have been an overall increase in all funds appropriations from 1999-2001 to 2001-03 of approximately \$645,386,190 or 13.2 percent.

	1999-2001 Biennium	2001-03 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
Tax Relief	\$4,540,813	\$4,540,813		
General Government	199,368,123	271,158,643	\$71,790,520	36.0%
Elementary & Secondary Ed.	751,323,082	804,411,499	53,088,417	7.1%
Higher Education	1,047,988,086	447,321,037	(600,667,049)	(57.3%)
Other Education	49,532,321	51,086,811	1,554,490	3.1%
Human Services	1,230,998,384	1,399,162,121	168,163,737	13.7%
Other Health & Welfare	157,725,917	178,875,122	21,149,205	13.4%
Regulatory	180,612,077	217,837,795	37,225,718	20.6%
Public Safety	222,104,654	251,582,222	29,477,568	13.3%
Ag. & Industrial Dev.	169,554,808	193,708,017	24,153,209	14.2%
Natural Resources	190,669,010	210,077,673	19,408,663	10.2%
Transportation	675,736,279	739,918,943	64,182,664	9.5%
Grand Total	\$4,880,153,554	\$4,769,680,696	(\$110,472,858)	(2.3%)

**Agriculture Department
House Bill Nos. 1009, 1249, and 1349**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	55.50	\$4,640,283	\$6,638,291	\$11,278,574
2001-03 legislative appropriations	55.50	4,371,396	7,050,684	11,422,080
Legislative increase (decrease) to executive budget	0.00	(\$268,887)	\$412,393	\$143,506
Legislative increase (decrease) to 1999-2001 appropriations	0.00	(\$107,876)	\$2,454,242	\$2,346,366
2001-03 Governor Hoeven's recommendation	55.50	\$4,440,283	\$6,838,291	\$11,278,574
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$68,887)	\$212,393	\$143,506

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation replaces general fund moneys (\$200,000) with special funds (\$200,000) from the game and fish fund for wildlife services. The total amount from the game and fish fund for wildlife services is \$400,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agriculture Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market equity adjustment of \$166.25 per month for the Agriculture Commissioner and \$151.67 per month for the deputy commissioner, effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted the funding for the market equity salary increase of \$166.25 per month for the commissioner and \$151.67 per month for the deputy commissioner, effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$6,287)		(\$6,287)
Removed funding related to 1 FTE meat inspector position		(40,107)	(\$40,107)	(80,214)
Changed the source of funding for wildlife services from general fund to the North Dakota game and fish fund as recommended by Governor Hoeven		(200,000)	200,000	

Reduced funding increases included in the executive recommendation for travel	(22,493)	(22,493)
Added funding from the Attorney General refund fund in House Bill No. 1249 for controlling and defraying the cost of John's disease. The funding is available as a result of a lawsuit settlement with Indirect Vitamin Products.	177,500	177,500
Added funding from the Attorney General refund fund in House Bill No. 1349 for developing and expanding agriculture in the classroom curricula. The funding is available as a result of a lawsuit settlement with Indirect Vitamin Products.	75,000	75,000
Total	<u>0.00</u>	<u>(\$268,887)</u>
	<u>\$412,393</u>	<u>\$143,506</u>

FTE Changes

The Legislative Assembly removed funding associated with one FTE meat inspector position but did not remove the FTE. The 2001-03 biennium appropriation includes funding for 55.5 FTE positions, the same as the 1999-2001 biennium authorized level.

Other Sections in House Bill No. 1009

Commissioner's salary - Section 2 includes statutory changes relating to the Agriculture Commissioner's annual salary. The Agriculture Commissioner's salary is increased from \$64,569 to \$66,509 on July 1, 2001, to \$68,504 on January 1, 2002, and to \$69,874 on July 1, 2002.

Crop Protection Product Harmonization and Registration Board - Section 3 changes the membership and duties of the Crop Protection Product Harmonization and Registration Board. This section was added to amend a section in House Bill No. 1328 (see **Related Legislation** section).

Crop harmonization - Section 4 was added to the bill authorizing moneys in the environment and rangeland protection fund to be used for issues relating to harmonization of crop protection product standards.

Pesticide registration fees - Section 5 of the bill extends the sunset clause on the \$350 pesticide product registration fee until June 30, 2003. The additional funds collected, estimated at \$416,650 for the 2001-03 biennium, will be deposited in the environment and rangeland protection fund. The pesticide product registration fee will revert to \$300 on July 1, 2003.

Rinsate collection fees - Section 9 was added directing the Agriculture Commissioner to charge a fee for the collection of rinsate during the 2001-03 biennium. The fee must be established at a level that will generate revenues to provide for the cost of the disposal associated with the rinsate collected during the biennium. Collections from this fee are to be deposited in the environment and rangeland protection fund.

Pesticide recycling - Section 10 was added requiring the Agriculture Commissioner, in consultation with the advisory board for the safe send program, to research the potential of recycling selected products collected under Project Safe Send.

Related Legislation

Pesticide disposal project - Senate Bill No. 2110 continues the agricultural pesticide and pesticide container disposal program (safe send) through July 31, 2003.

Agriculture mediation service program - Senate Bill No. 2216 eliminates the sunset provisions for the agricultural mediation service program.

Crop Protection Product Harmonization and Registration Board - House Bill No. 1328 creates the Crop Product Harmonization and Registration Board, which was amended in House Bill No. 1009. The Legislative Assembly approved the following duties and membership for the board:

Identify and prioritize crop protection product labeling needs.

Explore the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.

Identify the data necessary to enable registration of a use to occur in a timely manner.

Determine what research, if any, is necessary to fulfill data requirements for responsibilities of the board.

Request the Agriculture Commissioner to pursue specific research funding options from public and private sources.

Request the Agricultural Experiment Station to pursue specific research to coordinate registration efforts.

Pursue any opportunities to make more crop protection product options available to agriculture producers in this state through any means the board determines advisable.

Administer a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

The members of the Crop Product Harmonization and Registration Board consist of the following:

The Governor or the Governor's designee (chairman).

The Agriculture Commissioner or the commissioner's designee.

The chairman of the House Agriculture Committee or the chairman's designee.

The chairman of the Senate Agriculture Committee or the chairman's designee.

A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee chairman is a member, appointed by the Legislative Council chairman.

A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.

A representative of the crop protection product manufacturing industry appointed by the chairman of the Legislative Council (nonvoting).

The director of the Agricultural Experiment Station (nonvoting).

**Attorney General
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	158.50	\$14,930,011	\$16,979,504	\$31,909,515
2001-03 legislative appropriations	160.50	14,804,385	17,604,259	32,408,644
Legislative increase (decrease) to executive budget	2.00	(\$125,626)	\$624,755	\$499,129
Legislative increase (decrease) to 1999-2001 appropriations	1.00	\$725,979	\$1,681,694	\$2,407,673
2001-03 Governor Hoeven's recommendation	158.50	\$14,930,011	\$16,979,504	\$31,909,515
Legislative increase (decrease) to Governor Hoeven's recommendation	2.00	(\$125,626)	\$624,755	\$499,129

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Attorney General is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$177.67 per month for the Attorney General and \$416.83 per month for the Racing Commissioner effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the Attorney General to provide a \$177.67 per month salary increase effective January 1, 2002, and for the Racing Commissioner to provide a \$416.83 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$4,345)		(\$4,345)
Added a public information officer for the second year of the biennium	1.00	48,000		48,000
Added a Bureau of Criminal Investigation position (\$81,133) and related operating expenses (\$19,500) and equipment (\$15,000)	1.00	115,633		115,633

Added funding to provide a total of \$200,000 from the general fund for costs associated with rewriting the uniform crime reporting computer system	100,000		100,000
Reduced funding for equipment to reflect lower computer replacement costs	(29,000)		(29,000)
Added funding from the general fund and reduced federal funds relating to the uniform crime reporting research analyst position (\$86,055) and for 1.5 FTE information technology positions required to maintain the law enforcement computer system (National Criminal History Improvement Project) on a 24-hour basis (\$168,190)	254,245	(254,245)	
Reduced general fund support and increased funding from the Attorney General refund fund for a portion of the costs of the Consumer Protection Division	(100,000)	100,000	
Funding for local gaming enforcement grants is increased by \$209,409, from \$419,591 to \$629,000. Funding for these grants is changed from the general fund to the gaming and excise tax allocation fund. (see Local Gaming Enforcement Grants section)	(419,591)	629,000	209,409
Added funding for Racing Commission expenses to provide a total of \$300,000. Of this total, \$150,000 is from the general fund, \$50,000 is from the Racing Commission promotion fund, \$50,000 is from the Racing Commission purse fund, and \$50,000 is from the Racing Commission breeders' fund.	(90,568)	150,000	59,432
Total	2.00	(\$125,626)	\$624,755

FTE Changes

The Legislative Assembly restored one FTE public information specialist removed in the executive budget but only for the second year of the biennium and added one FTE Bureau of Criminal Investigation position.

Local Gaming Enforcement Grants

The Legislative Assembly changed the local gaming enforcement grants program by providing that the funds appropriated be distributed quarterly to cities and counties in proportion to the gaming taxes collected by each city or county rather than distributing the funds on a competitive basis to cities and counties upon application to the Attorney General, which was the method used during the 1999-2001 biennium.

Funding for the grants was changed from the general fund to the gaming and excise tax allocation fund. The fund consists of three percent of the gaming and excise taxes collected under North Dakota Century Code (NDCC) Section 53-06.1-12. Previously, all the taxes collected under this section were deposited in the general fund. The Attorney General estimates that \$629,000 will be deposited in the gaming and excise tax allocation fund rather than the general fund for the 2001-03 biennium.

Funding for local gaming enforcement grants for recent bienniums is listed below:

Biennium	General Fund	Special Funds	Total
1995-97	\$1,045,216		\$1,045,216
1997-99	\$1,014,155		\$1,014,155
1999-2001	\$419,591 ¹		\$419,591 ¹
2001-03		\$629,000	\$629,000

¹ This amount includes a \$197,714 general fund deficiency appropriation approved by the 2001 Legislative Assembly in Section 11 of House Bill No. 1003.

State Fire Marshal Services

The Legislative Assembly did not change the executive recommendation which provided that the Attorney General bill entities insured by the fire and tornado fund for State Fire Marshal services provided to them and that, for informational purposes, a memorandum billing be provided to entities not insured by the fire and tornado fund. (Section 3)

Section 7 was added requiring the State Fire Marshal, as requested by a political subdivision, to conduct inspections of publicly or privately owned buildings. The Fire Marshal will charge a fee for these inspections, and the proceeds will be deposited in the general fund.

Sections 6 and 20 were added authorizing the Attorney General to charge fees totaling up to \$35,000 for the 1999-2001 biennium and up to \$35,000 for the 2001-03 biennium for services provided by the State Fire Marshal to entities covered by the petroleum release compensation fund. Collection of these fees will be deposited in the Attorney General's operating fund.

Attorney General Refund Fund

Section 8 was added allowing the Attorney General to retain \$100,000 in the Attorney General refund fund that otherwise would be transferred to the general fund on June 30, 2001, to use for defraying the expenses of the Consumer Protection Division as shown on the **Major Items** schedule as a legislative change.

Section 19 was added amending NDCC Section 54-12-18 to provide that any excess moneys in the Attorney General refund fund be transferred to the general fund at the end of each biennium rather than at the end of each fiscal year.

The Legislative Assembly appropriated from the refund fund anticipated proceeds of \$640,000 from a multistate lawsuit settlement involving Indirect Vitamin Products. The Attorney General anticipates the settlement agreement will require the proceeds to be used for:

1. Improving the health and nutrition of North Dakota residents; or
2. The advancement of nutritional, dietary, or agricultural science.

Bills appropriating funds for the 2001-03 biennium from this lawsuit settlement include:

Bill No.	Agency/Purpose	Appropriation
HB 1200	Agricultural Experiment Station - Land purchases at the North Central (\$260,000) and Williston (\$61,000) Research Extension Centers	\$321,000
HB 1249	Agriculture Department - Johne's disease	177,500
HB 1349	Agriculture Department - Ag in the Classroom	75,000
SB 2004	State Department of Health - Grant to Stockmen's Association for environmental impact activities involving livestock	50,000
	Total appropriations	\$623,500

Racing Commission

Section 14 was added providing for a Legislative Council study of the Racing Commission.

Section 16 was added providing that the Racing Commission is under the supervision of the Attorney General and that the Attorney General may charge the Racing Commission for services provided to the commission. The section also increases the compensation of Racing Commission members for conducting commission business by \$35 per day, from \$40 to \$75.

Section 17 was added providing that the Attorney General, rather than the Emergency Commission, may authorize the Racing Commission to spend up to 25 percent of the moneys in the promotion fund for operating expenses of the commission.

Other Sections in Bill

Attorney General salary - Section 18 includes statutory changes relating to the increase in the Attorney General's annual salary. The Attorney General's salary is increased from \$69,002 to \$71,072 on July 1, 2001, to \$73,204 on January 1, 2002, and to \$74,668 on July 1, 2002.

Clandestine laboratory cleanup costs - Section 10 was added providing legislative intent that the Attorney General request Emergency Commission approval for funding from the state contingencies appropriation if additional funding is needed for cleanup costs relating to clandestine laboratories and if federal funds are not available for paying these costs.

Additional litigation fees - Section 12 provides legislative intent that the Attorney General request Emergency Commission approval for funding from the state contingencies appropriation if funding, in excess of the \$50,000 appropriated in the litigation fees line item, is needed.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a \$47,000 general fund deficiency appropriation to the Attorney General for paying prosecution witness fees (\$40,000) and for costs associated with the arrest and return of fugitives (\$7,000) for the 1999-2001 biennium.

Detection of deception examiner license fee - House Bill No. 1159 increases the detection of deception examiner license fee by \$10, from \$25 to \$35, for an examiner that is licensed in another state and is seeking to be licensed in North Dakota. The bill is expected to generate less than \$5,000 per biennium.

Concealed weapons license fees - House Bill No. 1160 increases the maximum amount of funding that is retained in the Attorney General's operating fund before additional collections from concealed weapons license fees are transferred to the general fund by \$25,000, from \$50,000 to \$75,000, per biennium.

**State Auditor
House Bill No. 1004**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	53.00	\$4,425,069	\$2,145,837	\$6,570,906
2001-03 legislative appropriations	55.00	4,566,068	2,145,837	6,711,905
Legislative increase (decrease) to executive budget	2.00	\$140,999	\$0	\$140,999
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$417,438	\$182,838	\$600,276
2001-03 Governor Hoeven's recommendation	53.00	\$4,425,069	\$2,145,837	\$6,570,906
Legislative increase (decrease) to Governor Hoeven's recommendation	2.00	\$140,999	\$0	\$140,999

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Auditor is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market equity adjustment of \$161.83 per month for the State Auditor effective January 1, 2002.

The Legislative Assembly also provided a general fund appropriation of \$52,000 (\$17,000 more than the amount included in the executive recommendation) for salary increases for entry level auditor positions to assist in reducing agency turnover.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased funding for a market equity increase for the State Auditor by \$1,001, from \$4,402 to \$3,401. The executive budget had provided more than was necessary to provide for the market equity increase of \$161.83 per month effective January 1, 2002.		(\$1,001)		(\$1,001)
Added funding for 2 FTE auditor I positions removed in the executive budget recommendation	2.00	140,000		140,000
Reduced funding for operating expenses to partially offset the cost of the 2 FTE positions added by the Legislative Assembly		(15,000)		(15,000)

Added funding for salary adjustments, in addition to the compensation package, to increase entry level auditor salaries to assist in reducing agency turnover (the 1999-2001 biennium appropriation included \$38,000 for this purpose; the executive budget included \$35,000; the legislative budget includes \$52,000)	17,000	17,000
Total	<u>2.00</u>	<u>\$140,999</u>
		<u>\$0</u>
		<u>\$140,999</u>

FTE Changes

The Legislative Assembly restored two FTE auditor I positions removed in the executive budget. The positions were partially unfunded in the agency's base budget request; full funding was requested as an optional adjustment. The number of FTE positions for the State Auditor for the 2001-03 biennium remains unchanged from the number authorized for the 1999-2001 biennium.

Other Sections in Bill

Other funds collections - Section 2 provides that the other funds appropriation in Section 1 of the bill includes up to \$1,288,567 from political subdivision audit fees. Any amount collected in excess of \$1,288,567 must be retained in the State Auditor operating account for appropriation after June 30, 2003.

State Auditor salary - Section 3 amends North Dakota Century Code Section 54-10-10 to set the salary of the State Auditor for the 2001-03 biennium, as follows:

	Annual Salary
Effective January 1, 2001	\$62,855
Effective July 1, 2001	\$64,742
Effective January 1, 2002	\$66,684
Effective July 1, 2002	\$68,018

Related Legislation

Annual reports from occupational or professional licensing boards - House Bill No. 1259 allows occupational or professional licensing boards with less than \$10,000 of annual receipts to submit an annual unaudited report to the State Auditor (rather than requiring the board to have a biennial audit performed and to submit the audit report to the State Auditor) and allows the State Auditor to charge a fee of up to \$50 per hour for reviewing the annual report. This bill will result in additional other funds revenues and expenditures of \$4,100 per biennium.

Annual reports from park districts - Senate Bill No. 2259 provides that in lieu of an audit conducted by the State Auditor every two years, a park district with less than \$200,000 of annual receipts may submit an annual unaudited report to the State Auditor, and the State Auditor may charge a fee of up to \$50 per hour for reviewing the annual report. This bill will result in additional other funds revenues and expenditures of \$750 per biennium.

**Governor
House Bill Nos. 1001, 1157; Senate Bill No. 2342**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	18.00	\$2,381,835	\$575,192	\$2,957,027
2001-03 legislative appropriations	18.00	2,419,645		2,419,645
Legislative increase (decrease) to executive budget	0.00	\$37,810	(\$575,192)	(\$537,382)
Legislative increase (decrease) to 1999-2001 appropriations	1.00	\$303,912		\$303,912
2001-03 Governor Hoeven's recommendation	18.00	\$2,887,027		\$2,887,027 ¹
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$467,382)	\$0	(\$467,382)

¹ This amount does not include an additional \$505,192 from the general fund inadvertently reflected in the Governor Hoeven 2001-03 executive budget document for the Governor's office.

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation added \$575,192 from the general fund for the Quality Schools Commission proposed in House Bill No. 1157. The Hoeven recommendation removed the general fund appropriation of \$575,192 from the Department of Public Instruction that was to be provided to the commission as a grant and also removed the special funds appropriation of \$575,192 from the Quality Schools Commission in House Bill No. 1157 since Governor Hoeven included the general fund appropriation in the Governor's office budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Governor's office is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. The bill includes funding to provide a market adjustment of \$346.50 per month for the media relations position effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed operating (\$10,000) and equipment (\$5,400) funding associated with the new FTE policy position		(\$15,400)		(\$15,400)
Added funding in Senate Bill No. 2342 for providing funding for the national World War II memorial in Washington, D.C.		53,210		53,210

Defeated House Bill No. 1157, which included funding for operating costs of the Quality Schools Commission. The executive recommendation included a \$575,192 general fund appropriation to the Department of Public Instruction that was to be provided as a grant to the Quality Schools Commission (special funds) for its expenses relating to studying public school education in North Dakota. The Legislative Assembly did not provide any funding for the Quality Schools Commission initiative.

(\$575,192)

(575,192)

	0.00	\$37,810	(\$575,192)	(\$537,382)
Total	0.00	\$37,810	(\$575,192)	(\$537,382)

FTE Changes

The Legislative Assembly did not change the executive recommendation which added one FTE policy position (funding of \$142,736 for salaries and fringe benefits for the 2001-03 biennium).

Governor and Lieutenant Governor's Salaries

Sections 3 and 4 of House Bill No. 1001 include statutory changes relating to the increase in the Governor's and Lieutenant Governor's annual salary. The Governor's salary is increased from \$83,013 to \$85,506 on July 1, 2001, and to \$87,216 on July 1, 2002. The Lieutenant Governor's salary is increased from \$64,447 to \$66,380 on July 1, 2001, and to \$67,708 on July 1, 2002.

World War II Memorial

Senate Bill No. 2342 appropriates \$53,210 from the general fund to the Governor for the national World War II memorial in Washington, D.C., as reflected in the amounts shown above.

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments
House Bill Nos. 1010, 1407**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	44.50		\$11,267,078	\$11,267,078 ¹
2001-03 legislative appropriations	45.50		11,879,398	11,879,398 ²
Legislative increase (decrease) to executive budget	1.00	\$0	\$612,320	\$612,320
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$0	\$854,409	\$854,409
2001-03 Governor Hoeven's recommendation	44.50		\$11,267,078	\$11,267,078
Legislative increase (decrease) to Governor Hoeven's recommendation	1.00	\$0	\$612,320	\$612,320

¹ This amount includes the appropriation of \$5.2 million from the insurance tax distribution fund for insurance tax payments to fire departments, the same as the 1999-2001 biennium.

² This amount includes the appropriation of \$5,304,000 from the insurance tax distribution fund of which \$5.2 million is for insurance tax payments to fire departments and \$104,000 is for two equal payments to the North Dakota Firefighter's Association. This is an increase of \$104,000 from the amount appropriated for the 1999-2001 biennium.

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Insurance Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly provided the Insurance Commissioner a market equity salary increase of \$161.83 per month effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding to provide the commissioner a market equity salary increase (the amount included in the executive recommendation was \$5,401 more than the required amount)			(\$5,401)	(\$5,401)
Restored funding for a nonclassified professional position removed in the executive recommendation	1.00		131,721	131,721

Increased funding for office remodeling (\$67,000) and dues (\$10,000)			77,000	77,000
Provided funding for two equal payments to the North Dakota Firefighter's Association for administrative costs			104,000	104,000
Provided funding of \$305,000 of which \$250,000 is from public and private moneys and \$55,000 is from the insurance regulatory trust fund for evaluating existing health insurance coverage mandates in House Bill No. 1407 (see Related Legislation section)			305,000	305,000
Total	<u>1.00</u>	<u>\$0</u>	<u>\$612,320</u>	<u>\$612,320</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 45.5 FTE positions, the same level of FTE positions authorized for the 1999-2001 biennium. The Legislative Assembly did not adopt the executive recommendation to remove one FTE nonclassified professional position.

Administrative Costs of Special Funds

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the bonding fund, fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The following schedule provides information regarding the administrative costs allocated to each special fund. The increases from the 1999-2001 biennium will result in a reduction of \$67,010 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	1999-2001 Biennium	2001-03 Biennium	Increase (Decrease)
Bonding fund	\$67,431	\$67,431	
Fire and tornado fund	\$831,145	\$831,145	
Unsatisfied judgment fund	\$4,170	\$60,000	\$55,830
Petroleum tank release compensation fund	\$68,820	\$80,000	\$11,180

Other Sections in House Bill No. 1010

Anhydrous tank inspections - Section 7 provides that \$75,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous tank inspections done by the Insurance Commissioner.

Insurance Commissioner's annual salary - Section 8 provides statutory changes relating to the Insurance Commissioner's annual salary. The Insurance Commissioner's salary is increased from \$62,855 to \$64,742 on July 1, 2001, and to \$66,684 on January 1, 2002, and to \$68,018 on July 1, 2002.

Legal FTE employee positions - Section 8 amends North Dakota Century Code Section 54-44.3-20 to except legal FTE employee positions of the Insurance Commissioner from the state classified service.

Related Legislation

Boiler inspections - House Bill No. 1143 provides the Insurance Commissioner the authority to determine and adjust a fee schedule for boiler inspections.

Health insurance coverage mandates - House Bill No. 1407 provides the Insurance Commissioner a special funds appropriation of \$305,000 for the purpose of evaluating each existing health insurance coverage mandate and providing a report to the Legislative Council before July 1, 2002.

**Public Service Commission
House Bill No. 1008**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	42.00	\$3,890,189	\$5,842,274	\$9,732,463
2001-03 legislative appropriations	41.00	3,857,005	5,724,433	9,581,438
Legislative increase (decrease) to executive budget	(1.00)	(\$33,184)	(\$117,841)	(\$151,025)
Legislative increase (decrease) to 1999-2001 appropriations	(1.00)	\$279,938	\$59,311	\$339,249
2001-03 Governor Hoeven's recommendation	42.00	\$3,890,189	\$5,842,274	\$9,732,463
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.00)	(\$33,184)	(\$117,841)	(\$151,025)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Service Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$166.25 per month for each public service commissioner and \$168.83 per month for the executive secretary of the commission effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase of \$166.25 per month for the commissioners and \$168.83 per month for the executive secretary effective January 1, 2002. The executive budget included more funding than was necessary to provide for these increases.		(\$17,082)	(\$638)	(\$17,720)
Removed a vacant public service specialist position (see FTE Changes section)	(1.00)	(12,102)	(91,203)	(103,305)
Reduced excess funding provided in the executive budget for central service costs			(26,000)	(26,000)

Removed funding for legal reference manual	_____	(4,000)	_____	(4,000)
Total	(1.00)	(\$33,184)	(\$117,841)	(\$151,025)

FTE Changes

The 2001-03 biennium appropriation includes funding for 41 FTE positions, one less than the 1999-2001 authorized level of 42 FTE positions. The Legislative Assembly removed one vacant public service specialist position.

Other Sections in Bill

“One-Call” Call Before You Dig Program - Section 3 provides federal fund authority of \$27,560 for the “one-call” call before you dig program for the 1999-2001 biennium.

Commissioner salaries - Section 2 includes statutory changes relating to the annual salaries of the public service commissioners. Each commissioner’s salary is increased from \$64,569 to \$66,509 on July 1, 2001, to \$68,504 on January 1, 2002, and to \$69,874 on July 1, 2002.

**Secretary of State
House Bill Nos. 1002 and 1105**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	26.00	\$4,420,474	\$370,000	\$4,790,474
2001-03 legislative appropriations	26.00	4,412,921	391,000	4,803,921
Legislative increase (decrease) to executive budget	0.00	(\$7,553)	\$21,000	\$13,447
Legislative increase (decrease) to 1999-2001 appropriations	0.50	\$548,453	\$141,000	\$689,453
2001-03 Governor Hoeven's recommendation	26.00	\$4,420,474	\$370,000	\$4,790,474
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$7,553)	\$21,000	\$13,447

NOTE: The amounts on the schedule above include funding for public printing. The 2001-03 executive budget recommended and the Legislative Assembly appropriated \$508,000 from the general fund for public printing, \$27,200 less than the 1999-2001 biennium general fund appropriation of \$535,200.

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Secretary of State is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$309.17 per month for the Secretary of State effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the Secretary of State to provide a \$309.17 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$7,553)		(\$7,553)

Added funding in House Bill No. 1105 from the Secretary of State's general services operating fund for costs associated with providing direct access to the central indexing system.			\$21,000	21,000
Total	<u>0.00</u>	<u>(\$7,553)</u>	<u>\$21,000</u>	<u>\$13,447</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add a .5 FTE office assistant III.

Other Sections in Bill

Secretary of State's salary - Section 3 includes statutory changes relating to the increase in the Secretary of State's annual salary. The Secretary of State's salary is increased from \$61,142 to \$64,742 on July 1, 2001, to \$66,684 on January 1, 2002, and to \$68,018 on July 1, 2002.

Lobbying reports - Section 2 was added amending North Dakota Century Code Section 54-05.1-03 regarding lobbying related expenditures that must be reported to the Secretary of State.

Related Legislation

Central indexing system - House Bill No. 1105 appropriates \$21,000 from the Secretary of State's general services operating fund to the Secretary of State for expenses associated with providing direct access to the central indexing system. This appropriation is reflected in the amounts shown above.

**Tax Department
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	142.00	\$17,562,518	\$393,729	\$17,956,247
2001-03 legislative appropriations	143.00	17,721,663	709,729	18,431,392
Legislative increase (decrease) to executive budget	1.00	\$159,145	\$316,000	\$475,145
Legislative increase (decrease) to 1999-2001 appropriations	(1.00)	\$781,961	\$416,000	\$1,197,961
2001-03 Governor Hoeven's recommendation	142.00	\$17,562,518	\$393,729	\$17,956,247
Legislative increase (decrease) to Governor Hoeven's recommendation	1.00	\$159,145	\$316,000	\$475,145

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Tax Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$341.42 per month for the Tax Commissioner effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the Tax Commissioner to provide a \$341.42 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$17,092)		(\$17,092)
Reduced funding for temporary wages		(78,882)		(78,882)
Removed funding for the general membership and the Nexus program portion of the Multistate Tax Commission fees from operating expenses		(44,881)		(44,881)
Provided funding for all costs associated with membership in the Multistate Tax Commission, including membership in the audit program			\$316,000	316,000

Added funding for costs related to implementation of the provisions of House Bill No. 1399, relating to the decoupling of the state income tax from the federal income tax		300,000		300,000
Restored an auditor II position (See FTE Changes section)	<u>1.00</u>			
Total	<u>1.00</u>	<u>\$159,145</u>	<u>\$316,000</u>	<u>\$475,145</u>

FTE Changes

The executive recommendation removed two FTE positions--an auditor II and account technician II. The Legislative Assembly restored the auditor II position but did not provide funding for the position.

Multistate Tax Commission

Section 3 was added creating a Multistate Tax Commission fund consisting of up to \$316,000 from Multistate Tax Commission collections. The Tax Commissioner is authorized to spend up to \$316,000 from the fund for membership in the Multistate Tax Commission, and any remaining balance is transferred to the general fund.

Related Legislation

Liquor tax collections - Senate Bill No. 2053 transferred the beer and wholesale liquor tax collection responsibilities from the State Treasurer to the Tax Commissioner.

Income tax decoupling - House Bill No. 1399 decouples the state income tax from the federal income tax to a rate system based on federal taxable income.

**Homestead Tax Credit
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	0.00	\$4,540,813	\$0	\$4,540,813
2001-03 legislative appropriations	0.00	4,540,813	0	4,540,813
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations				\$0
2001-03 Governor Hoeven's recommendation	0.00	\$4,540,813	\$0	\$4,540,813
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the homestead tax credit.

Program Statistics

The schedule below presents the number of eligible homeowners and renters and the payments made in recent years:

	Number Eligible for Program			Payments Made Under Program		
	Homeowners	Renters	Total	Homeowners	Renters	Total
1997	5,680	1,499	7,179	\$2,072,141	\$166,841	\$2,238,982
1998	5,278	1,482	6,760	\$1,974,283	\$165,060	\$2,139,343
1999	4,943	1,454	6,397	\$1,852,124	\$173,370	\$2,025,494
2000	4,457	1,508	5,965	\$1,817,552	\$190,211	\$2,007,763

For eligible homeowners, the program provides for a graduated reduction in the taxable value and resulting taxes of a person's homestead.

For eligible renters, the program provides a direct payment to renters of the amount by which 20 percent of the rent, representing property taxes, exceeds four percent of the applicant's annual income.

Related Legislation

Program eligibility - House Bill No. 1059 relates to the deduction of certain medical expenses from income when determining the eligibility for the homestead tax credit. The bill provides that the term "medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the individual may use the standard mileage rate allowed for state officer and employee use of a personal motor vehicle.

**State Treasurer
House Bill No. 1005**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	7.00	\$759,178	\$0	\$759,178
2001-03 legislative appropriations	6.00	2,626,334	0	2,626,334
Legislative increase (decrease) to executive budget	(1.00)	\$1,867,156	\$0	\$1,867,156
Legislative increase (decrease) to 1999-2001 appropriations	(1.00)	\$1,147,656	\$0	\$1,147,656
2001-03 Governor Hoeven's recommendation	7.00	\$759,178	\$0	\$759,178
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.00)	\$1,867,156	\$0	\$1,867,156

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Treasurer is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$128.58 per month for the Deputy State Treasurer effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the Deputy State Treasurer to provide a \$128.58 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$8,591)		(\$8,591)
Removed an administrative clerk position (see FTE Changes section)	(1.00)	(56,672)		(56,672)
Added funding for payments to counties in lieu of property taxes on carbon dioxide pipeline property pursuant to North Dakota Century Code (NDCC) Section 57-06-17.2		1,932,419		1,932,419
Total	(1.00)	\$1,867,156	\$0	\$1,867,156

FTE Changes

The 2001-03 biennium includes authorization for six FTE positions, one FTE less than the 1999-2001 biennium authorization. The Legislative Assembly removed one FTE position due to the transfer of beer and wholesale liquor tax collection duties to the Tax Commissioner and the time savings that will result from using the Information Technology Department for electronic records and signatures.

Other Sections in Bill

Section 2 was added transferring the duties of issuing farm winery licenses to the Tax Commissioner.

Section 4 includes statutory changes requiring the State Treasurer to utilize the services of the Information Technology Department for electronic records and signatures.

Section 5 was added prohibiting the State Treasurer from using state funds for activities related to the National Association of State Treasurers.

Related Legislation

Liquor tax collections - Senate Bill No. 2053 transferred the beer and wholesale liquor tax collection responsibilities from the State Treasurer to the Tax Commissioner.

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation of \$783,413 for the 1999-2001 biennium to the State Treasurer for payments to counties in lieu of property taxes on carbon dioxide pipeline property pursuant to NDCC Section 57-06-17.2.

ELEMENTARY AND SECONDARY EDUCATION SUMMARY

PER STUDENT AND TRANSPORTATION STATE AID

The Legislative Assembly provided a general fund appropriation of \$474 million for per student and transportation state aid, a decrease of \$5 million, or 1.1 percent, from the 1999-2001 appropriation of \$479 million. The per student payment amounts are \$2,287 the first year of the biennium and \$2,347 the second year, which compares to past payment levels as follows:

Fiscal Year	Appropriated Per Student Payment	Increase From Prior Year	Percentage Increase From Prior Year
1997-98	\$1,954	\$92	4.9%
1998-99	\$2,032	\$78	4.0%
1999-2000	\$2,145	\$113	5.6%
2000-01	\$2,230	\$85	4.0%
2001-02	\$2,287	\$57	2.6%
2002-03	\$2,347	\$60	2.6%

TUITION FUND

The Legislative Assembly appropriated \$67.2 million from the state tuition fund for distribution to school districts during the 2001-03 biennium, an increase of \$13.7 million, or 25.6 percent, from the 1999-2001 appropriation of \$53.5 million. The appropriation will provide payments of approximately \$300 per census unit, an increase of \$56 per census unit, or 23 percent, from the 2000-01 payment of \$244. The 2001-03 appropriation is an increase of \$80 per census unit, or 36.4 percent, from the 2000-01 appropriated payment of \$220. The 2001-03 biennium increase is primarily attributable to the Board of University and School Lands distributing all income earned on tobacco settlement moneys deposited in the common schools trust fund.

SPECIAL EDUCATION

The Legislative Assembly appropriated \$49.9 million for general fund special education grants, an increase of \$3.3 million, or 7.1 percent, from the 1999-2001 appropriation of \$46.6 million. Section 8 of 2001 House Bill No. 1013 provides legislative intent that the special education appropriation be distributed as follows:

1. \$12,665,000 to reimburse school districts for special education contract costs (\$1,165,000 more than the amount appropriated for the 1999-2001 biennium).

2. \$400,000 to reimburse school districts for gifted and talented programs (no change from the amount appropriated for the 1999-2001 biennium).
3. \$36,833,695 distributed on the basis of average daily membership (ADM), pursuant to North Dakota Century Code (NDCC) Section 15.1-27-10 (\$2,100,000 more than the amount appropriated for the 1999-2001 biennium).

TEACHER COMPENSATION PAYMENTS

The Legislative Assembly appropriated \$35,036,000 for teacher compensation payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year (second-year total of \$3,000 per teacher FTE) to approximately 8,884 eligible instructional personnel.

OTHER APPROPRIATIONS

The legislative appropriation also provides the following:

1. **Revenue supplement payments** - The Legislative Assembly appropriated \$2,200,000 from the general fund for supplemental payments to school districts pursuant to NDCC Section 15.1-27-11, a decrease of \$900,000 compared to the 1999-2001 biennium appropriation.
2. **Division of Independent Study** - The appropriation for the Division of Independent Study is no longer included in the appropriation for the Department of Public Instruction, pursuant to Senate Bill No. 2251, which provides that the appropriation be transferred to the Information Technology Department for use by the Educational Technology Council.
3. **Title I testing** - The Legislative Assembly provided a general fund appropriation of \$1,212,928 for developing and administering standards-based student tests and for the cost of reporting the results, as required by House Bill No. 1293.
4. **Contingent distributions - Per student payments and transportation aid** - The Legislative Assembly (House Bill No. 1344) provided for contingent distributions from the amount appropriated for per student and transportation state aid, as follows:
 - a. The first \$2 million, as estimated by the Department of Public Instruction for declining enrollment (see page E-7 for additional details).

- b. The second \$2 million for “hold harmless” payments based on the difference between the following:
 - (1) The total payments the district will receive during the 2001-03 biennium for per student payments at rates of \$2,287 and \$2,347 and for teacher compensation payments, as appropriated by the Legislative Assembly.
 - (2) The total payments the district would have received during the 2001-03 biennium for per student payments at rates of

\$2,439 and \$2,502 if no funds were appropriated for teacher compensation payments.

- c. Any remaining amount as supplemental per student payments.

- 5. Contingent distributions - Teacher compensation payments -** The Legislative Assembly (House Bill No. 1344) provided for contingent per student payments if any amount appropriated for teacher compensation payments remains unspent for that purpose at the end of the 2001-03 biennium.

**Department of Public Instruction
House Bill Nos. 1013, 1301, and 1344**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	131.95	\$550,821,984	\$237,017,455	\$787,839,439
2001-03 legislative appropriations	95.25	571,719,794	232,691,705	804,411,499
Legislative increase (decrease) to executive budget	(36.70)	\$20,897,810	(\$4,325,750)	\$16,572,060
Legislative increase (decrease) to 1999-2001 appropriations	(36.70)	\$24,665,885	\$28,422,532	\$53,088,417
2001-03 Governor Hoeven's recommendation	131.95	\$570,605,949	\$237,044,955	\$807,650,904
Legislative increase (decrease) to Governor Hoeven's recommendation	(36.70)	\$1,113,845	(\$4,353,250)	(\$3,239,405)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation included the following changes to the Schafer recommendation:

	General Fund	Other Funds	Total
Decreased per student state aid to provide funding for teacher compensation payments	(\$27,876,613)		(\$27,876,613)
Decreased special education aid to provide funding for teacher compensation payments	(1,361,305)		(1,361,305)
Removed funding for the Quality Schools Commission	(575,192)		(575,192)
Removed funding for the development of a student data base	(412,500)		(412,500)
Added funding to restore operating expenses for the Division of Independent Study to the amount included in the agency's base budget request		\$27,500	27,500
Added funding for teacher compensation payments	50,009,575		50,009,575
Total Hoeven recommended changes to the Schafer budget	\$19,783,965	\$27,500	\$19,811,465

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Public Instruction is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly also provided the following amounts for salary increases in addition to the compensation package:

An appropriation of \$10,979 from the general fund for an equity salary increase of \$522.33 per month for the Superintendent of Public Instruction effective January 1, 2002.

An appropriation of \$31,787 (\$405 from the general fund and \$31,382 from other funds) for salary adjustments to increase salaries to new pay range minimums established by Central Personnel.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding to provide \$10,979 for a market equity increase for the Superintendent of Public Instruction (The executive budget included more funding than was necessary to provide for this increase.)		(\$3,549)		(\$3,549)
Added funding for teacher compensation payments of \$1,000 the first year and an additional \$2,000 the second year (second year total of \$3,000 per teacher FTE) to approximately 8,884 eligible school district FTE positions		35,036,000		35,036,000
Reduced funding for per student and transportation aid from \$485,542,761 to \$473,971,648 to reallocate funding to the teacher compensation payment program (The Hoeven recommendation reduced the Schafer recommendation for per student and transportation aid by \$27,876,613 to provide funding for teacher compensation payments of \$2,000 the first year of the biennium and an additional \$1,500 the second year (second year total of \$3,500 per teacher FTE). The 2001-03 biennium appropriation is a decrease of \$5,034,611 compared to the 1999-2001 biennium appropriation of \$479,006,259.)		(11,771,113)		(11,771,113)
Decreased funding for special education aid from \$51,260,000 to \$49,898,695 to reallocate funding to the teacher compensation payment program, as included in the Hoeven budget recommendation (The teacher compensation payment program will provide payments of approximately \$1,122,000 to public school districts for the compensation of special education instructional personnel. The 2001-03 biennium appropriation is an increase of \$3,298,695 compared to the 1999-2001 biennium appropriation of \$46,600,000.)		(1,361,305)		(1,361,305)

Reduced funding for revenue supplement payments from \$3,450,000 to \$2,200,000 to reflect the estimated amount required to fund the revenue supplement payment program as provided in North Dakota Century Code (NDCC) Section 15.1-27-11 (The 2001-03 biennium appropriation is a decrease of \$900,000 compared to the 1999-2001 biennium appropriation of \$3,100,000.)		(1,250,000)		(1,250,000)
Increased funding from \$450,000 to \$650,000 for limited English proficiency payments (The 2001-03 biennium appropriation is an increase of \$250,000 compared to the 1999-2001 biennium appropriation of \$400,000.)		200,000		200,000
Decreased funding for operating expenses		(35,000)		(35,000)
Increased funding from \$200,000 to \$215,000 for grants to the leadership in educational administration development (LEAD) consortium (The 2001-03 biennium appropriation is an increase of \$15,000 compared to the 1999-2001 biennium appropriation of \$200,000.)		15,000		15,000
Increased funding for operating expenses of the Division of Independent Study, as contained in the Hoeven budget recommendation			\$27,500	27,500
Removed funding for the Division of Independent Study (Pursuant to Senate Bill No. 2251, the amounts appropriated for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council.)	(37.70)	(795,416)	(4,353,250)	(5,148,666)
Removed funding for the student data base project, as recommended by Governor Hoeven		(412,500)		(412,500)
Removed funding for the Quality Schools Commission, as recommended by Governor Hoeven		(575,192)		(575,192)
Increased funding from \$50,000 to \$100,000 for geographic education grants (The 2001-03 biennium appropriation is an increase of \$50,000 compared to the 1999-2001 biennium appropriation of \$50,000.)		50,000		50,000
Reduced funding for salaries and wages		(100,000)		(100,000)
Added funding for dues to the Education Commission of the States		89,100		89,100

Reduced funding from \$1,289,643 to \$1,217,928 for Title I testing to reflect the cost of developing and administering the required tests and reporting the results, as required by House Bill No. 1293		(71,715)		(71,715)
Increased funding from \$210,000 to \$220,000 for grants to teacher centers		10,000		10,000
Increased funding from \$33,000 to \$41,500 for the national board certification program administered by the Education Standards and Practices Board (House Bill No. 1344) (The 2001-03 biennium appropriation is an increase of \$21,500 compared to the 1999-2001 biennium appropriation of \$20,000.)		8,500		8,500
Added funding for school district reorganization bonuses (House Bill No. 1301)		1,665,000		1,665,000
Added funding for development of a school district compensation report (House Bill No. 1344)	1.00	200,000		200,000
Total	<u>(36.70)</u>	<u>\$20,897,810</u>	<u>(\$4,325,750)</u>	<u>\$16,572,060</u>

FTE Changes

The Legislative Assembly removed the funding and 37.70 FTE positions relating to the Division of Independent Study. Senate Bill No. 2251 provides that amounts appropriated to the Division of Independent Study for the 2001-03 biennium must be transferred to the Information Technology Department to be spent under the direction of the Educational Technology Council.

The Legislative Assembly added one FTE position to the Department of Public Instruction for the development of a school district compensation report.

Teacher Compensation Payments

The Legislative Assembly provided a general fund appropriation of \$35,036,000 for teacher compensation payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year (second year total of \$3,000 per teacher FTE) to approximately 8,884 eligible instructional personnel. The Schafer executive budget did not include any funding for teacher compensation payments. The Hoeven budget recommendation included \$50,009,575 for teacher compensation payments of \$2,000 the first year and an additional \$1,500 the second year (second year total of \$3,500 per teacher FTE) to approximately 9,093 eligible instructional and administrative personnel.

House Bill No. 1344 provides statutory provisions relating to the definition of eligible personnel and the distribution of teacher compensation payments to school districts. The bill provides that on or before October 1 of each year, a school district may file a claim with the Department of Public Instruction for the reimbursement of moneys the district anticipates spending during the school year to increase teacher salaries. Payments are limited to \$1,000 per eligible teacher FTE for 2001-02 and \$3,000 for 2002-03.

State Aid - Per Student Payments and Transportation

The Legislative Assembly provided a general fund appropriation of \$473,971,648 for per student and transportation payments for the 2001-03 biennium. The 2001-03 biennium appropriation is \$5,034,611 less than the 1999-2001 biennium appropriation, \$11,571,113 less than the Schafer recommendation, and \$16,305,500 more than the Hoeven recommendation. The legislative appropriation increases per student payments from \$2,230 in 2000-01 to \$2,287 in 2001-02 and \$2,347 in 2002-03. See the schedules following this section for a comparison of state school aid and other grants for the 1999-2001 and 2001-03 bienniums.

Payments for Limited English Proficient Students

The Legislative Assembly provided a general fund appropriation of \$650,000 (included in the foundation aid and transportation line item) for payments to school districts educating students with limited English proficiency, an increase of \$200,000 over the Schafer and Hoeven executive recommendations and an increase of \$250,000 over the amount appropriated for the 1999-2001 biennium. House Bill No. 1321 amends NDCC Section 15.1-27-12 to create a three-tiered payment system. Under current law, schools receive \$400 for each student with "level I or II" English language skills, as determined using the language survey instrument specified in statute. Effective August 1, 2001, schools will receive payments of \$425 for each level I student, \$325 for each level II student, and \$225 for each level III student. The estimated cost of limited English proficiency payments for the 2001-03 biennium, based on the new payment levels, is approximately \$650,000.

Revenue Supplement Payments

The Legislative Assembly provided a general fund appropriation of \$2.2 million for revenue supplement payments to districts below the state average taxable valuation per student and below the state average educational expenditure per student, as defined in NDCC Section 15.1-27-11. The statutory formula is anticipated to provide for the distribution of only \$2.2 million during the 2001-03 biennium. The 1999-2001 biennium appropriation for revenue supplement payments was \$3,100,000, of which \$420,838 is not anticipated to be distributed. The Schafer and Hoeven budget recommendations included \$3,450,000 for revenue supplement payments for the 2001-03 biennium.

Special Education Aid

The Legislative Assembly provided a general fund appropriation of \$49,898,695 for special education aid, \$3,298,695 more than the 1999-2001 biennium appropriation of \$46,600,000, \$1,361,305 less than the Schafer recommendation, and the same amount as included in the Hoeven recommendation. Section 8 of House Bill No. 1013 provides legislative intent that the appropriation for special education be distributed as follows:

1. \$12,665,000 to reimburse school districts for special education contract costs (\$1,165,000 more than the 1999-2001 biennium appropriation).
2. \$400,000 to reimburse school districts for gifted and talented programs (no change from the amount appropriated for the 1999-2001 biennium).
3. \$36,833,695 distributed on the basis of average daily membership, pursuant to NDCC Section 15.1-27-10 (\$2,133,695 more than the 1999-2001 biennium appropriation).

Reorganization Bonus Payments

House Bill No. 1301 provides a general fund appropriation of \$1,665,000 for reorganization bonus payments pursuant to NDCC Section 15.1-12-11.1. Section 15.1-12-11.1 provides that if a newly reorganized district consists of at least 800 square miles or consists of at least 500 square miles, has a student population of at least 520, and had no practical reorganization alternatives to allow it to meet the 800 square mile criteria, the district is entitled to a reorganization bonus. The bonus amount is based on the number of students, the number of square miles included in the reorganized district, and the number of districts reorganizing.

For the 1999-2001 biennium, up to \$2 million was available to be distributed for reorganization bonuses from end-of-biennium unspent moneys appropriated for foundation aid. However, no district is anticipated to be eligible for a bonus payment as of June 30, 2001.

Contingent Payments - Declining Enrollment

Section 14 of House Bill No. 1344 provides that if any funds appropriated for per student and transportation state aid remain unspent after all statutory obligations are met, the Department of Public Instruction shall distribute payments to districts with a decline in student enrollment during the period 1997-98 to 2000-01, subject to the following:

1. The Department of Public Instruction shall distribute a payment for declining enrollment during the first year of the biennium if the department determines that the amount budgeted for per student and transportation payments exceeds the amount required to make those payments during the first year of the biennium by an amount sufficient to provide for a payment of \$150 for each eligible decline in enrollment.

2. If the first-year foundation aid surplus is insufficient to provide for a first-year payment of \$150 per decline in enrollment, the department may not distribute any first-year payment for declining enrollment.
3. The department shall distribute a payment for declining enrollment during the second year of the biennium if the department determines that the amount appropriated for per student and transportation payments will exceed the amount required to make those payments during the 2001-03 biennium.
4. Payments during the biennium may not exceed \$250 multiplied by the number of students by which the district's 2000-01 fall enrollment is less than the district's 1997-98 fall enrollment.
5. No school may receive payments for a decline of more than 400 students.

The department estimates the cost of these payments will be approximately \$2 million for the 2001-03 biennium if funds are available.

Contingent Payments - "Hold Harmless"

Subsection 1 of Section 15 of House Bill No. 1344 directs the Department of Public Instruction to distribute "hold harmless" payments if any funds appropriated for per student and transportation state aid for the 2001-03 biennium remain unspent after all statutory obligations are met, and the contingent payments for declining enrollment as provided in Section 14 are distributed. The payments will be calculated as follows:

1. The department must calculate the difference between the following:
 - a. The total payments the district will receive during the 2001-03 biennium for per student payments at the rates of \$2,287 and \$2,347 and teacher compensation payments, as appropriated by the Legislative Assembly.
 - b. The total payments the district would have received during the 2001-03 biennium for per student payments at the rates of \$2,439 and \$2,502 if no funds were appropriated for teacher compensation payments.
2. If the amount a district would have received under option b above exceeds the amount a district is estimated to receive under option a, the department must calculate the difference and pay that amount to the district.
3. Total "hold harmless" payments may not exceed \$2 million during the 2001-03 biennium.
4. If insufficient funds are available to make the payments required by this section, the department shall prorate the available amount among the eligible districts.

Contingent Payments - Additional Per Student Payments

Subsection 2 of Section 15 of House Bill No. 1344 directs the Department of Public Instruction to distribute additional per student payments if any moneys appropriated for teacher compensation payments for the 2001-03 biennium remain unspent after all statutory obligations are met.

Subsection 3 of Section 15 directs the Department of Public Instruction to distribute additional per student payments if any moneys appropriated for per student and transportation state aid for the 2001-03 biennium remain unspent after all statutory obligations are met and the contingent payments for declining enrollment and "hold harmless" are distributed.

Standards-Based Student Testing

The Legislative Assembly provided a general fund appropriation of \$1,217,928 to fund the 2001-03 biennium cost of developing and administering standards-based student tests and reporting the results of the tests. The tests are required for the state to continue to receive federal Title I funding, estimated to be approximately \$40 million for the 2001-03 biennium. The department received a proposal to develop and administer the required tests at a cost of \$1,212,928 for the 2001-03 biennium. In addition, the cost of reporting the test results, as required by House Bill No. 1293, is estimated to be \$5,000.

The Schafer and Hoeven executive budgets included \$1,289,643 for developing and administering standards-based tests. The 2001-03 biennium appropriation of \$1,217,928 is \$814,285 more than the 1999-2001 biennium appropriation of \$403,643 for the department's standardized achievement testing program.

National Board Certification Program

Section 16 of House Bill No. 1344 provides a general fund appropriation of \$41,500 to the Education Standards and Practices Board for the purpose of making grants to assist teachers in obtaining national certification. Grants will be distributed as follows:

1. \$1,150 to assist with the assessment costs of teacher certification (estimated to be \$2,300 per teacher for the 2001-03 biennium).
2. \$1,500 per year for each of the first four full school years after the individual obtains certification, if:
 - a. The individual served during the school year as a full-time classroom teacher in a public school in this state; and
 - b. The individual participated in any efforts of the employing school district to develop and implement teacher mentoring programs and teacher evaluation programs.

The 1999 Legislative Assembly appropriated \$20,000 for the purpose of paying one-half of the application or assessment fee for each applicant. The Education Standards and Practices Board anticipates spending only \$13,000 of the 1999-2001 biennium appropriation. The Schafer and Hoeven budget recommendations for the 2001-03 biennium included \$33,000 to pay the \$2,300 assessment fee for up to 10 applicants and to pay \$1,000 stipends to 10 teachers previously certified.

Other Sections in Bill

Tuition apportionment - Section 2 (included in the bill as introduced) provides that any moneys available in the state tuition fund in excess of the \$67,239,025 appropriated in Section 1 of the bill are appropriated to the Department of Public Instruction for distribution to school districts.

Payments for 1999-2001 biennium educational services - Section 3 (included in the bill as introduced) provides that the Department of Public Instruction may use moneys appropriated for per student, transportation, and special education state aid for the 2001-03 biennium to pay claims due but not filed with the department during the 1999-2001 biennium.

Red River Valley writing project - Section 4 was added providing that the department use \$20,000 of its operating expenses line item to support the Red River Valley writing project. The Schafer and Hoeven budget recommendations included \$10,000 for this project. The Legislative Assembly directed the department to spend an additional \$10,000 for the project but did not provide additional funding for the project. The 1999-2001 biennium appropriation for the project was \$10,000.

Standards-based student testing - Section 5 was added directing the department to spend \$1,217,928 of the amount appropriated for operating expenses to develop and administer student tests aligned with the state content standards and to report the results of the tests.

Compensation payments to teachers at state institutions - Section 6 was added providing that, in addition to other salary increases appropriated by the Legislative Assembly, teachers at the Division of Independent Study, the School for the Blind, and the School for the Deaf provided salary increases of \$1,000 for the first year of the biennium and an additional \$2,000 the second year (second-year total of \$3,000 per teacher). The amounts included in the salaries and wages line items for the respective state agencies are:

Division of Independent Study - \$72,800.

School for the Deaf - \$74,000.

School for the Blind - \$56,200.

FTE positions for 2003-05 - Section 7 was added providing legislative intent that the Department of Public Instruction's base budget request for the 2003-05 biennium include no more than 94.25 FTE positions, one fewer than the number authorized for the 2001-03 biennium.

Distribution of special education aid - Section 8 (included in the bill as introduced) provides legislative intent regarding the distribution of special education aid, as follows:

1. \$12,665,000 to reimburse school districts for special education contract costs.
2. \$400,000 to reimburse school districts for gifted and talented programs.
3. \$36,833,695 distributed on the basis of average daily membership (ADM), pursuant to NDCC Section 15.1-27-10.

Technology grants - Section 9 (included in the bill as introduced) provides legislative intent that the appropriation contained in Section 1 of the bill includes \$4,037,500 of federal funds for grants to schools for technology or teacher professional development.

Payments for limited English proficiency - Section 10 (included in the bill as introduced) indicates the amount of the appropriation for per student and transportation state aid that must be used for payments to school districts educating limited English proficient students pursuant to NDCC Section 15.1-27-12. The Schafer and Hoeven budget recommendations included \$450,000 for limited English proficiency payments; the Legislative Assembly added \$200,000 to provide a total of \$650,000. The 1999-2001 biennium appropriation was \$400,000.

Indirect cost allocation - Section 11 (included in the bill as introduced) provides that notwithstanding NDCC Section 54-44.1-15, the department may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 provides that indirect cost recoveries must be deposited in the general fund, as determined by the Office of Management and Budget.

Displaced homemaker fund - Section 12 (included in the bill as introduced) provides that \$251,747 of the amount appropriated in Section 1 of the bill is from the displaced homemaker fund and is for the purpose of providing services to displaced homemakers.

State aid to public libraries - Section 13 (included in the bill as introduced) provides that the grants line item appropriated to the State Library includes \$888,745 for state aid to public libraries.

Vision Services - School for the Blind operating fund - Section 14 (included in the bill as introduced) provides that any moneys collected by Vision Services - School for the Blind must be deposited in that agency's operating fund and may be spent subject to legislative appropriation.

In-city busing reimbursement - Sections 15 and 17 were added by the Legislative Assembly to increase the reimbursement rate from 25 cents to 35 cents per mile for in-city busing for schoolbuses with a capacity of 10 or more students. The estimated cost of this increase for the 2001-03 biennium is \$109,838. The Legislative Assembly did not provide additional funding for the increase in transportation payment rates.

Salary of Superintendent - Section 16 (included in the bill as introduced) amends NDCC Section 15.1-02-02 to set the salary of the Superintendent of Public Instruction as follows:

	Annual Salary
Effective January 1, 2001	\$67,619
Effective July 1, 2001	\$69,648
Effective January 1, 2002	\$75,916
Effective July 1, 2002	\$77,434

Appropriation to the State Board for Vocational and Technical Education - Section 18 was added providing a general fund appropriation of \$13,000 to the State Board for Vocational and Technical Education for the purpose of providing grants to support vocational education programs.

Related Legislation

Reorganization bonuses - House Bill No. 1141 provides that school districts may receive an advance of \$15,000 per district for the purpose of studying and planning for reorganization. If the districts reorganize, the money advanced will be deducted from their reorganization bonus. If the districts do not reorganize, the money advanced must be repaid, as determined by the Superintendent of Public Instruction.

Standards-based assessments - House Bill No. 1293 directs the Department of Public Instruction to administer standards-based student achievement tests and report the compiled results to the Legislative Council.

Appropriation for reorganization bonuses - House Bill No. 1301 excludes approximately \$3,000,000 from the amount to be distributed from unspent foundation aid at the end of the 1999-2001 biennium, allows the funds to be general fund turnback, and provides a general fund appropriation of \$1,665,000 for the 2001-03 biennium for reorganization bonus payments to qualifying school districts.

Limited English proficiency payments - House Bill No. 1321 changes the formula for the distribution of limited English proficiency payments to create a three-tiered payment formula.

Per student state aid and teacher compensation payments - House Bill No. 1344:

Increases per student payments from \$2,230 in 2000-01 to \$2,287 in 2001-02 and \$2,347 in 2002-03.

Provides definitions and a formula for the distribution of teacher compensation payments.

Provides for minimum teacher salaries of \$18,500 for the 2001-02 school year and \$20,000 for the 2002-03 school year.

Requires school districts to submit a compensation report to the Department of Public Instruction by September 2002 and provides a general fund appropriation of \$200,000 to the department for the purpose of developing and implementing the report.

Provides for the distribution of contingent declining enrollment payments, "hold harmless" payments, and additional per student payments.

Provides a general fund appropriation of \$41,500 to the Education Standards and Practices Board for teacher certification grants.

Provides for a Legislative Council study of the feasibility and desirability of implementing a teacher compensation package that recognizes four categories of teachers, from beginning to advanced.

Division of Independent Study - Senate Bill No. 2251 creates an Educational Technology Council and places administrative responsibility for the Division of Independent Study with the Educational Technology Council rather than the Department of Public Instruction. Section 9 of the bill provides that any funds appropriated for the Division of Independent Study for the 2001-03 biennium must be transferred to the Information Technology Department for use by the Educational Technology Council.

**STATE SCHOOL AID, OTHER GRANTS, DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION, AND DIVISION OF INDEPENDENT STUDY
COMPARISON OF 1999-2001 APPROPRIATION AND ESTIMATED EXPENDITURES TO 2001-03 SCHAFER, HOEVEN, AND LEGISLATIVE VERSIONS**

	1999-2001 Appropriation ¹	1999-2001 Estimated Expenditures	2001-03 Schafer Executive Budget	2001-03 Hoeven Budget	2001-03 Appropriation	2001-03 Appropriation Increase (Decrease) Compared to 1999-2001 Appropriation	2001-03 Appropriation Increase (Decrease) Compared to Schafer Budget	2001-03 Appropriation Increase (Decrease) Compared to Hoeven Budget
Per student and transportation payments								
Statutory per student payments	\$520,678,909	\$516,528,577	\$532,704,091	\$504,827,478	\$522,264,541	\$1,585,632	(\$10,439,550)	\$17,437,063
Less mill deduct (32 mills) and excess fund balance deduct	78,072,650	78,069,217	83,611,330	83,611,330	84,942,893	6,870,243	1,331,563	1,331,563
General fund per student payments	\$442,606,259	\$438,459,360	\$449,092,761	\$421,216,148	\$437,321,648	(\$5,284,611)	(\$11,771,113)	\$16,105,500
Limited English proficient student payments	400,000	400,000	450,000	450,000	650,000	250,000	200,000	200,000
Transportation payments	36,000,000	35,144,863	36,000,000	36,000,000	36,000,000			
Total per student and transportation regular distributions - General fund	\$479,006,259	\$474,004,223	\$485,542,761	\$457,666,148	\$473,971,648	(\$5,034,611)	(\$11,571,113)	\$16,305,500
Contingent distributions		2,000,000						
Total per student and transportation aid - General fund	\$479,006,259	\$476,004,223	\$485,542,761	\$457,666,148	\$473,971,648	(\$5,034,611)	(\$11,571,113)	\$16,305,500
Other grants - General fund								
Teacher compensation payments				\$50,009,575	\$35,036,000	\$35,036,000	\$35,036,000	(\$14,973,575)
Special education	\$46,600,000	\$46,600,000	\$51,260,000	49,898,695	49,898,695	3,298,695	(1,361,305)	
Average daily membership and declining enrollment payments (1999 SB 2162)	3,500,000	3,500,000				(3,500,000)		
Revenue supplement payments (NDCC Section 15.1-27-11)	3,100,000	2,679,162	3,450,000	3,450,000	2,200,000	(900,000)	(1,250,000)	(1,250,000)
Reorganization bonuses					1,665,000	1,665,000	1,665,000	1,665,000
Teacher center network	210,000	210,000	210,000	210,000	220,000	10,000	10,000	10,000
School food services	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000			
Adult education grants	900,000	900,000	900,000	900,000	900,000			
Educational Telecommunications Council grants	6,000,000	6,000,000				(6,000,000)		
Leadership in educational administration development consortiurr	200,000	200,000	200,000	200,000	215,000	15,000	15,000	15,000
Governor's School	145,000	145,000	205,000	205,000	205,000	60,000		
Geographic education	50,000	50,000	50,000	50,000	100,000	50,000	50,000	50,000
SENDIT computer network	496,669	496,669				(496,669)		
National board certification	20,000	13,000	33,000	33,000	41,500	21,500	8,500	8,500
Quality Schools Commission			575,192				(575,192)	
FINDET	23,780	23,780	33,117	33,117	33,117	9,337		
Total other grants - General fund	\$62,325,449	\$61,897,611	\$57,996,309	\$106,069,387	\$91,594,312	\$29,268,863	\$33,598,003	(\$14,475,075)
Total per student and transportation aid and other grants - General fund	\$541,331,708	\$537,901,834	\$543,539,070	\$563,735,535	\$565,565,960	\$24,234,252	\$22,026,890	\$1,830,425
Other grants - Other funds								
Federal grants	\$134,530,636	\$135,290,636	\$146,527,146	\$146,527,146	\$146,527,146	\$11,996,510		
State tuition fund	53,528,217	56,489,598	67,239,025	67,239,025	67,239,025	13,710,808		
Displaced homemaker program	229,247	229,247	240,000	240,000	240,000	10,753		
SENDIT computer network	50,000	50,000				(50,000)		
Total other grants - Other funds	\$188,338,100	\$192,059,481	\$214,006,171	\$214,006,171	\$214,006,171	\$25,668,071		
Total other grants - All funds	\$250,663,549	\$253,957,092	\$272,002,480	\$320,075,558	\$305,600,483	\$54,936,934	\$33,598,003	(\$14,475,075)
Total grants - All funds	\$729,669,808	\$729,961,315	\$757,545,241	\$777,741,706	\$779,572,131	\$49,902,323	\$22,026,890	\$1,830,425

Agency administration (excluding Division of Independent Study)

Administration (salaries, operating, equipment) - General fund	\$4,860,228	\$5,114,771	\$6,487,498	\$6,074,998	\$6,153,834	\$1,293,606	(\$333,664)	\$78,836
Administration (salaries, operating, equipment) - Other funds	11,724,030	12,530,533	18,565,534	18,565,534	18,685,534	6,961,504	120,000	120,000
Total agency administration - All funds	\$16,584,258	\$17,645,304	\$25,053,032	\$24,640,532	\$24,839,368	\$8,255,110	(\$213,664)	\$198,836

Division of Independent Study

Division of Independent Study salaries, operating, equipment - General fund	\$861,973	\$677,830	\$767,916	\$767,916		(\$861,973)	(\$767,916)	(\$767,916)
Division of Independent Study salaries, operating, equipment - Other funds	4,207,043	4,377,009	4,418,250	4,445,750		(4,207,043)	(4,418,250)	(4,445,750)
Division of Independent Study capital projects - General fund			27,500	27,500			(27,500)	(27,500)
Division of Independent Study capital projects - Other funds			27,500	27,500			(27,500)	(27,500)
Total Division of Independent Study - All funds	\$5,069,016	\$5,054,839	\$5,241,166	\$5,268,666		(\$5,069,016)	(\$5,241,166)	(\$5,268,666)

Total Department of Public Instruction - All funds

	<u>\$751,323,082</u>	<u>\$752,661,458</u>	<u>\$787,839,439</u>	<u>\$807,650,904</u>	<u>\$804,411,499</u>	<u>\$53,088,417</u>	<u>\$16,572,060</u>	<u>(\$3,239,405)</u>
General fund	\$547,053,909	\$543,694,435	\$550,821,984	\$570,605,949	\$571,719,794	\$24,665,885	\$20,897,810	\$1,113,845
Other funds	204,269,173	208,967,023	237,017,455	237,044,955	232,691,705	28,422,532	(4,325,750)	(4,353,250)
Total	<u>\$751,323,082</u>	<u>\$752,661,458</u>	<u>\$787,839,439</u>	<u>\$807,650,904</u>	<u>\$804,411,499</u>	<u>\$53,088,417</u>	<u>\$16,572,060</u>	<u>(\$3,239,405)</u>
FTE	131.95	131.95	131.95	131.95	95.25	(36.70)	(36.70)	(36.70)

¹ 1999-2001 appropriation - The 1999-2001 appropriation amounts include \$191,664, of which \$67,082 is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$7,902, of which \$1,182 is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

The 1999-2001 appropriation amounts do not include additional other funds spending authority of \$1,736,469 authorized by the Emergency Commission during the 1999-2001 biennium and general fund spending authority of \$70,400 carried over from the 1997-99 biennium pursuant to Section 12 of 1999 Senate Bill No. 2013.

² Educational Telecommunications Council grants - The 2001-03 biennium Schafer budget recommendation included \$3.5 million from the general fund appropriated to the Information Technology Department for the Educational Technology Council. The Hoeven budget recommendation included \$2.2 million. Senate Bill No. 2022, as passed by the 2001 Legislative Assembly, includes \$1.2 million.

³ SENDIT computer network - The Schafer and Hoeven budget recommendations included \$1,973,669 from the general fund appropriated to the Information Technology Department for grants to the SENDIT computer network. Senate Bill No. 2022, as passed by the 2001 Legislative Assembly, includes \$1,673,669 for SENDIT.

**PER STUDENT STATE AID AND TUITION FUND PAYMENTS, WEIGHTED STUDENT UNITS,
TEACHER COMPENSATION PAYMENTS, AND MILL DEDUCTS FOR THE 1999-2001 AND 2001-03 BIENNIUMS**

	1999-2001 Appropriation	1999-2001 Actual	2001-03 Schafer Budget	2001-03 Hoeven Budget	2001-03 Appropriation
First-Year Payments					
Per student state aid payments	\$2,145	\$2,145	\$2,323	\$2,240	\$2,287
Tuition fund distributions	220	248	300	300	300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total first-year payments	<u>\$2,365</u>	<u>\$2,393</u>	<u>\$2,623</u>	<u>\$2,540</u>	<u>\$2,587</u>
Second-Year Payments					
Per student state aid payments	\$2,230	\$2,230	\$2,420	\$2,250	\$2,347
Tuition fund distributions	220	244	300	300	300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total second-year payments	<u>\$2,450</u>	<u>\$2,474</u>	<u>\$2,720</u>	<u>\$2,550</u>	<u>\$2,647</u>
Weighted Student Units					
First year	119,430	118,831	112,903	112,903	113,075
Second year	117,718	115,795	110,350	110,350	110,791
Teacher Compensation Payments					
First-year payment				\$2,000	\$1,000
Second-year payment				\$3,500	\$3,000
Qualifying teacher FTE positions				9,092.65	8,883.82
Mill Levy Deducts					
First year	32 mills	32 mills	32 mills	32 mills	32 mills
Second year	32 mills	32 mills	32 mills	32 mills	32 mills

HIGHER EDUCATION - OVERVIEW

The 2001 Legislative Assembly made the following higher education funding changes for the 2001-03 biennium compared to 1999-2001 legislative appropriations for higher education:

1. Increased **general fund** support by \$32,504,549 or approximately 9.7 percent.
2. Removed \$177,746,228 of **tuition and other income** from the appropriation process (\$159,495,220 was appropriated for the 1999-2001 biennium).
3. Removed \$578,112,820 of **local funds** from the appropriation process (\$523,858,540 was appropriated for the 1999-2001 biennium).

Major items include:

1. The **University System office** salaries and wages, operating, and equipment line items were consolidated into one line item--operations, and the line items for institutions were consolidated into two line items--operations and capital assets.
2. Funding of \$31,567,243 for University System pools including:
 - a. An **equity and special needs pool** of \$4,628,824 for the State Board of Higher Education to allocate to campuses. The funding is for:
 - (1) Critical needs in campus operations.
 - (2) One-time funding for innovation initiatives.
 - (3) Equity salary adjustments.
 - (4) Other equity and special needs.
 - b. A **technology pool** of \$26,938,419 for the State Board of Higher Education to allocate for:
 - (1) University System equipment (\$217,020).
 - (2) Increased system technology and network costs (\$1,200,000).
 - (3) Costs associated with the implementation of the statewide information technology network (\$3,295,474).
 - (4) Costs associated with the operation of the Interactive Video Network (**IVN**), On-line Dakota Information Network (**ODIN**),

and Higher Education Computer Network (**HECN**) (\$22,225,925).

3. Funding of \$4,000,000 for **competitive research** matching funding, which is a \$2,028,900 increase from the previous biennium, \$4,223,031 for **student financial assistance grants**, which is a \$227,250 decrease from the previous biennium, \$1,560,716 for the **professional student exchange program**, which is a \$250,000 increase from the previous biennium, and \$770,730 for the **scholars program**, which is a \$64,500 increase from the previous biennium.
4. Transferred funding of \$1,407,513 for **Prairie Public Broadcasting** from the University System office budget to the Information Technology Department budget.
5. Funding of \$87,001,409 for **capital improvements** including:
 - a. \$6,917,247 for extraordinary repairs.
 - b. \$75,452,720 for capital projects.
 - c. \$4,287,133 for energy improvement projects.
 - d. \$344,309 for capital projects contingency.

Of the \$87,001,409, \$11,402,556 is from the general fund, and \$75,598,853 is from special and federal funds. Please refer to the schedules under the "Capital Construction" section for additional information regarding capital improvements.

6. Funding of \$12,730,841 for **capital construction lease payments**. Of the \$12,730,841, \$11,261,502 is from the general fund, and \$1,469,339 is from special and federal funds. The funding for the capital construction lease payments relates to bonds issued by the North Dakota Building Authority for building projects authorized by the Legislative Assembly. Previously, the general fund appropriation for capital construction lease payments was provided to the Industrial Commission.

HIGHER EDUCATION GENERAL FUND OPERATING COSTS PER STUDENT

Total Systemwide General Fund Cost Per FTE Student *	
2001-03 legislative appropriation	\$5,220
1999-2001 legislative appropriation	4,779
Increase (decrease)	\$441
Percentage increase	9.23%

NOTE: The 2001-03 legislative appropriation operating cost per FTE student amounts by institution shown below do not reflect the total amount of operating cost because funding for equity and special needs was pooled and included in a separate North Dakota University System appropriation.

Institution	General Fund Operating Cost Per FTE Student *		
	1999-2001 Legislative Appropriation	2001-03 Legislative Appropriation	Increase (Decrease)
University of North Dakota	\$4,222 ¹¹	\$4,449 ¹¹	\$227
North Dakota State University	\$3,747	\$3,796	\$49
State College of Science	\$5,067	\$5,591	\$524
Minot State University	\$4,814	\$5,329	\$515
Dickinson State University	\$4,308	\$4,567	\$259
Valley City State University	\$5,748	\$6,155	\$407
Mayville State University	\$6,077	\$6,539	\$462
MSU-Bottineau	\$4,789	\$5,392	\$603
Bismarck State College	\$3,233	\$3,171	(\$62)
Lake Region State College	\$4,626	\$5,473	\$847
Williston State College	\$4,298	\$4,492	\$194
North Dakota University System office	\$51 ¹²	\$57 ¹²	\$6
Systemwide items	\$491 ¹²	\$648 ¹²	\$157
Systemwide pools	\$0	\$77 ¹³	\$77
Total systemwide average cost per student	\$4,779	\$5,220	\$441

* The 2001 Legislative Assembly removed tuition income and local funds from the appropriation process by providing a continuing appropriation for all special funds in institutional accounts. Therefore, the cost per FTE student amounts shown are based only on total institutional operating budgets (salaries and wages, operating expenses, and equipment) financed from the state general fund. Capital improvements are not included in per student costs. The 1999-2001 cost per student is based on the general fund amount appropriated by the Legislative Assembly (adjusted for allocations from the critical salary pool, equity and special needs pool, technology pool, and the \$1.4 million funding appropriated to the Office of

Management and Budget for assisting agencies in providing the \$35 per month minimum salary increases), compared to FTE enrollments. The 2001-03 cost per student is based on the amount appropriated by the Legislative Assembly, compared to projected FTE enrollments.

- ¹ Amount does not include student costs for medical students, physical therapy students, and off-campus and extension course students.
- ² The cost per student for the North Dakota University System office reflects the operating costs of the office compared to the systemwide total FTE enrollment. The North Dakota University System office costs do not reflect systemwide items such as financial aid, computer network management, contingencies, and other systemwide items. The systemwide items are reflected as a separate line item and are also compared to the systemwide total FTE enrollment.
- ³ The 2001-03 legislative appropriation includes an equity and special needs pool of \$4,628,824 for critical needs in campus operations, innovation initiatives, and equity salary increases.

INSTITUTIONS OF HIGHER EDUCATION ANNUALIZED ENROLLMENT BY HEADCOUNT ^{\1}

Institution	Actual Enrollments			Projected Enrollments		
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
University of North Dakota ^{\2}	11,244	11,447	11,804	12,205	12,350	12,350
North Dakota State University	10,171	10,201	10,302	10,528	10,918	11,475
State College of Science	2,661	2,868	2,789	2,425	2,500	2,600
Minot State University	3,514	3,346	3,315	3,250	3,165	3,112
Dickinson State University	1,783	1,823	1,898	1,871	1,871	1,871
Valley City State University	1,160	1,208	1,207	1,205	1,205	1,205
Mayville State University	790	781	859	816	816	816
MSU-Bottineau	399	442	489	440	440	440
Bismarck State College	2,751	2,865	3,100	3,175	3,425	3,675
Lake Region State College	767	878	858	900	850	850
Williston State College	749	696	759	750	750	750
Total	<u><u>35,989</u></u>	<u><u>36,555</u></u>	<u><u>37,380</u></u>	<u><u>37,565</u></u>	<u><u>38,290</u></u>	<u><u>39,144</u></u>

^{\1} The information in this schedule was provided by the North Dakota University System office.

^{\2} Does not include 250 medical resident students.

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS ¹

Institution	Actual Enrollments			Projected Enrollments		
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
University of North Dakota ²	8,479	8,875	9,188	9,490	9,620	9,620
North Dakota State University	8,234	8,264	8,343	8,531	8,722	8,912
State College of Science	2,433	2,374	2,312	2,276	2,180	2,130
Minot State University	2,733	2,603	2,558	2,545	2,452	2,412
Dickinson State University	1,439	1,462	1,484	1,505	1,505	1,505
Valley City State University	902	932	917	920	920	920
Mayville State University	644	634	637	637	637	637
MSU-Bottineau	371	407	442	380	380	380
Bismarck State College	2,066	2,147	2,271	2,271	2,400	2,450
Lake Region State College	441	518	481	500	446	446
Williston State College	640	594	619	553	600	600
Total	<u><u>28,382</u></u>	<u><u>28,810</u></u>	<u><u>29,252</u></u>	<u><u>29,608</u></u>	<u><u>29,862</u></u>	<u><u>30,012</u></u>

¹ The information in this schedule was provided by the North Dakota University System office.

² Does not include 250 medical resident students.

HIGHER EDUCATION TUITION RATES

Institution	State Board of Higher Education			
	Current School Term		Budget Request Proposed Rates /1	
	1999-2000	2000-01	2001-02	2002-03
University of North Dakota, North Dakota State University				
Undergraduate				
Resident	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,904 5.4%
Minnesota resident	\$2,596 ^{\2} 3.4%	\$2,776 ^{\2} 6.9%	\$2,936 ^{\2} 5.8%	\$3,096 ^{\2} 5.4%
Contiguous state/province ^{\3}	\$3,720 5.0%	\$3,906 5.0%	\$4,131 5.8%	\$4,356 5.4%
Other nonresident	\$6,622 5.0%	\$6,953 5.0%	\$7,353 5.8%	\$7,754 5.5%
Graduate				
Resident	\$2,690 4.6%	\$2,814 4.6%	\$2,964 5.3%	\$3,114 5.1%
Minnesota resident	\$3,188 ^{\2} 3.8%	\$3,380 ^{\2} 6.0%	\$3,560 ^{\2} 5.3%	\$3,740 ^{\2} 5.1%
Contiguous state/province ^{\3}	\$4,035 4.6%	\$4,221 4.6%	\$4,446 5.3%	\$4,671 5.1%
Other nonresident	\$7,182 4.6%	\$7,513 4.6%	\$7,914 5.3%	\$8,314 5.1%
Physical therapy ^{\4}				
Resident	\$4,670 2.6%	\$4,794 2.7%	\$4,944 3.1%	\$5,094 3.0%
UND Law School				
Resident	\$2,900 4.2%	\$3,024 4.3%	\$3,174 5.0%	\$3,324 4.7%
Minnesota resident	\$3,188 ^{\2} 3.8%	\$3,380 ^{\2} 6.0%	\$3,560 ^{\2} 5.3%	\$3,740 ^{\2} 5.1%

Other nonresident	\$7,743 4.2%	\$8,074 4.3%	\$8,475 5.0%	\$8,875 4.7%
UND Medical School				
Resident	\$10,955 9.0%	\$11,940 9.0%	\$11,940 0.0%	\$11,940 0.0%
Minnesota resident	\$11,502 ^{\2} 8.0%	\$12,776 ^{\2} 11.1%	\$12,776 ^{\2} 0.0%	\$12,776 ^{\2} 0.0%
Other nonresident	\$29,249 9.0%	\$31,880 9.0%	\$31,880 0.0%	\$31,880 0.0%
Minot State University				
Undergraduate				
Resident	\$2,050 4.6%	\$2,144 4.6%	\$2,244 4.7%	\$2,344 4.5%
Minnesota resident	\$2,152 ^{\2} 3.6%	\$2,294 ^{\2} 6.6%	\$2,401 ^{\2} 4.7%	\$2,508 ^{\2} 4.5%
Contiguous state/province ^{\3}	\$2,563 4.6%	\$2,680 4.6%	\$2,805 4.7%	\$2,930 4.5%
Other nonresident	\$5,474 4.6%	\$5,724 4.6%	\$5,991 4.7%	\$6,258 4.5%
Graduate				
Resident	\$2,690 4.6%	\$2,814 4.6%	\$2,964 5.3%	\$3,114 5.1%
Minnesota resident	\$3,188 ^{\2} 3.8%	\$3,380 ^{\2} 6.0%	\$3,560 ^{\2} 5.3%	\$3,740 ^{\2} 5.1%
Contiguous state/province ^{\3}	\$4,035 4.6%	\$4,221 4.6%	\$4,446 5.3%	\$4,671 5.1%
Other nonresident	\$7,182 4.6%	\$7,513 4.6%	\$7,914 5.3%	\$8,314 5.1%
Dickinson State University, Mayville State University, and Valley City State University				
Undergraduate				
Resident	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,152 4.1%

Minnesota resident	\$2,000 ^{\2} 3.0%	\$2,120 ^{\2} 6.0%	\$2,211 ^{\2} 4.3%	\$2,302 ^{\2} 4.1%
Contiguous state/province ^{\3}	\$2,383 4.1%	\$2,478 4.0%	\$2,584 4.3%	\$2,690 4.1%
Other nonresident	\$5,089 4.0%	\$5,292 4.0%	\$5,519 4.3%	\$5,746 4.1%

**State College of Science, MSU-Bottineau,
Lake Region State College, and Williston State College**

Undergraduate

Resident	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,732 3.0%
Minnesota resident	\$2,074 ^{\2} 3.7%	\$2,168 ^{\2} 4.5%	\$2,234 ^{\2} 3.0%	\$2,301 ^{\2} 3.0%
Contiguous state/province ^{\3}	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$2,165 2.9%
Other nonresident	\$4,251 2.6%	\$4,357 2.5%	\$4,491 3.1%	\$4,624 3.0%

Bismarck State College ^{\5}

Undergraduate

Resident	\$1,592 2.6%	\$1,649 3.6%	\$1,699 3.1%	\$1,750 3.0%
Minnesota resident	\$2,074 ^{\2} 3.7%	\$2,193 ^{\2} 5.7%	\$2,260 ^{\2} 3.1%	\$2,327 ^{\2} 3.0%
Contiguous state/province ^{\3}	\$1,990 2.6%	\$2,061 3.6%	\$2,124 3.1%	\$2,188 3.0%
Other nonresident	\$4,251 2.6%	\$4,403 3.6%	\$4,537 3.1%	\$4,673 3.0%

^{\1} The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds in institutional accounts and therefore did not make a recommendation regarding tuition rates. The amounts shown reflect the amounts included in the State Board of Higher Education budget request and are subject to final board action.

^{\2} The Minnesota/North Dakota reciprocity agreement calls for the higher of the two state rates. The rate will most likely be the Minnesota rate; however, the Minnesota rate is not known at this time.

- ¹³ The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba. The contiguous state/province tuition rate is 1.5 times the resident rate for students attending the University of North Dakota, North Dakota State University, and graduate students at Minot State University. The contiguous state/province tuition rate is 1.25 times the resident rate for undergraduate students at Minot State University and at all remaining four-year and two-year institutions.
- ¹⁴ Physical 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.
- ¹⁵ Bismarck State College implemented a per credit tuition model pilot program beginning in the 2000-01 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours except for the 14th and 15th 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.

**North Dakota University System
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)		\$0	\$0	\$0
2001-03 legislative appropriations		31,567,243		31,567,243
Legislative increase (decrease) to executive budget	0.00	\$31,567,243	\$0	\$31,567,243
Legislative increase (decrease) to 1999-2001 appropriations		\$31,567,243	\$0	\$31,567,243
2001-03 Governor Hoeven's recommendation		\$0	\$0	\$0
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$31,567,243	\$0	\$31,567,243

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Transferred funding from the board office to a systemwide pools subdivision, including \$19,445,765 for an equity and special needs pool and \$28,238,419 for a technology pool		\$47,684,184		\$47,684,184
Reallocated funding to each institution from the equity and special needs funding pool for the compensation package		(13,256,941)		(13,256,941)
Reallocated funding to various institutions from the equity and special needs funding pool to fund campus initiatives		(1,000,000)		(1,000,000)
Decreased funding for the equity and special needs pool		(560,000)		(560,000)
Decreased funding for the technology pool by removing funding of \$935,100 provided for on-line course management and \$364,900 provided for connecting Interactive Video Network (IVN) to all state agencies		(1,300,000)		(1,300,000)
Total	0.00	\$31,567,243	\$0	\$31,567,243

Equity and Special Needs Pool

The Legislative Assembly transferred \$19,445,765 of funding from the general fund from the North Dakota University System office to an equity and special needs pool in a systemwide pool subdivision to be allocated by the State Board of Higher Education, based on the provisions of Section 13 of Senate Bill No. 2003. In addition, the Legislative Assembly reallocated funding of \$14,256,941 from the equity and special needs funding pool to higher education institutions for the compensation package (\$13,256,941) and for campus initiatives (\$1,000,000) and decreased funding for the equity and special needs pool by \$560,000, for a total equity and special needs pool of \$4,628,824. The \$4,628,824 is \$338,696 more than the equity and special needs pool appropriated for the 1999-2001 biennium of \$4,290,128. Section 13 provides that the equity and special needs pool funding allocations are to be made to address equity and parity funding needs and to support new initiatives or program costs consistent with the State Board of Higher Education and statewide needs. The equity and special needs pool is designated to be for the benefit of Bismarck State College, Lake Region State College, Williston State College, University of North Dakota, North Dakota State University, State College of Science, Dickinson State University, Mayville State University, Minot State University, Valley City State University, Minot State University - Bottineau, Forest Service, and the University of North Dakota School of Medicine and Health Sciences.

Technology Pool

The Legislative Assembly transferred \$28,238,419 of funding from the general fund from the North Dakota University System office to a technology pool in a systemwide pool subdivision to be allocated by the State Board of Higher Education, based on the provisions of Section 12 of Senate Bill No. 2003. In addition, the Legislative Assembly decreased funding for the technology pool by removing \$935,100 provided for on-line course management and \$364,900 provided for connecting IVN to all state agencies, for a total technology pool of \$26,938,419. The \$26,938,419 is \$1,300,000 less than the executive recommendation of \$28,238,419 and \$4,989,952 more than the technology pool appropriated for the 1999-2001 biennium of \$21,948,467. Section 12 provides that the technology pool funding allocations are to be made based on historic funding, the North Dakota University System information technology plan, the statewide network plan, and base funding for higher education computer network computer center (HECN) operations, and for IVN, and for On-line Dakota Information Network (ODIN) operations. The following schedule presents the technology pool funding contained in the 2001-03 executive recommendation and the 2001-03 legislative appropriations:

	2001-03 Executive Recommendation	2001-03 Legislative Appropriation	Increase (Decrease)
Base funding for IVN, ODIN, and HECN operations	\$22,225,925	\$22,225,925	
University System equipment	217,020	217,020	
University System increased technology and network costs	1,200,000	1,200,000	
University System costs associated with the implementation of the statewide information technology network	4,595,474	3,295,474	(\$1,300,000)
Total	\$28,238,419	\$26,938,419	(\$1,300,000)

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriations for all institutions of higher education do not include a specific appropriation of other funds. Section 24 of Senate Bill No. 2003, which was added by the Legislative Assembly, was originally a provision of Senate Bill No. 2037 and a recommendation from the 1999-2000 interim Higher Education Committee.

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2001-03 executive recommendation and appropriations made by the Legislative Assembly for the 2001-03 biennium:

Entity/Project	2001-03 Executive Recommendation		2001-03 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
University System office				
Capital projects contingency	\$344,309		\$344,309	
Total	\$344,309	\$0	\$344,309	\$0
Bismarck State College				
Schafer Hall renovation			\$596,000	
Extraordinary repairs	\$250,000		250,000	
Total	\$250,000	\$0	\$846,000	\$0
Lake Region State College				
Main building renovation				\$325,000
Extraordinary repairs	\$74,831		\$74,831	
Total	\$74,831	\$0	\$74,831	\$325,000
Williston State College				
Extraordinary repairs	\$88,790		\$88,790	
Total	\$88,790	\$0	\$88,790	\$0
University of North Dakota				
Carnegie Library renovation		\$3,000,000		\$3,000,000
Smith Hall - Johnstone Hall - Fulton Hall renovation		2,650,000		2,650,000
Wilkerson Hall loading dock		1,700,000		1,700,000
Rural technology center		3,800,000		3,800,000
Rural technology center canopy		60,000		60,000
Memorial Student Union renovation				3,500,000
Energy improvement projects		3,990,785		3,990,785
Extraordinary repairs	\$2,362,136		\$2,362,136	
Total	\$2,362,136	\$15,200,785	\$2,362,136	\$18,700,785
North Dakota State University				
College of Business Administration classroom		\$20,000,000		\$20,000,000
Robinson Hall renovation		550,820		560,000
Sudro Hall renovation		1,200,000		1,200,000
Minard Hall renovation				3,000,000
New student residence hall				8,000,000
New student apartment housing				2,310,000
Energy improvement projects		296,348		296,348
Extraordinary repairs	\$1,737,531		\$1,737,531	
Total	\$1,737,531	\$22,047,168	\$1,737,531	\$35,366,348

State College of Science				
Electrical distribution system, roof replacement, and steamline replacement	\$2,110,000		\$2,110,000	
Parking lot renovations		\$1,000,000		\$1,000,000
Student Union renovation and expansion				3,300,000
Blikre Activities Center renovation and expansion				531,720
Skills and Technology Training Center renovation				385,000
Extraordinary repairs	773,500		773,500	
Total	<u>\$2,883,500</u>	<u>\$1,000,000</u>	<u>\$2,883,500</u>	<u>\$5,216,720</u>
Dickinson State University				
Whitney Stadium renovation				\$4,000,000
Extraordinary repairs	\$393,962		\$393,962	
Total	<u>\$393,962</u>	<u>\$0</u>	<u>\$393,962</u>	<u>\$4,000,000</u>
Mayville State University				
Steamline replacement	\$510,000		\$510,000	
Lewy Lee Fieldhouse renovation				\$4,000,000
Extraordinary repairs	214,589		214,589	
Total	<u>\$724,589</u>	<u>\$0</u>	<u>\$724,589</u>	<u>\$4,000,000</u>
Minot State University				
Old Main renovation		\$7,850,000		\$7,850,000
Extraordinary repairs	\$412,850		\$612,850	
Total	<u>\$412,850</u>	<u>\$7,850,000</u>	<u>\$612,850</u>	<u>\$7,850,000</u>
Valley City State University				
Boiler and steamline replacement	\$850,000		\$850,000	
Extraordinary repairs	265,334		265,334	
Total	<u>\$1,115,334</u>	<u>\$0</u>	<u>\$1,115,334</u>	<u>\$0</u>
MSU-Bottineau				
Thatcher Hall electrical system upgrade	\$75,000		\$75,000	
Extraordinary repairs	112,663		112,663	
Total	<u>\$187,663</u>	<u>\$0</u>	<u>\$187,663</u>	<u>\$0</u>
Forest Service				
Tree storage building (Towner nursery)		\$120,000		\$120,000
Equipment storage building (Lisbon)		20,000		20,000
Extraordinary repairs	\$31,061		\$31,061	
Total	<u>\$31,061</u>	<u>\$140,000</u>	<u>\$31,061</u>	<u>\$140,000</u>
Total Higher Education	<u>\$10,606,556</u>	<u>\$46,237,953</u>	<u>\$11,402,556</u>	<u>\$75,598,853</u>

Other Sections in Bill

Unspent 1999-2001 appropriation authority - Section 8 provides that unspent 1999-2001 appropriation authority of the University System may be spent during the 2001-03 biennium.

FTE positions - Section 9 provides the State Board of Higher Education with the authority to adjust FTE positions as needed, subject to the availability of funds, for institutions of higher education. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2003-05 budget request. The number of FTE positions for the North Dakota University System office may not be increased above the level employed as of April 28, 2001.

Pool allocations - Sections 12 and 13 provide the guidelines for the State Board of Higher Education to follow when making allocations from the equity and special needs pool and the technology pool.

Enrollment management plan - Section 15 provides that the State Board of Higher Education establish a long-term enrollment management plan and procedures for implementation of the plan. The board is to report to the legislative council during the 2001-02 interim on the progress made toward establishing a long-term enrollment management plan and related implementation procedures and provide the final report to the 2003 Legislative Assembly.

Alternative heating sources - Section 16 encourages higher education institutions to explore the possible use of alternative heating sources, including the use of North Dakota coal.

Legislative Council studies - Section 17 provides for a Legislative Council study of the responsibilities and the functions of the College Technical Education Council and the implementation of the work force training regions, including how the regions are functioning, and Section 18 provides for a Legislative Council study of the State Board of Higher Education's implementation of the performance and accountability measures report required by Senate Bill No. 2041.

Higher education accountability measures - Section 19 provides accountability measures to be included in the State Board of Higher Education's performance and accountability report as required by Senate Bill No. 2041.

Other income continuing appropriation - Section 24 amends North Dakota Century Code (NDCC) Section 15-10-12 to provide a continuing appropriation of higher education institutions' special revenue funds including tuition (effective through June 30, 2003).

Budget requests and budget estimates - Section 25 amends NDCC Section 54-44.1-04 to require budget requests for the University System to include budget estimates for block grants for a base-funding component and for an initiative-funding component and a budget estimate for an asset-funding component (effective through June 30, 2003).

University System appropriation - Section 26 amends subsection 7 of NDCC Section 54-44.1-06 to require the appropriation for the University System to include block grants to the State Board of Higher Education for a base-funding appropriation and for an initiative-funding appropriation and an appropriation for asset-funding (effective through June 30, 2003).

Appropriation authority - Section 27 amends NDCC Section 54-44.1-11 to allow higher education institutions to continue unspent general fund appropriations into the next biennium (effective through June 30, 2003).

University of North Dakota winter sports facility maintenance fund - Section 30 repeals Section 22 of Chapter 37 of the 1999 Session Laws that required the University of North Dakota to establish a winter sports facility maintenance fund.

Related Legislation

Campus improvements and building maintenance projects - Senate Bill No. 2039 allows the State Board of Higher Education to authorize campus improvements and building maintenance projects that are financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is not more than \$385,000.

University System performance and accountability report - Senate Bill No. 2041 recognizes the institutions of higher education under the control of the State Board of Higher Education as the North Dakota University System and requires the University System to develop a strategic plan that defines University System goals and objectives and to provide a performance and accountability report.

Higher education statutory responsibilities - Senate Bill No. 2042 removes language regarding the powers of the State Board of Higher Education and duties and responsibilities of higher education institutions, which are no longer considered necessary.

Student residency standards - Senate Bill No. 2136 revised the definition of “resident student” for tuition purposes to include an individual who has owned or whose parent has owned real property in the state at least one year before the beginning of the academic term.

**North Dakota University System Office
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	19.00	\$74,048,686	\$3,716,822	\$77,765,508
2001-03 legislative appropriations	20.00	26,878,595	3,716,822	30,595,417
Legislative increase (decrease) to executive budget	1.00	(\$47,170,091)	\$0	(\$47,170,091)
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$15,105,307	(\$1,217,078)	\$13,888,229
2001-03 Governor Hoeven's recommendation	19.00	\$75,407,586	\$3,716,822	\$79,124,408
Legislative increase (decrease) to Governor Hoeven's recommendation	1.00	(\$48,528,991)	\$0	(\$48,528,991)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation increased the Schafer recommendation from the general fund by \$1,358,900 providing an increase of \$528,900 for competitive research and \$830,000 for education incentive programs, including teacher retraining, loan repayment programs, and technology training.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the North Dakota University System office is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

The Legislative Assembly provided the legal counsel position a market equity salary increase of \$623.08 per month and the human resource director a market equity salary increase of \$161.92 per month, both of which are effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Transferred funding from the board office to the systemwide pools subdivision		(\$47,684,184)		(\$47,684,184)
Reallocated funding from the equity and special needs funding pool for the compensation package		98,184		98,184
Adjusted funding to provide the legal counsel and the human resource director a market equity salary increase (the amount included in the executive recommendation was \$2,991 more than the required amount)		(2,991)		(2,991)

Increased funding for student financial assistance grants to provide a total of \$4,223,031		135,000		135,000
Added funding for competitive research to provide a total of \$4 million		528,900		528,900
Reallocated funding from the board initiatives funding pool to various institutions		(1,000,000)		(1,000,000)
Decreased funding for the board initiatives funding pool to \$1,370,797		(75,000)		(75,000)
Provided funding for education incentive programs		830,000		830,000
Authorized 1 additional FTE position which was not included in the executive recommendation but was added by the University System office during the 1999-2001 biennium pursuant to Section 6 of 1999 House Bill No. 1003 - The Legislative Assembly authorized the level of FTE positions employed as of April 28, 2001, which was 20 FTE positions	1.00			
Total	<u>1.00</u>	<u>(\$47,170,091)</u>	<u>\$0</u>	<u>(\$47,170,091)</u>

FTE Changes

The Legislative Assembly changed the executive recommendation which included funding for 19 FTE positions as reflected above. Pursuant to Section 9 of Senate Bill No. 2003, the number of FTE positions for the North Dakota University System office may not be increased above the level employed as of April 28, 2001.

Budget Line Items

The Legislative Assembly did not adopt the executive recommendation to consolidate the North Dakota University System office budget from 18 line items to five--system governance, student grant programs, campus-based programs, contingencies and board initiatives, and capital bond payments.

Student Financial Assistance Grants

The Legislative Assembly provided \$4,223,031 for student financial assistance grants. Of the \$4,223,031, \$2,670,881 is from the general fund, \$1,338,150 is from other funds including revenues from the Minnesota reciprocal agreement, and \$214,000 is from federal funds. The \$4,223,031 is \$135,000 more than the executive recommendation of \$4,088,031, of which \$2,535,881 was from the general fund, \$1,338,150 was from other funds including revenues from the Minnesota reciprocal agreement, and \$214,000 was from federal funds. The \$135,000 increase is due to legislative action to provide additional funding from the general fund for the program. The \$4,223,031 is \$227,250 less than the 1999-2001 appropriation of \$4,450,281, of which \$1,735,881 was from the general fund, \$2,574,400 was from other funds including revenues from the Minnesota reciprocal agreement, and \$140,000 was from federal funds. The \$4,223,031 will provide approximately 2,600 grants of \$600 per year, the same level of grants provided in 1999-2001. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. Section 10 of Senate Bill No. 2003 provides that the funds appropriated for student financial assistance grants must be allocated not less than 20 percent to students at private institutions with the remaining funds allocated to students at public and Native American institutions.

Professional Student Exchange Program

The Legislative Assembly did not change the executive recommendation to provide \$1,560,716 from the general fund for the professional student exchange program. The \$1,560,716 is \$250,000 more than the 1999-2001 appropriation of \$1,310,716. The \$1,560,716 of general fund moneys plus anticipated carryover funding of \$112,000 will provide for the following new student slots:

	1999-2000	2000-01	2001-02	2002-03
Veterinary medicine	5	7	6	6
Dentistry	1	2	4	4
Optometry	8	10	6	6

Disabled Student Services

The Legislative Assembly did not change the executive recommendation to provide \$51,560 from the general fund for disabled student services, an increase of \$25,000 from the 1999-2001 appropriation of \$26,560. This amount is appropriated to the North Dakota University System office to be distributed to the campuses based on board approval of specific requests.

Contingency and Capital Improvements Emergency Fund

The Legislative Assembly did not change the executive recommendation to provide \$344,309 from the general fund for contingencies and capital improvement emergencies, a decrease of \$53,691 from the 1999-2001 appropriation of \$398,000.

Scholars Program

The Legislative Assembly did not change the executive recommendation to provide \$770,730 from the general fund for the scholars program. The \$770,730 is \$64,500 more than the 1999-2001 appropriation of \$706,230, of which \$520,730 was from the general fund and \$185,500 was from other funds including revenue from the Minnesota reciprocal agreement. Due to a decrease in the amount of funds to be received from the Minnesota reciprocal agreement, the scholars program will be fully funded from the general fund for the 2001-03 biennium. The funding is expected to be sufficient to provide 50 new freshmen awards in each year of the 2001-03 biennium, an increase of approximately 30 new freshmen awards from the number provided in the 1999-2001 biennium.

Native American Scholarships

The Legislative Assembly did not change the executive recommendation to provide \$204,082 from the general fund for Native American scholarships, the same level of funding as provided in the 1999-2001 biennium. The \$204,082 will provide approximately 145 grants of \$700 per student for each year of the biennium.

Competitive Research Program

The Legislative Assembly provided \$4 million from the general fund for the competitive research program. The \$4,000,000 is \$528,900 more than the Schafer executive recommendation of \$3,471,100 and \$2,028,900 more than the 1999-2001 appropriation of \$1,971,100. The \$528,900 increase is due to a recommendation made in the Hoeven executive budget.

Board Initiatives

The Legislative Assembly provided \$1,370,797 from the general fund for board initiatives. The \$1,370,797 is \$1,075,000 less than the executive recommendation of \$2,445,797 and \$925,203 less than the 1999-2001 appropriation of \$2,296,000, of which \$796,000 was from the general fund and \$1,500,000 was from other funds including planned savings for the service, access, growth, and empowerment (SAGE) project. The \$1,075,000 decrease from the executive recommendation is due to \$1,000,000 of the funds being reallocated to various institutions for campus initiatives and a \$75,000 general fund reduction.

Capital Construction Lease Payments

The Legislative Assembly did not change the executive recommendation to provide \$12,730,841, of which \$11,261,502 is from the general fund and \$1,469,339 is from special and federal funds, for capital construction lease payments. The funding for the capital construction lease payments relates to bonds issued by the

North Dakota Building Authority for building projects authorized by the Legislative Assembly. Previously, the general fund appropriation for capital construction lease payments was provided to the Industrial Commission.

Education Incentive Programs

The Legislative Assembly provided \$830,000 from the general fund for education incentive programs. The funding was not included in the Schafer executive recommendation and was recommended in the Hoeven executive budget. Section 11 of Senate Bill No. 2003 provides that of the education incentive program funding provided, \$60,000 is to provide incentives to encourage additional doctoral graduates in North Dakota, \$370,000 is for teacher retraining scholarships and a teacher student loan forgiveness program, and \$400,000 is for a technology occupations student loan program authorized in House Bill No. 1283. Section 30 of Senate Bill No. 2003 repeals Section 2 of House Bill No. 1283 and Section 2 of House Bill No. 1444, which provide legislative intent regarding funding for a technology occupations student loan program and a student loan forgiveness program.

Prairie Public Broadcasting

The Legislative Assembly did not change the executive recommendation to move funding for Prairie Public Broadcasting of \$1,407,513 from the North Dakota University System office to the budget for the Information Technology Department.

**Bismarck State College
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	144.78	\$15,017,975	\$0	\$15,017,975
2001-03 legislative appropriations	144.78	16,227,193		16,227,193
Legislative increase (decrease) to executive budget	0.00	\$1,209,218	\$0	\$1,209,218
Legislative increase (decrease) to 1999-2001 appropriations	(0.75)	\$970,571	(\$19,159,776)	(\$18,189,205)
2001-03 Governor Hoeven's recommendation	144.78	\$15,017,975	\$0	\$15,017,975
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$1,209,218	\$0	\$1,209,218

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Bismarck State College is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$613,218		\$613,218
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding allocated to Bismarck State College is for the renovation of Schafer Hall.)		596,000		596,000
Total	0.00	\$1,209,218	\$0	\$1,209,218

FTE Changes

The Legislative Assembly approved the executive recommendation to delete a .75 FTE unclassified position. Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of the bill, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Bismarck State College does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a general fund appropriation of \$250,000 to Bismarck State College for extraordinary repairs. The Legislative Assembly reallocated \$596,000 from the equity and special needs funding pool and the board initiatives funding pool to Bismarck State College for the renovation of Schafer Hall. The capital assets line item appropriated to Bismarck State College for the 2001-03 biennium is \$846,000, \$596,000 more than the executive recommendation of \$250,000 and \$112,835 less than the 1999-2001 biennium appropriation of \$958,835.

Other Sections in Bill

Schafer Hall renovations - Section 21 was added providing legislative intent that the \$596,000 appropriation for Schafer Hall renovations be used only for renovation of classroom and student-related areas. The section also provides that no funds from any source may be used for the renovation of administrative offices in Schafer Hall.

**Dickinson State University
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	130.15	\$13,454,794	\$0	\$13,454,794
2001-03 legislative appropriations	130.15	14,140,133	4,000,000	18,140,133
Legislative increase (decrease) to executive budget	0.00	\$685,339	\$4,000,000	\$4,685,339
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$568,135	(\$14,067,973)	(\$13,499,838)
2001-03 Governor Hoeven's recommendation	130.15	\$13,454,794	\$0	\$13,454,794
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$685,339	\$4,000,000	\$4,685,339

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Dickinson State University is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of Senate Bill No. 2003 includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$549,386		\$549,386
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding for Dickinson State University is for institutional innovation.)		135,953		135,953
Added funding for renovation and an addition to Whitney Stadium			\$4,000,000	4,000,000
Total	0.00	\$685,339	\$4,000,000	\$4,685,339

FTE Changes

The Legislative Assembly approved the executive recommendation, which included funding for 130.15 FTE positions, the same as the 1999-2001 biennium. Pursuant to Section 9 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2003-05 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Dickinson State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a general fund appropriation of \$393,962 to Dickinson State University for extraordinary repairs. In addition, the Legislative Assembly appropriated \$4 million of special funds for renovation and an addition to Whitney Stadium. The capital assets line item appropriated to Dickinson State University for the 2001-03 biennium is \$4,393,962, \$4,000,000 more than the executive recommendation.

**Forest Service
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	17.81	\$1,768,869	\$1,050,526	\$2,819,395
2001-03 legislative appropriations	17.81	1,768,869	1,050,526	2,819,395
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$128,718	(\$1,144,562)	(\$1,015,844)
2001-03 Governor Hoeven's recommendation	17.81	\$1,768,869	\$1,050,526	\$2,819,395
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Forest Service is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of Senate Bill No. 2003 includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

Major Items

The Legislative Assembly approved the executive recommendation for funding for the Forest Service.

FTE Changes

The Legislative Assembly approved the executive recommendation which included funding for 17.81 FTE positions, the same as the 1999-2001 biennium. Pursuant to Section 9 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2003-05 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all local funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for the Forest Service does not include a specific appropriation for local funds, but the Legislative Assembly did appropriate special funds of \$1,050,526, including \$247,486 from the trees for North Dakota program, \$663,040 from nursery tree sales, and \$140,000 from the State Forester reserve account.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide capital improvement funding of \$171,061, of which \$31,061 is from the general fund, to the Forest Service. Of the \$171,061, \$31,061 is for extraordinary repairs, \$20,000 is for an equipment storage building at the Lisbon field office, and \$120,000 is for a tree storage building at the Towner nursery. Section 14 of Senate Bill No. 2003 allows the Forest Service, upon approval from the Budget Section, to obtain and utilize any available funds in addition to the \$120,000 of special funds appropriated from the State Forester reserve account to assist in the construction of the Towner nursery tree storage building.

Related Legislation

Senate Bill No. 2122 removes the expiration date for the centennial trees program and changes the name of the program to trees for North Dakota. The bill also adds a new section of North Dakota Century Code to allow for optional contributions to the trees for North Dakota program to be designated on an individual's state income tax return.

**Lake Region State College
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	41.34	\$4,724,062	\$0	\$4,724,062
2001-03 legislative appropriations	41.34	4,956,785	325,000	5,281,785
Legislative increase (decrease) to executive budget	0.00	\$232,723	\$325,000	\$557,723
Legislative increase (decrease) to 1999-2001 appropriations	0.00	(\$181,123)	(\$8,027,572)	(\$8,208,695)
2001-03 Governor Hoeven's recommendation	41.34	\$4,724,062	\$0	\$4,724,062
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$232,723	\$325,000	\$557,723

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Lake Region State College is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$172,192		\$172,192
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding allocated to Lake Region State College is for costs to continue operation during the 2001-03 biennium which were not funded in the executive budget recommendation.)		60,531		60,531
Added funding for the renovation of the front entrance of the college's main administrative and classroom building			\$325,000	325,000
Total	0.00	\$232,723	\$325,000	\$557,723

FTE Changes

Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of the bill, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a general fund appropriation of \$74,831 to Lake Region State College for extraordinary repairs. In addition, the Legislative Assembly appropriated \$325,000 from other funds for the renovation of the front entrance of the college's main administrative and classroom building. The capital assets line item appropriated to Lake Region State College for the 2001-03 biennium is \$399,831, \$325,000 more than the executive recommendation of \$74,831 and \$694,487 less than the 1999-2001 biennium appropriation of \$1,094,318.

Other Sections in Bill

Excess tuition income - Section 6 was added authorizing Lake Region State College to spend excess tuition income of \$130,000 during the 1999-2001 and 2001-03 bienniums.

**Mayville State University
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	81.47	\$8,594,596	\$0	\$8,594,596
2001-03 legislative appropriations	81.47	9,055,337	4,000,000	13,055,337
Legislative increase (decrease) to executive budget	0.00	\$460,741	\$4,000,000	\$4,460,741
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$339,692	(\$6,308,718)	(\$5,969,026)
2001-03 Governor Hoeven's recommendation	81.47	\$8,594,596	\$0	\$8,594,596
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$460,741	\$4,000,000	\$4,460,741

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Mayville State University is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of Senate Bill No. 2003 includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$276,459		\$276,459
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding allocated to Mayville State University is for costs to continue.)		184,282		184,282
Added funding for renovation of the Lewy Lee Fieldhouse			\$4,000,000	4,000,000
Total	0.00	\$460,741	\$4,000,000	\$4,460,741

FTE Changes

The Legislative Assembly approved the executive recommendation which included funding for 81.47 FTE positions, the same as the 1999-2001 biennium. Pursuant to Section 9 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2003-05 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Mayville State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a general fund appropriation of \$724,589 to Mayville State University for extraordinary repairs (\$214,589) and steamline replacement (\$510,000). In addition, the Legislative Assembly appropriated \$4 million of special funds for renovation of the Lewy Lee Fieldhouse. The capital assets line item appropriated to Mayville State University for the 2001-03 biennium is \$4,724,589, \$4,000,000 more than the executive recommendation.

1999-2001 Deficiency Appropriation

The Legislative Assembly provided Mayville State University a general fund appropriation of \$56,071, \$16,441 in Section 4 of Senate Bill No. 2003 and \$39,630 in House Bill No. 1026, for higher than anticipated utilities costs (\$14,630) and for defraying repair costs for the university's fieldhouse floor (\$41,441).

Minot State University
Senate Bill Nos. 2003, 2023

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	266.21	\$25,230,343	\$7,850,000	\$33,080,343
2001-03 legislative appropriations	266.21	26,532,386	7,850,000	34,382,386
Legislative increase (decrease) to executive budget	0.00	\$1,302,043	\$0	\$1,302,043
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$917,213	(\$22,655,787)	(\$21,738,574)
2001-03 Governor Hoeven's recommendation	266.21	\$25,405,343	\$7,675,000	\$33,080,343
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$1,127,043	\$175,000	\$1,302,043

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation increased the Schafer executive general fund recommendation by \$175,000 and decreased the Schafer executive other funds recommendation by \$175,000 to adjust funding for the Old Main renovation project.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Minot State University is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of Senate Bill No. 2003 includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$1,102,043		\$1,102,043
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding for Minot State University is for extraordinary repairs.)		200,000		200,000
Total	0.00	\$1,302,043	\$0	\$1,302,043

FTE Changes

The Legislative Assembly approved the executive recommendation, which included funding for 266.21 FTE positions, the same as the 1999-2001 biennium. Pursuant to Section 9 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2003-05 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Minot State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of \$612,850 from the general fund appropriation for extraordinary repairs, an increase of \$200,000 from the executive recommendation of \$412,850. The Legislative Assembly did not change the total funding executive recommendation of \$7,850,000 for renovation of Old Main. However, the Legislative Assembly, in Senate Bill No. 2023, did change the composition of the funding to provide \$7,850,000 of special funds from state bonding proceeds for renovation of Old Main. Of the \$7,850,000, \$2,299,000 is the local fund responsibility of Minot State University to be repaid 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. The following table summarizes the funding included in the executive recommendation and the legislative appropriation for the renovation of Old Main:

	Executive Recommendation	Legislative Appropriation	Increase (Decrease)
Special funds - Bond proceeds (to be repaid from the general fund)	\$5,076,000	\$5,551,000	\$475,000
Special funds - Bond proceeds (to be repaid from non-general fund sources)		2,299,000	2,299,000
Special funds - Local matching funds	2,774,000		(2,774,000)
Total	\$7,850,000	\$7,850,000	\$0

**Minot State University - Bottineau
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	47.44	\$4,083,153	\$0	\$4,083,153
2001-03 legislative appropriations	47.44	4,285,240		4,285,240
Legislative increase (decrease) to executive budget	0.00	\$202,087	\$0	\$202,087
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$190,379	(\$3,549,243)	(\$3,358,864)
2001-03 Governor Hoeven's recommendation	47.44	\$4,083,153	\$0	\$4,083,153
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$202,087	\$0	\$202,087

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Minot State University - Bottineau is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of Senate Bill No. 2003 includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$136,813		\$136,813
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding for Minot State University - Bottineau is for costs to continue.)		65,274		65,274
Total	0.00	\$202,087	\$0	\$202,087

FTE Changes

The Legislative Assembly approved the executive recommendation which included funding for 47.44 FTE positions, the same as the 1999-2001 biennium. Pursuant to Section 9 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2003-05 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Minot State University - Bottineau does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a capital assets general fund appropriation of \$187,663 to Minot State University - Bottineau for Thatcher Hall electrical system upgrade (\$75,000) and extraordinary repairs (\$112,663).

**North Dakota State University
Senate Bill Nos. 2003, 2023, 2137**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	805.49	\$65,262,441	\$22,047,168	\$87,309,609
2001-03 legislative appropriations	805.49	68,668,747	35,366,348	104,035,095
Legislative increase (decrease) to executive budget	0.00	\$3,406,306	\$13,319,180	\$16,725,486
Legislative increase (decrease) to 1999-2001 appropriations	7.00	(\$8,252,383)	(\$136,572,745)	(\$144,825,128)
2001-03 Governor Hoeven's recommendation	805.49	\$65,262,441	\$33,056,348	\$98,318,789
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$3,406,306	\$2,310,000	\$5,716,306

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven budget recommended \$11 million of special funds authority for construction of a residence hall. The authorization for the renovation of Robinson Hall was increased by \$9,180 for a total authorization of \$560,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota State University is in accordance with the legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed special funding from Senate Bill No. 2003 for Robinson Hall renovation. Funding of \$560,000 from federal and local funds for the project is provided in Senate Bill No. 2137			(\$550,820)	(\$550,820)
Reallocated funding to each institution from the system office for the compensation package		\$3,406,306		3,406,306
Increased funding in Senate Bill No. 2023 to provide for renovation of Minard Hall (bonding)			3,000,000	3,000,000
Added funding in Senate Bill No. 2023 for construction of a residence hall (bonding)			8,000,000	8,000,000

Added funding from local funds or funds received from other sources, including fire insurance recovery proceeds resulting from the F court building fire at the campus for construction of a student housing apartment building on the North Dakota State University campus in Senate Bill No. 2137			2,310,000	2,310,000
Added funding from federal, private, and local funds for renovation of Robinson Hall in Senate Bill No. 2137			560,000	560,000
Total	0.00	\$3,406,306	\$13,319,180	\$16,725,486

FTE Changes

The Legislative Assembly did not change the executive recommendation to add seven FTE positions for instruction due to anticipated enrollment increases. Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly did not change the executive recommendation, as provided in Sections 3 and 24 of the bill, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for North Dakota State University does not include a specific appropriation of other funds except for capital projects.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to provide authorization for the following projects:

	General Fund	Other Funds	Total
College of Business Administration classroom (SB 2003)		\$20,000,000	\$20,000,000
Sudro Hall renovation (SB 2003)		1,200,000	1,200,000
Energy projects (SB 2023) (bonding)		296,348	296,348
Extraordinary repairs (SB 2003)	\$1,737,531		1,737,531
Robinson Hall renovation (SB 2137)		560,000	560,000
Minard Hall renovation (SB 2023) (bonding)		3,000,000	3,000,000
Residence hall construction (SB 2023) (bonding)		8,000,000	8,000,000
Student housing apartment building (SB 2137)		2,310,000	2,310,000
Total	\$1,737,531	\$35,366,348	\$37,103,879

The Legislative Assembly authorized \$560,000 for the renovation of Robinson Hall in Senate Bill No. 2137. The executive recommendation proposed \$550,820 for the renovation project in Senate Bill No. 2003, which was increased to \$560,000 under the Hoeven recommendation. The Hoeven recommendation had requested \$11 million for the new student resident hall. The capital assets line item appropriated to North Dakota State University of \$37,103,879 is \$13,319,180 more than the executive recommendation.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation of \$1,609,200 for the 1999-2001 biennium to North Dakota State University to offset expenditures related to the 2000 flood.

Energy projects - Senate Bill No. 2023 provides special funds appropriation for state facility energy improvement projects. The Industrial Commission, acting as the North Dakota Building Authority, is to arrange for \$296,348 of bonding for sundry projects at North Dakota State University.

Authorization for campus improvements - Senate Bill No. 2039 allows the State Board of Higher Education to authorize campus improvements and building maintenance projects that are financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is not more than \$385,000.

**State College of Science
Senate Bill Nos. 2003, 2023**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	229.90	\$25,776,628	\$1,000,000	\$26,776,628
2001-03 legislative appropriations	229.90	26,982,802	5,216,720	32,199,522
Legislative increase (decrease) to executive budget	0.00	\$1,206,174	\$4,216,720	\$5,422,894
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$1,066,306	(\$19,849,116)	(\$18,782,810)
2001-03 Governor Hoeven's recommendation	229.90	\$25,776,628	\$4,300,000	\$30,076,628
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$1,206,174	\$916,720	\$2,122,894

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation included \$3.3 million of other funds for the remodeling of the existing 22,300 square foot Student Union and the construction of a 12,000 square foot multipurpose addition, to be paid from the following sources:

Revenue bonds repaid with student fees - \$2,000,000.

Foundation funds - \$1,000,000.

Bookstore and dining services revenues - \$300,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State College of Science is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$818,543		\$818,543
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding allocated to the State College of Science is for costs to continue		387,631		387,631

operation during the 2001-03 biennium which were not funded in the executive budget recommendation.)

Added funding for the renovation and expansion of the Blikre Activities Center			531,720	531,720
Added funding for the renovation of the Skills and Technology Training Center in Fargo			385,000	385,000
Added funding for the renovation and expansion of the Student Union			3,300,000	3,300,000
Total	<u>0.00</u>	<u>\$1,206,174</u>	<u>\$4,216,720</u>	<u>\$5,422,894</u>

FTE Changes

Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of the bill, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium.

Capital Improvements

The Legislative Assembly provided funding for the following capital projects:

Project	General Fund	Other Funds	Total
Capital projects included in executive budget:			
Extraordinary repairs (SB 2003)	\$773,500		\$773,500
Infrastructure improvements (electrical distribution system, roof replacement, and steamline replacement) (SB 2003)	2,110,000		2,110,000
Parking lot improvements (SB 2023)		\$1,000,000	1,000,000
Legislative changes:			
Blikre Activities Center renovation and addition (SB 2003)		531,720	531,720
Skills and Technology Training Center renovation (SB 2003)		385,000	385,000
Student Union renovation and expansion (SB 2023)		3,300,000	3,300,000
Total	\$2,883,500	\$5,216,720	\$8,100,220

Other Sections in Bill

Blikre Activities Center addition - Section 20 was added providing legislative intent that \$368,920 of the amount appropriated for the addition to the Blikre Activities Center must be collected by the college before the construction of the addition may begin. This section also provides that upon Budget Section approval, the college may use any other funds, in addition to the \$368,920, for the Blikre Activities Center addition.

Related Legislation

Capital projects - Senate Bill No. 2023 provides bonding authority to the State Board of Higher Education for two projects at the State College of Science, as follows:

	Bonding Authority	Other Funds Appropriations Contained in Senate Bill No. 2023	Total
Parking lot improvements	\$1,000,000		\$1,000,000
Student Union renovation and expansion	2,000,000	\$1,300,000	3,300,000
Total capital projects - Senate Bill No. 2023	\$3,000,000	\$1,300,000	\$4,300,000

Section 6 of the bill provides that the State College of Science must raise the entire local match of \$1.3 million prior to beginning the renovation and expansion of the Student Union.

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation of \$312,690 to the State College of Science for utility costs (\$279,945) and emergency steamline repairs (\$32,745).

**University of North Dakota
Senate Bill Nos. 2003, 2023**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	917.17	\$83,798,583	\$15,200,785	\$98,999,368
2001-03 legislative appropriations	917.17	87,964,012	18,841,785	106,805,797
Legislative increase (decrease) to executive budget	0.00	\$4,165,429	\$3,641,000	\$7,806,429
Legislative increase (decrease) to 1999-2001 appropriations	(2.58)	(\$11,475,254)	(\$321,024,917)	(\$332,500,171)
2001-03 Governor Hoeven's recommendation	917.17	\$83,798,583	\$18,700,785	\$102,499,368
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$4,165,429	\$141,000	\$4,306,429

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven budget recommended authorization of \$3.5 million from student fees and bonding for renovation of the Memorial Student Union. The Legislative Assembly authorized this project.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the University of North Dakota is in accordance with the legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding from the system office for the compensation package		\$4,165,429		\$4,165,429
Authorized the purchase from the Burlington Northern and Santa Fe Railway Company of a tract of land adjacent to the University of North Dakota campus			\$141,000	141,000
Added funding in Senate Bill No. 2023 for the renovation of the Memorial Student Union as recommended by Governor Hoeven			3,500,000	3,500,000
Total	0.00	\$4,165,429	\$3,641,000	\$7,806,429

FTE Changes

The Legislative Assembly did not change the executive recommendation to transfer 2.58 FTE instructor positions associated with the athletic training program to the UND School of Medicine and Health Sciences. Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly did not change the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for the University of North Dakota does not include a specific appropriation of other funds except for capital projects.

Capital Improvements

The Legislative Assembly authorized the following projects:

	General Fund	Other Funds	Total
Carnegie Library renovation (SB 2003)		\$3,000,000	\$3,000,000
Smith Hall - Johnstone Hall - Fulton Hall renovation (SB 2003)		2,650,000	2,650,000
Wilkerson Hall loading dock (SB 2003)		1,700,000	1,700,000
Rural technology center (SB 2003)		3,800,000	3,800,000
Rural technology center canopy (SB 2003)		60,000	60,000
Sundry projects (SB 2023) (bonding)		3,990,785	3,990,785
Extraordinary repairs (SB 2003)	\$2,362,136		2,362,136
Land purchase (SB 2003)		141,000	141,000
Memorial Student Union renovation (SB 2023) (bonding)		3,500,000	3,500,000
Total	\$2,362,136	\$18,841,785	\$21,203,921

The capital assets line item appropriated to the University of North Dakota for the 2001-03 biennium of \$21,203,921 is \$3,641,000 more than the executive recommendation.

Other Sections in Senate Bill No. 2003

Deficiency appropriation - Section 5 provides a general fund deficiency appropriation of \$269,676 for defraying 1997 flood-related expenses. This is in addition to the deficiency appropriation included in House Bill No. 1026.

Land purchase - Sections 22 and 23 provide authorization of \$141,000 for the purchase of a tract of land adjacent to the University of North Dakota campus.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation for the 1999-2001 biennium to the University of North Dakota of \$3,115,908 relating to the 1997 flood.

Energy projects - Senate Bill No. 2023 provides special funds appropriation for state facility energy improvement projects. The Industrial Commission, acting as the North Dakota Building Authority, is to arrange for \$3,990,785 of energy projects at the University of North Dakota through bonding.

Authorization for campus improvements - Senate Bill No. 2039 allows the State Board of Higher Education to authorize campus improvements and building maintenance projects that are financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is not more than \$385,000.

**UND School of Medicine and Health Sciences
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	227.37	\$28,571,646	\$0	\$28,571,646
2001-03 legislative appropriations	227.37	30,006,416		30,006,416
Legislative increase (decrease) to executive budget	0.00	\$1,434,770	\$0	\$1,434,770
Legislative increase (decrease) to 1999-2001 appropriations	2.58	\$506,722	(\$58,427,060)	(\$57,920,338)
2001-03 Governor Hoeven's recommendation	227.37	\$28,571,646	\$0	\$28,571,646
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$1,434,770	\$0	\$1,434,770

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for UND School of Medicine and Health Sciences is in accordance with the legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity needs.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the system office for the compensation package		\$1,264,944		\$1,264,944
Reallocated funding from the system office to the UND School of Medicine and Health Sciences for the technology initiative		169,826		169,826
Total	0.00	\$1,434,770	\$0	\$1,434,770

FTE Changes

The Legislative Assembly did not change the executive recommendation to transfer 2.58 FTE instructor positions associated with the athletic training program from the University of North Dakota. Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly did not change the executive recommendation, as provided in Sections 3 and 24 of the bill, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for UND School of Medicine and Health Sciences does not include a specific appropriation of other funds.

**Valley City State University
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	109.03	\$11,882,904	\$0	\$11,882,904
2001-03 legislative appropriations	109.03	12,440,847		12,440,847
Legislative increase (decrease) to executive budget	0.00	\$557,943	\$0	\$557,943
Legislative increase (decrease) to 1999-2001 appropriations	(4.31)	\$700,356	(\$12,713,786)	(\$12,013,430)
2001-03 Governor Hoeven's recommendation	109.03	\$11,882,904	\$0	\$11,882,904
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$557,943	\$0	\$557,943

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Valley City State University is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of Senate Bill No. 2003 includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$424,879		\$424,879
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding for Valley City State University is for costs to continue.)		133,064		133,064
Total	0.00	\$557,943	\$0	\$557,943

FTE Changes

The Legislative Assembly approved the executive recommendation to delete 4.31 FTE other professional positions. Pursuant to Section 9 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2003-05 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of Senate Bill No. 2003, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Valley City State University does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a general fund appropriation of \$1,115,334 to Valley City State University for boiler and related steampiping replacement (\$850,000) and extraordinary repairs (\$265,334).

Center for Innovation and Instruction

The Legislative Assembly approved the executive recommendation to transfer funding of \$349,583 from the general fund for the Center for Innovation and Instruction to the Information Technology Department's budget and to remove the 4.31 FTE professional positions associated with the center.

**Williston State College
Senate Bill No. 2003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	50.23	\$5,183,247	\$0	\$5,183,247
2001-03 legislative appropriations	50.23	5,479,231		5,479,231
Legislative increase (decrease) to executive budget	0.00	\$295,984	\$0	\$295,984
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$352,667	(\$8,453,265)	(\$8,100,598)
2001-03 Governor Hoeven's recommendation	50.23	\$5,183,247	\$0	\$5,183,247
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$295,984	\$0	\$295,984

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Williston State College is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, Subdivision 2 of Section 1 of the bill includes a general fund appropriation of \$4,628,824 for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reallocated funding to each institution from the equity and special needs funding pool in the University System office for the compensation package		\$228,545		\$228,545
Reallocated funding to various institutions from the equity and special needs funding pool and the board initiatives funding pool in the University System office for campus initiatives (The funding allocated to Williston State College is for a technology initiative.)		67,439		67,439
Total	0.00	\$295,984	\$0	\$295,984

FTE Changes

Pursuant to Section 9 of the bill, the State Board of Higher Education is authorized to adjust FTE positions as needed for the institutions of higher education. Any FTE adjustments must be reported to the Office of Management and Budget prior to submission of the 2003-05 biennium budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Sections 3 and 24 of the bill, to appropriate on a continuing basis (through June 30, 2003) all other funds received by the institutions of higher education during the 2001-03 biennium. Consequently, the legislative appropriation for Williston State College does not include a specific appropriation of other funds.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide a general fund appropriation of \$88,790 to Williston State College for extraordinary repairs. The 2001-03 biennium appropriation for extraordinary repairs is unchanged from the amount appropriated for the 1999-2001 biennium.

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

Anticipated salary savings - The Legislative Assembly approved the executive recommendation which changed the source of funding for salaries and wages from the general fund to special funds by a total of \$1.2 million for all divisions to recognize anticipated savings from vacant employee positions and employee turnover. This represents a two percent reduction of general fund salaries for the human service centers and a one percent reduction of general fund salaries for the remainder of the department, including the State Hospital and the Developmental Center. The 1999 Legislative Assembly made a general fund reduction of \$3,498,200 for the 1999-2001 biennium related to anticipated salary savings. In addition, the Legislative Assembly approved the executive recommendation which changed the funding source from the general fund to special funds in the amount of \$853,908 for 10.65 FTE vacant positions at the State Hospital that the hospital had no immediate plans to fill. The changes by division are as follows:

Division	General Fund
Management	(\$68,209)
Economic assistance	(39,030)
Program and policy	(30,998)
Human service centers	(691,285)
State Hospital	(287,303)
Developmental Center	(78,188)
Subtotal	(\$1,195,013)
State Hospital - 10.65 FTE	(853,908)
Total	(\$2,048,921)

Health care trust fund uses - The schedule below lists the Department of Human Services appropriations from the health care trust fund for the 2001-03 biennium:

Grants and loans	\$12,100,226
Health Insurance Portability and Accountability Act (HIPAA) computer system project and other technology projects	3,000,000
Administrative costs	71,158
Statewide long-term care needs assessment	241,006
Nursing home bed reduction incentive	4,000,000
Nursing facility employee salary and benefit enhancement	8,189,054

Nursing facility rate limit increase due to rebasing to 1999	681,846
Nursing facility and intermediate care facility for the mentally retarded (ICF/MR) personal care allowance increase from \$40 to \$50 per month	309,600
Basic care employee salary and benefit enhancement	202,080
Basic care personal care allowance increase from \$45 to \$60 per month	180,000
Training grants for qualified service providers	140,000
Targeted case management services	338,530
Service payments for elderly and disabled (SPED)	6,898,302
Senior citizen mill levy matching grants	250,000
Independent living center grants	100,000
Total	\$36,701,802

“Retained funds” - The Legislative Assembly approved the level of funding recommended in the executive budget to be provided from “retained funds” of \$31,940,419, an increase of \$2,494,569 from the 1999-2001 biennium. “Retained funds” are federal funds received by the state for administrative costs incurred by counties that the state retains pursuant to the “swap” agreement with the counties.

MANAGEMENT

HIPAA - The Legislative Assembly provided \$8,055,347, \$5,055,347 of which is from federal funds and \$3,000,000 of health care trust fund moneys, for the HIPAA computer system project and other technology projects. The amount provided is \$870,794 less than the executive budget recommendation of \$8,926,141, of which \$3,870,794 was from the health care trust fund and \$5,055,347 of federal funds.

ATM network - The Legislative Assembly approved the executive recommendation to add \$412,225 from the general fund for the ATM network. These funds will be paid to the Information Technology Department for the department’s share of costs relating to the statewide network.

Child support computer system - The Legislative Assembly approved the executive recommendation to add \$1,416,440, of which \$481,589 is from the general fund, for child support computer system changes.

Comprehensive child welfare information and payment system - The Legislative Assembly provided \$1,250,000, of which \$500,000 is from the general fund and \$750,000 is from federal funds for integrating the

remaining children and family services systems into the comprehensive child welfare information and payment system. The executive budget had recommended \$1.5 million, of which \$750,000 was from the general fund, for this project.

ECONOMIC ASSISTANCE

Indian county allocation - Subsection 3 of North Dakota Century Code (NDCC) Section 50-01.2-03.2 provides for grant payments to Indian counties for their economic assistance program administrative costs that are in excess of the statewide average. The Legislative Assembly amended this subsection to provide the grants at 90 percent rather than 100 percent of the excess costs. The Legislative Assembly provided \$2,525,000 for these grants, of which \$456,993 is from the general fund and \$2,068,007 is from "retained funds." The amount provided is

\$246,979 less than recommended in the executive budget, which would have provided the grants at 100 percent of the excess costs. Compared to the funding provided for the 1999-2001 biennium, the 2001-03 biennium appropriation is an increase of \$748,580, \$335,227 of which is from the general fund.

Basic care assistance - The Legislative Assembly approved House Bill No. 1115, recommended as part of the executive budget, requiring the department to seek a Medicaid personal care option waiver to allow Medicaid funds to be used for a portion of basic care costs. This results in the state being able to access an estimated \$5,609,666 of federal funds for personal care services delivered by basic care providers. The schedule below provides a comparison of funding for basic care assistance:

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$8,025,120	\$8,010,658	(\$14,462)	
House Bill No. 1196 - Employee salary and benefit enhancement and personal care allowance increase			853,600	853,600	
Total basic care assistance	\$7,690,647	\$8,025,120	\$8,864,258	\$839,138	\$1,173,611
Health care trust fund			\$382,080	\$382,080	\$382,080
"Retained funds"	\$7,690,647	\$2,415,454	\$2,400,992	(\$14,462)	(\$5,289,655)
Federal funds		\$5,609,666	\$6,081,186	\$471,520	\$6,081,186

Medical assistance - The schedule below provides a comparison of funding for medical assistance, excluding funding relating to the

intergovernmental transfer program, developmental disabilities grants, and Healthy Steps program:

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$562,365,199	\$552,200,112	(\$10,165,087)	
House Bill No. 1196 - Nursing facility employee salary and benefit enhancement, nursing facility rate limit increase, nursing facility personal care allowance increase, and targeted case management			31,565,417	31,565,417	
House Bill No. 1472 - Breast and cervical cancer treatment			544,120	544,120	
Total medical assistance	\$514,279,411	\$562,365,199	\$584,309,649	\$21,944,450	\$70,030,238

General fund	\$145,504,749	\$129,815,101	\$151,741,259	\$21,926,158	\$6,236,510
Health care trust fund		\$25,000,000	\$9,475,830	(\$15,524,170)	\$9,475,830
Community health trust fund			\$114,755	\$114,755	\$114,755
"Retained funds"	\$288,322	\$5,297,948	\$5,312,410	\$14,462	\$5,024,088
Other funds	\$4,268,864	\$4,951,632	\$4,951,632		\$682,768
Federal funds	\$364,217,476	\$397,300,518	\$412,713,763	\$15,413,245	\$48,496,287

Intergovernmental transfer program - The schedule below provides a comparison of the funding for the intergovernmental transfer program. This funding is used by the department for making the government nursing facility funding pool payments to the government nursing facilities in Dunseith and

McVille. The general fund amounts are returned to the general fund, and the federal funds are deposited in the health care trust fund for use as appropriated by the Legislative Assembly.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$26,440,813		(\$26,440,813)	
House Bill No. 1196			\$38,750,000	38,750,000	
Total intergovernmental transfer program	\$61,464,675	\$26,440,813	\$38,750,000	\$12,309,187	(\$22,714,675)
General fund	\$3,618,391		\$11,650,000	\$11,650,000	\$8,031,609
Bank of North Dakota loan proceeds	\$14,562,860				(\$14,562,860)
Health care trust fund		\$7,946,165		(\$7,946,165)	
Federal funds	\$43,283,424	\$18,494,648	\$27,100,000	\$8,605,352	(\$16,183,424)

Healthy Steps - The Legislative Assembly approved the executive recommendation to provide total funding of \$8,917,719 for Healthy Steps (children's health insurance program). Of this amount, \$1,886,714 is from the general fund, and \$7,031,005 is federal funds. Compared to the 1999-2001 biennium, this is a \$5,030,881 increase, \$1,068,924 of which is from the general fund and \$3,961,957 of federal funds. The Legislative Assembly continued eligibility requirements for the program at 140 percent of poverty and anticipated an insurance premium rate increase of 16.4 percent for the 2001-03 biennium compared to 1999-2001. The Legislative Assembly provided funding to serve 2,885 children at the beginning of the biennium and up to 2,995 by the end of the biennium.

The Legislative Assembly approved House Bill No. 1441 which may result in a number of children being covered under medical assistance rather than Healthy Steps due to the removal of the asset test for children and families coverage groups and pregnant women to be eligible for medical assistance. The bill directs the department to seek an amendment to its state plan to maximize federal reimbursement for the low-income children covered under Medicaid rather than Healthy Steps. The removal of the

asset test becomes effective when the state plan amendment is approved, but not before January 1, 2002, and is effective through June 30, 2003.

The Legislative Assembly also approved Senate Bill No. 2095 which changes the method of determining eligibility for Healthy Steps for self-employed applicants. Eligibility will be determined based on the lower of the applicant's previous year's adjusted gross income or the previous three-year average rather than only on the average adjusted gross income for the previous three years.

Developmental disabilities grants - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly provided for inflationary increases of 2.2 percent each year, the same as recommended in the executive budget. The Legislative Assembly added \$1,498,512, of which \$484,547 is from the general fund for increasing the average wage for community provider direct care workers by 10 cents per hour and additional funding of \$5,676,132, of which \$1,837,358 is from the general fund to replace the \$1 million general fund underfunding in the executive budget and for additional funding anticipated to be needed for these grants as a result of department rejections.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$156,870,722	\$164,045,366	\$7,174,644	
House Bill No. 1196 - Personal care allowance increase (ICF/MR)			129,600	129,600	
Total DD grants	\$148,922,689	\$156,870,722	\$164,174,966	\$7,304,244	\$15,252,277
General fund	\$49,302,719	\$51,383,465	\$53,705,370	\$2,321,905	\$4,402,651
Health care trust fund			\$43,200	\$43,200	\$43,200
Other funds	\$500,000				(\$500,000)
Federal funds	\$99,119,970	\$105,487,257	\$110,426,396	\$4,939,139	\$11,306,426

Targeted case management - The Legislative Assembly approved House Bill No. 1117, introduced as part of the executive budget, which requires the Department of Human Services to establish targeted case management services for eligible elderly and disabled individuals who are at risk of requiring long-term care services. The schedule below reflects the funding adjustments made to various programs of the

Department of Human Services relating to targeted case management. The net additional cost of \$323,788 relates to expanding targeted case management services to basic care and other aged and disabled individuals who are Medicaid-eligible but currently not receiving case management services.

	Executive Budget Changes Relating to Targeted Case Management (As compared to funding under current law)				Legislative Changes to the Executive Budget Relating to Targeted Case Management				Total Changes Relating to Targeted Case Management			
	General Fund	Federal Funds	County Funds	Total	General Fund	Federal Funds	County Funds	Total	General Fund	Federal Funds	County Funds	Total
Medical assistance					\$338,530	\$769,220		\$1,107,750	\$338,530	\$769,220		\$1,107,750
Basic care assistance					(14,462)			(14,462)	(14,462)			(14,462)
Service payments for elderly and disabled (SPED)	(\$445,432)	\$445,432			(90,065)	(445,432)	(\$16,203)	(551,700)	(535,497)		(\$16,203)	(551,700)
Expanded SPED					(217,800)			(217,800)	(217,800)			(217,800)
Total	(\$445,432)	\$445,432	\$0	\$0	\$16,203	\$323,788	(\$16,203)	\$323,788	(\$429,229)	\$769,220	(\$16,203)	\$323,788

Children's special health services - The Legislative Assembly moved funding for the children's special health services program from the Program and Policy subdivision to Medical Services and removed the program's director position. In addition, the Legislative Assembly approved Senate Bill No. 2239 which transferred responsibility for PKU (phenylketunoria) treatment services from the State Department of Health to the Department of Human Services and added, as a result of this transfer, \$57,619 from the general fund to the children's special health services program.

PROGRAM AND POLICY

Senior citizen mill match - The Legislative Assembly provided funding of \$1,662,945 for the senior citizen mill levy matching grant program (\$1,412,945 from the general fund), an increase of \$400,000 (\$150,000 from the general fund) compared to the 1999-2001 biennium appropriation of \$1,262,945 from the general fund. The Legislative Assembly provided the same funding in total as the executive recommendation, but provided \$250,000 of the total from the health care trust fund in House Bill No. 1196 rather than providing the entire amount from the general fund as

recommended in the executive budget. The funding provided is estimated to match counties at 56.9% for all mills levied for senior citizen programs in tax year 2000. Counties may levy up to 2 mills for these programs.

Service payments for the elderly and disabled - The schedule below provides a comparison of funding for service payments for the elderly and disabled (SPED). The Legislative Assembly approved House Bill No. 1117,

recommended as part of the executive budget requiring the department to include targeted case management for SPED in its state Medicaid plan which allows this service to receive federal Medicaid funding. As a result, the Legislative Assembly transferred \$551,700 of funding from the SPED program to Medical Assistance because the targeted case management services will be paid for through Medical Assistance rather than the SPED program.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$13,967,295	\$6,517,293	(\$7,450,002)	
House Bill No. 1196			6,898,302	6,898,302	
Total SPED	\$12,814,290	\$13,967,295	\$13,415,595	(\$551,700)	\$601,305
General fund	\$7,911,168	\$8,561,099	\$5,835,142	(\$2,725,957)	(\$2,076,026)
Health care trust fund	\$4,262,410	\$4,262,410	\$6,898,302	\$2,635,892	\$2,635,892
County funds	\$640,712	\$698,354	\$682,151	(\$16,203)	\$41,439
Federal funds		\$445,432		(\$445,432)	

Expanded SPED - The schedule below provides a comparison of funding for expanded SPED. The Legislative Assembly approved House Bill No. 1117, recommended as part of the executive budget requiring the department to include targeted case management for expanded SPED in its

state Medicaid plan which allows this service to receive federal Medicaid funding. As a result, the Legislative Assembly transferred \$217,800 of funding from the expanded SPED program to Medical Assistance because the targeted case management services will be paid for through Medical Assistance rather than the expanded SPED program.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$1,421,080	\$1,203,280	(\$217,800)	
Total general fund	\$898,044	\$1,421,080	\$1,203,280	(\$217,800)	\$305,236

Children's special health services - The Legislative Assembly moved funding for children's special health services from the Program and Policy subdivision to Medical Services.

inmates at the State Hospital. With this special funds increase, the general fund support was reduced by \$2,139,284. However, the Legislative Assembly in Senate Bill No. 2016 reduced the general fund support for the Department of Corrections and Rehabilitation for this program by \$539,284 which will reduce the amount of special funds available to the State Hospital for these services.

STATE HOSPITAL

DUI offender treatment - The Legislative Assembly approved the executive recommendation providing that special funds of \$2,139,284 be received from the Department of Corrections and Rehabilitation for driving under the influence (DUI) offender treatment services provided to corrections'

Capital construction lease payments - The Legislative Assembly approved the executive recommendation to add \$566,500 from the general fund for State Hospital capital construction lease payments. These funds

will be paid to the Industrial Commission for repayment on bonds issued on behalf of the State Hospital. Previously, these general fund moneys were appropriated directly to the Industrial Commission.

State Hospital landfill - The Legislative Assembly authorized the State Hospital to close its landfill if funding becomes available within the hospital's 2001-03 biennium appropriation during the second year of the biennium. The Legislative Assembly also directed the State Hospital to seek the assistance of the Adjutant General to close the landfill subject to approval by the Associated General Contractors of North Dakota. The executive budget had included an appropriation of \$413,255 from the health care trust fund for closing the landfill.

DEVELOPMENTAL CENTER

Capital construction lease payments - The Legislative Assembly approved the executive recommendation to add \$649,234 from the general fund for Developmental Center capital construction lease payments. These funds will be paid to the Industrial Commission for repayment on bonds issued on behalf of the Developmental Center. Previously, these general fund moneys were appropriated directly to the Industrial Commission.

HUMAN SERVICE CENTERS

Partnership program - The Legislative Assembly approved the executive recommendation to reduce partnership program funding at the human service centers by \$2,035,184. General fund support for the program increased by \$337,515, and federal funding decreased by \$2,372,699. Total

funding of \$5,796,110 is provided, \$2,139,990 of which is from the general fund for the partnership program at the human service centers. The Legislative Assembly also approved the executive recommendation to replace \$600,000 of general fund support with funding from the children's services coordinating committee for mental health partnership project core services at the human service centers (\$75,000 per center).

Capital construction lease payments - The Legislative Assembly approved the executive recommendation to appropriate all funding for capital construction lease payments to the entity responsible for the project. Previously, these general fund moneys were appropriated directly to the Industrial Commission. As a result, \$441,125 from the general fund was added at the Southeast Human Service Center for capital construction lease payments. These funds will be paid to the Industrial Commission for repayment on bonds issued on behalf of the Southeast Human Service Center.

Adult protective services - The Legislative Assembly removed \$210,000 from the general fund from the following human service centers for adult protective services:

	General Fund
Northeast Human Service Center	(\$40,700)
Southeast Human Service Center	(53,300)
South Central Human Service Center	(37,500)
West Central Human Service Center	(58,100)
Badlands Human Service Center	(20,400)
Total	(\$210,000)

**Department of Human Services
House Bill Nos. 1012, 1015, 1196, 1472, Senate Bill No. 2308**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	2,252.57	\$340,546,370	\$1,016,554,663	\$1,357,101,033
2001-03 legislative appropriations	2,238.57	368,451,360	1,030,710,761	1,399,162,121
Legislative increase (decrease) to executive budget	(14.00)	\$27,904,990	\$14,156,098	\$42,061,088
Legislative increase (decrease) to 1999-2001 appropriations	(47.48)	\$19,945,643	\$148,218,094	\$168,163,737
2001-03 Governor Hoeven's recommendation	2,252.57	\$340,546,370	\$1,016,554,663	\$1,357,101,033
Legislative increase (decrease) to Governor Hoeven's recommendation	(14.00)	\$27,904,990	\$14,156,098	\$42,061,088

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation for the Department of Human Services 2001-03 biennium budget. The Hoeven budget, however, did recommend paying the Dunseith and McVillage nursing homes an additional governmental nursing facility funding pool (intergovernmental transfer program) transaction payment of \$200,000 each during the 1999-2001 biennium that the Schafer budget did not recommend.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Human Services is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

In addition to the compensation package, the Legislative Assembly approved the executive recommendation to provide \$57,000, of which \$31,350 is from the general fund, in the Management subdivision for recruiting and retaining information technology staff and \$150,000 from the general fund, \$18,750 for each human service center, for increasing salaries to new pay range minimums established by Central Personnel.

Major Items and FTE Changes

The Legislative Assembly approved the executive recommendation which changed the source of funding from the general fund to special funds by a total of \$1,195,013 for all divisions to recognize anticipated savings from vacant employee positions and employee turnover. This represents a two percent reduction of general fund salaries for the human service centers and a one percent reduction of general fund salaries for the remainder of the department, including the State Hospital and Developmental Center. In addition, the Legislative Assembly approved the executive recommendation which changed the funding source from the general fund to special funds totaling \$853,908 for 10.65 FTE vacant positions at the State Hospital that the hospital has no immediate plans to fill.

	FTE Positions	General Fund	Other Funds	Total
Management				
Executive budget recommendation	122.80	\$19,697,621	\$40,824,823	\$60,522,444
Legislative action:				
Added funding for operating expenses of the Management subdivision. Section 8 was added authorizing the department to transfer up to \$250,000 from operating expenses to equipment without Emergency Commission approval		250,000		250,000
Executive Office				
Reduced funding for operating expenses		(7,500)		(7,500)
Managerial Support				
Added funding from the lands and minerals trust fund for making DD loan fund payments totaling \$2,261,556 to the common schools trust fund due to additional loans being approved			221,501	221,501
Removed funding for the Health Insurance Portability and Accountability Act (HIPAA) computer system project from House Bill No. 1012 (\$3,870,794 from the health care trust fund and \$5,055,347 of federal funds) and provided funding of \$8,055,347, of which \$3,000,000 is from the health care trust fund and \$5,055,347 is federal funds for the HIPAA project and other technology projects in House Bill No. 1196			(870,794)	(870,794)
Reduced funding for operating expenses		(28,800)	(51,200)	(80,000)
Information Management Division				
Reduced information technology funding associated with new FTE positions at the West Central (\$9,570) and Southeast (\$6,380) Human Service Centers and in child support (\$3,190)		(18,146)	(994)	(19,140)
Reduced funding for operating expenses		(101,500)	(248,500)	(350,000)
Reduced operating expense funding for current system enhancements to \$2,524,714, of which \$650,681 is from the general fund		(637,000)		(637,000)
Removed operating expense funding for the upgrading to Windows 2000		(249,326)	(203,994)	(453,320)
Reduced operating expense funding for the case management system project to \$1,250,000, of which \$500,000 is from the general fund		(250,000)		(250,000)

Added funding from federal TANF block grant funds for computer system changes relating to the amendment to North Dakota Century Code (NDCC) Section 50-09-06.1 that precludes the department from assigning child support collections for a child that is subject to the TANF benefit cap (Section 27)			99,687	99,687
Reduced funding for equipment		(600,000)		(600,000)
Total legislative adjustments - Management	0.00	(\$1,642,272)	(\$1,054,294)	(\$2,696,566)
Total Management	122.80	\$18,055,349	\$39,770,529	\$57,825,878
Economic Assistance				
Executive budget recommendation	130.80	\$188,256,410	\$740,502,079	\$928,758,489
Legislative action:				
Economic Assistance Policy				
Reduced funding for operating expenses		(5,400)	(54,600)	(60,000)
Reduced funding for salaries and wages to reflect a reclassification of a position from a human service program administrator to an administrative secretary		(11,909)	(15,844)	(27,753)
Reduced funding to \$2,525,000, of which \$456,993 is from the general fund and \$2,068,007 is from retained funds for the Indian county allocation to reflect the calculation at 90 percent of the formula contained in subsection 3 of NDCC Section 50-01.2-03.2		(246,979)		(246,979)
Child Support				
Removed a child support specialist position and related operating expenses added in the executive budget	(1.00)	(75,103)		(75,103)
Reduced funding for operating expenses		(25,000)		(25,000)
Medical Services				
Reduced funding for basic care grants to reflect targeted case management costs being paid in medical assistance		(14,462)		(14,462)
Appropriated funding for basic care assistance grants of \$8,010,658 of federal and special funds in the medical assistance line item rather than the assistance payments line item				
Removed funding from the health care trust fund for service payments for the elderly and disabled (SPED) grants inadvertently included in economic assistance as well as program and policy in the executive budget. The funding should have only been included in program and policy.			(4,262,410)	(4,262,410)

Removed Healthy Steps administrative positions added in the executive budget	(2.00)	(36,997)	(135,969)	(172,966)
Removed funding from the health care trust fund for Bank of North Dakota fees relating to nursing facility loans. The Bank withholds these fees pursuant to a continuing appropriation.			(147,358)	(147,358)
Added funding for developmental disabilities (DD) grants to restore the \$1 million of general fund moneys and related federal funds reduced in the executive budget for these grants and to provide for the anticipated increase in funding needed for these services as a result of department grant rejections		1,837,358	3,838,774	5,676,132
Increased funding for DD grants to increase the average wage for community direct care workers by 10 cents per hour		484,547	1,013,965	1,498,512
Reduced funding for medical assistance grants to reflect the removal of the \$25 million of state matching funds included in the executive budget from the health care trust fund and related federal funds of \$58,333,333			(83,333,333)	(83,333,333)
Added funding for medical assistance grants from the general fund to replace a portion of the \$25 million of state matching funds from the health care trust fund that were removed		21,500,000	50,166,667	71,666,667
Added funding for medical assistance grants to increase the optometric fee payment by \$15, from \$31 to \$46		59,620	139,114	198,734
Added funding for medical assistance grants relating to additional costs associated with provisions of House Bill No. 1441, which eliminates the asset test for medical assistance for children and families coverage groups and pregnant women		381,000	921,845	1,302,845
Added funding for medical assistance grants for providing medical assistance coverage for women with breast or cervical cancer. The state matching funds of \$114,755 (21%) is from the community health trust fund.			544,120	544,120
Consolidated the children's special health services program into the medical services program	10.00	801,404	1,418,026	2,219,430
Removed the children's special health services program director position	(1.00)	(58,944)	(78,136)	(137,080)
Added funding in children's special health services grants for costs associated with PKU-related services in accordance with provisions of Senate Bill No. 2239		57,619		57,619

Increased funding to \$38,750,000, of which \$11,650,000 is from the general fund and \$27,100,000 of federal funds for making government nursing facility funding pool payments. The Legislative Assembly provided that the matching funds for these payments (\$11,650,000) be provided from the general fund and subsequently returned to the general fund. The executive budget recommended that the matching funds be from the health care trust fund and redeposited into the fund. (House Bill No. 1196)	11,650,000	659,187	12,309,187
Removed funding included in the executive budget from the health care trust fund for making an additional 1999-2001 biennium transaction fee payment to Dunseith and McVile during the 2001-03 biennium. The Legislative Assembly provided a deficiency appropriation to the department in House Bill No. 1196 of \$800,000 from the health care trust fund for making an additional transaction fee payment of \$400,000 to each facility during the 1999-2001 biennium.		(400,000)	(400,000)
Added funding from the health care trust fund for nursing facility loans to provide a total of \$12 million (House Bill No. 1196)		8,080,000	8,080,000
Added funding from the health care trust fund for providing nursing home bed reduction incentives (House Bill No. 1196)		4,000,000	4,000,000
Added funding from the health care trust fund of \$8,189,054 and related federal funds of \$19,107,793 for nursing facility employee compensation enhancements (House Bill No. 1196)		27,296,847	27,296,847
Added funding from the health care trust fund of \$202,080 and related federal funds of \$471,520 for basic care employee compensation enhancements (House Bill No. 1196)		673,600	673,600
Added funding from the health care trust fund of \$681,846 and related federal funds of \$1,590,974 for rebasing nursing facility rate limits from 1996 to 1999 (House Bill No. 1196)		2,272,820	2,272,820
Added funding from the health care trust fund of \$309,600 and related federal funds of \$708,000 for increasing the personal care allowance for individuals in nursing facilities and intermediate care facilities for the mentally retarded (ICF/MR) by \$10 per month, from \$40 to \$50 (House Bill No. 1196)		1,017,600	1,017,600
Added funding from the health care trust fund to increase the personal care allowance for individuals in basic care facilities by \$15 per month, from \$45 to \$60. (House Bill No. 1196) The statutory		180,000	180,000

change relating to this increase (NDCC Section 50-24.5-04) was included in House Bill No. 1109.

Added funding from the health care trust fund for distributing qualified service provider training grants (House Bill No. 1196)			140,000	140,000
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Added funding from the health care trust fund of \$338,530 and related federal funds of \$769,220 in House Bill No. 1196 for providing targeted case management services (House Bill No. 1117)			1,107,750	1,107,750
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Total legislative adjustments - Economic Assistance	6.00	\$36,296,754	\$15,042,665	\$51,339,419
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Total Economic Assistance	136.80	\$224,553,164	\$755,544,744	\$980,097,908
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Program and Policy

Executive budget recommendation	112.50	\$34,959,143	\$129,295,937	\$164,255,080
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Legislative action:

Aging Services

Changed the source of funding from the general fund to the health care trust fund for a portion of the funding provided for the senior citizen mill levy matching grant program. Total funding of \$1,662,945 is provided, \$1,412,945 of which is from the general fund and \$250,000 from the health care trust fund.		(250,000)	250,000	
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Reduced funding to \$268,400, of which \$200,000 is from the general fund for operating expenses relating to distributing telecommunications equipment		(52,727)		(52,727)
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Reduced funding for SPED grants to \$13,415,595 to reflect targeted case management costs being paid in medical assistance		(90,065)	(461,635)	(551,700)
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Changed the source of funding from the general fund to the health care trust fund for a portion of the funding provided for SPED grants. Total funding of \$13,415,595, of which \$5,835,142 is from the general fund, \$6,898,302 is from the health care trust fund, and \$682,151 is from county funds.		(2,635,892)	2,635,892	
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Reduced funding for expanded SPED grants to \$1,203,280 from the general fund to reflect targeted case management costs being paid in medical assistance		(217,800)		(217,800)
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Children's Special Health Services Program

Reduced funding for operating expenses		(21,500)	(28,500)	(50,000)
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Consolidated the children's special health services program into the medical services program	(10.00)	(801,404)	(1,418,026)	(2,219,430)
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Children and Family Services Program			
Reduced funding for intensive in-home services grants to \$250,000 from the general fund	(50,000)		(50,000)
Reduced funding for operating expenses	(25,000)		(25,000)
Changed the source of funding for a portion of the funding provided for child protection services grants from the general fund to federal temporary assistance for needy families (TANF) funds	(200,000)	200,000	
Reduced funding for child protection services grants	(100,000)		(100,000)
Reduced funding for family preservation services grants	(100,000)		(100,000)
Reduced funding for early childhood services grants to provide \$4,136,344, of which \$105,000 is from the general fund	(40,000)		(40,000)
Mental Health and Substance Abuse Program			
Added funding in Senate Bill No. 2308 for compulsive gambling services			
Provided that \$50,000 of the \$239,000 of funding provided from the general fund for compulsive gambling services, including funding provided in Senate Bill No. 2308, may be spent only if the Mental Health Association of North Dakota receives at least \$220,000 of funding from Indian gaming sources for compulsive gambling services during the 2001-03 biennium (\$50,000 more than the association received during the 1999-2001 biennium) (Section 22)	89,000		89,000
Developmental Disabilities Program			
Reduced funding for operating expenses	(10,000)		(10,000)
Vocational Rehabilitation Program			
Reduced funding for operating expenses	(5,000)		(5,000)
Reduced funding for extended services grants	(25,000)		(25,000)
Changed the source of funding for a portion of the independent living center grants from the general fund to the health care trust fund	(100,000)	100,000	
Reduced funding for independent living center grants to \$1,096,699, of which \$418,992 is from the general fund, \$100,000 is from the health care trust fund, and \$577,707 is federal funds	(125,000)		(125,000)
Total legislative adjustments - Program and Policy	<u>(10.00)</u>	<u>(\$4,760,388)</u>	<u>\$1,277,731</u>
Total Program and Policy	<u>102.50</u>	<u>\$30,198,755</u>	<u>\$130,573,668</u>
		<u>\$160,772,423</u>	

State Hospital

Executive budget recommendation	511.00	\$33,800,332	\$18,374,398	\$52,174,730
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Legislative action:

Removed a vacant nurse position	(1.00)	(55,512)		(55,512)
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Removed a vacant social worker position	(1.00)	(55,512)		(55,512)
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Reduced funding for operating expenses		(196,000)		(196,000)
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Reduced funding for equipment		(30,000)		(30,000)
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Reduced funding to \$403,676 from the general fund for extraordinary repairs		(300,000)		(300,000)
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Removed funding from the health care trust fund for closing the State Hospital landfill. Section 23 was added authorizing the State Hospital to close its landfill if funding becomes available within the hospital's 2001-03 biennium appropriation. Section 14 was also added providing legislative intent that the State Hospital seek the assistance of the Adjutant General to complete the project, subject to approval by the Associated General Contractors of North Dakota.			(413,255)	(413,255)
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Total legislative adjustments - State Hospital	<u>(2.00)</u>	<u>(\$637,024)</u>	<u>(\$413,255)</u>	<u>(\$1,050,279)</u>
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Total State Hospital	<u>509.00</u>	<u>\$33,163,308</u>	<u>\$17,961,143</u>	<u>\$51,124,451</u>
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Developmental Center

Executive budget recommendation	471.14	\$10,789,280	\$30,233,607	\$41,022,887
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Legislative action:

Reduced funding for operating expenses		(67,500)	(157,500)	(225,000)
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Removed equipment funding for a dietary trayline system		(12,000)	(28,000)	(40,000)
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Removed capital improvements funding for a power generator and line power synchronization		(42,000)	(28,000)	(70,000)
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Total legislative adjustments - Developmental Center	<u>0.00</u>	<u>(\$121,500)</u>	<u>(\$213,500)</u>	<u>(\$335,000)</u>
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Total Developmental Center	<u>471.14</u>	<u>\$10,667,780</u>	<u>\$30,020,107</u>	<u>\$40,687,887</u>
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Northwest Human Service Center

Executive budget recommendation	65.68	\$4,173,450	\$4,155,537	\$8,328,987
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Legislative action:

Removed addiction program positions no longer being requested by the agency. The center will use the funding remaining of \$770,715 to contract with a private provider for these services. The funding removed relates to the compensation package increase for these positions.

Removed addiction program positions no longer being requested by the agency. The center will use the funding remaining of \$770,715 to contract with a private provider for these services. The funding removed relates to the compensation package increase for these positions.	(5.00)	(21,554)		(21,554)
Reduced funding for rent		(35,000)	(35,000)	(70,000)
Reduced funding for other operating expenses		(35,000)	(35,000)	(70,000)
Reduced funding for DD infant development grants		(7,500)	(2,500)	(10,000)
Total legislative adjustments - Northwest Human Service Center	(5.00)	(\$99,054)	(\$72,500)	(\$171,554)
Total Northwest Human Service Center	60.68	\$4,074,396	\$4,083,037	\$8,157,433

North Central Human Service Center

Executive budget recommendation 115.85 \$8,514,537 \$5,892,990 \$14,407,527

Legislative action:

Added a community home counselor for the Oppen program	1.00	53,606		53,606
Removed a portion of the funding relating to a human service program administrator position added in the executive budget to assist with business office functions		(30,964)	(3,684)	(34,648)
Reduced funding for operating expenses		(14,750)	(10,250)	(25,000)
Reduced grants funding for short-term inpatient hospitalization services to \$297,787, of which \$141,193 is from the general fund and \$156,594 is from federal and other funds		(118,000)	(82,000)	(200,000)
Total legislative adjustments - North Central Human Service Center	1.00	(\$110,108)	(\$95,934)	(\$206,042)
Total North Central Human Service Center	116.85	\$8,404,429	\$5,797,056	\$14,201,485

Lake Region Human Service Center

Executive budget recommendation 69.00 \$4,600,599 \$3,658,411 \$8,259,010

Legislative action:

Removed a vacant position. The center may determine the specific position to remove.	(1.00)	(44,534)	(40,224)	(84,758)
Reduced salaries and wages relating to a human relations counselor position that has been reclassified		(10,800)	(10,800)	(21,600)

Reduced funding for operating expenses		(11,200)	(8,800)	(20,000)
Reduced funding for grants		(10,000)		(10,000)
Total legislative adjustments - Lake Region Human Service Center	<u>(1.00)</u>	<u>(\$76,534)</u>	<u>(\$59,824)</u>	<u>(\$136,358)</u>
Total Lake Region Human Service Center	<u>68.00</u>	<u>\$4,524,065</u>	<u>\$3,598,587</u>	<u>\$8,122,652</u>
Northeast Human Service Center				
Executive budget recommendation	144.40	\$7,800,231	\$11,282,528	\$19,082,759
Legislative action:				
Removed funding for adult protective services		(40,700)		(40,700)
Reduced funding for operating expenses		(40,000)		(40,000)
Reduced funding for grants		(62,500)	(87,500)	(150,000)
Reduced general fund support for the center. Section 19 was added providing legislative intent that any budget adjustments made as a result of this reduction be made to areas of the budget other than funding for contracts with private providers.		(175,000)		(175,000)
Total legislative adjustments - Northeast Human Service Center	<u>0.00</u>	<u>(\$318,200)</u>	<u>(\$87,500)</u>	<u>(\$405,700)</u>
Total Northeast Human Service Center	<u>144.40</u>	<u>\$7,482,031</u>	<u>\$11,195,028</u>	<u>\$18,677,059</u>
Southeast Human Service Center				
Executive budget recommendation	189.75	\$9,240,626	\$11,146,427	\$20,387,053
Legislative action:				
Removed a vacant office assistant III	(1.00)	(50,971)	(4,326)	(55,297)
Removed funding for adult protective services		(53,300)		(53,300)
Reduced funding for operating expenses		(17,600)	(22,400)	(40,000)
Reduced funding for grants		(25,000)		(25,000)
Total legislative adjustments - Southeast Human Service Center	<u>(1.00)</u>	<u>(\$146,871)</u>	<u>(\$26,726)</u>	<u>(\$173,597)</u>
Total Southeast Human Service Center	<u>188.75</u>	<u>\$9,093,755</u>	<u>\$11,119,701</u>	<u>\$20,213,456</u>
South Central Human Service Center				
Executive budget recommendation	90.00	\$5,783,215	\$5,531,495	\$11,314,710
Legislative action:				
Removed a vacant addiction counselor	(1.00)	(42,656)	(35,629)	(78,285)

Removed funding for adult protective services		(37,500)		(37,500)
Reduced funding for temporary and overtime salaries		(10,200)	(9,800)	(20,000)
Reduced funding for operating expenses		(20,400)	(19,600)	(40,000)
Reduced funding for grants		(10,000)		(10,000)
Total legislative adjustments - South Central Human Service Center	(1.00)	(\$120,756)	(\$65,029)	(\$185,785)
Total South Central Human Service Center	89.00	\$5,662,459	\$5,466,466	\$11,128,925
West Central Human Service Center				
Executive budget recommendation	141.15	\$8,427,678	\$10,490,557	\$18,918,235
Legislative action:				
Removed the assistant director position	(1.00)	(107,913)	(10,284)	(118,197)
Removed funding for adult protective services		(58,100)		(58,100)
Reduced funding for operating expenses		(22,500)	(27,500)	(50,000)
Reduced funding for grants		(75,000)		(75,000)
Total legislative adjustments - West Central Human Service Center	(1.00)	(\$263,513)	(\$37,784)	(\$301,297)
Total West Central Human Service Center	140.15	\$8,164,165	\$10,452,773	\$18,616,938
Badlands Human Service Center				
Executive budget recommendation	88.50	\$4,503,248	\$5,165,874	\$9,669,122
Legislative action:				
Removed funding relating to a vacant human relations counselor II		(49,444)	(33,652)	(83,096)
Removed funding for adult protective services		(20,400)		(20,400)
Reduced funding for operating expenses		(14,100)	(15,900)	(30,000)
Reduced funding for respite care grants		(5,000)		(5,000)
Reduced funding for psychiatric services		(15,000)		(15,000)
Added funding for chemical dependency alcohol and drug services		8,400	11,600	20,000
Total legislative adjustments - Badlands Human Service Center	0.00	(\$95,544)	(\$37,952)	(\$133,496)
Total Badlands Human Service Center	88.50	\$4,407,704	\$5,127,922	\$9,535,626
Total Department of Human Services				
Executive budget recommendation	2,252.57	\$340,546,370	\$1,016,554,663	\$1,357,101,033

Total legislative adjustments	(14.00)	\$27,904,990	\$14,156,098	\$42,061,088
Legislative appropriation	2,238.57	\$368,451,360	\$1,030,710,761	\$1,399,162,121

Other Sections in House Bill No. 1012

DD loan fund payments - Section 2 provides that \$2,261,556 appropriated from the lands and minerals trust fund in the **Management** subdivision is for making principal and interest payments to the common schools trust fund on DD loans from funds Nos. 2 and 3.

DD loan fund income - Section 3 authorizes the department to spend \$871,765 from the cash balance of DD loan fund No. 1 which is appropriated in the **Management** subdivision.

Transfer authority - Section 4 allows the department to transfer appropriation authority between its agencies and institutions, subject to Emergency Commission approval. Section 5 allows the department to transfer appropriation authority and FTE positions between the institutions and the human service centers to correlate fiscal and staff resources with the flow of institutional residents and human service center clients. Section 8 was added authorizing the department to transfer up to \$250,000 from operating expenses to equipment in the **Management** subdivision and to report any transfers to the Office of Management and Budget.

Native American alcohol and drug program - Section 6 precludes the \$200,000 provided for the Native American alcohol and drug abuse education program from being used for tribal administrative costs and requires the local grant recipient to provide matching funds equal to the grant amount either with funding or in-kind services.

Report to 2003 Legislative Assembly - Section 7 was added requiring the department to provide a report to the Appropriations Committees during the 2003 legislative session on any transfers of funding or FTE positions made between the agencies and institutions of the department during the 2001-03 biennium.

Medical services utilization review - Section 9 was added providing legislative intent that the department enhance the effectiveness of its utilization review efforts in the medical services program during the 2001-03 biennium.

Sharing of workstations - Section 10 was added providing legislative intent that the department consider requiring the sharing of workstations by its employees for the 2001-03 biennium.

Telephone cost savings - Section 11 was added providing legislative intent that the department consider distributing prepaid telephone calling cards to its employees for use when making allowable long-distance personal telephone calls when traveling on official state business for the 2001-03 biennium.

Printing cost savings - Section 12 was added providing legislative intent that the department consider expanding its use of e-mail for distributing information to reduce printing costs for the 2001-03 biennium.

Spending priority - Section 13 was added providing legislative intent that for any programs receiving appropriations from both the general fund and health care trust fund, the department spend moneys appropriated from the general fund before spending moneys from the health care trust fund for the 2001-03 biennium.

State Hospital landfill closure - Section 14 was added providing legislative intent that the State Hospital seek the assistance of the Adjutant General in the closure of the State Hospital landfill and that the Adjutant General complete the project, subject to the approval of the Associated General Contractors of North Dakota. Section 23 was also added authorizing the State Hospital, during the second year of the 2001-03 biennium, to use projected savings from other areas of the State Hospital budget for the costs of closing the landfill. The section also authorizes the hospital to transfer appropriation authority between line items to provide the funding needed for the project, subject to Emergency Commission and Budget Section approval.

Federal family caregiver funds - Section 15 was added providing legislative intent that the department determine the requirements related to the acceptance of federal family caregiver funds, including allowable uses, maintenance of effort, and future funding projections.

Critical access hospitals - Section 16 was added providing legislative intent that the department implement a charge-based payment schedule for critical access hospitals for the 2001-03 biennium.

Legislative Council studies - Section 17 was added providing for a Legislative Council study of state administration of child support, including the fiscal effect on counties and the state. Section 18 was added providing for a Legislative Council study of the senior citizen mill levy matching grant program.

Northeast Human Service Center funding - Section 19 was added providing legislative intent that any budget reductions made by the Northeast Human Service Center relating to the unspecified \$175,000 reduction in general fund support made by the Legislative Assembly not be made in areas of the budget that provide funding for contracts with private providers.

Medicaid funding report - Section 20 was added providing that the department report to the Budget Section on the status of medical assistance expenditures and its utilization review efforts and, if the department anticipates that actual expenditures will exceed legislative appropriations for medical assistance grants, that the department report to the Budget Section on its efforts to provide for the shortfall and, if necessary, seek Budget Section approval to spend funds at a level which would require a request for a general fund deficiency appropriation from the 2003 Legislative Assembly.

Department of Human Services 2003-05 biennium appropriations bill - Section 21 was added requiring the Office of Management and Budget to submit for introduction the Department of Human Services appropriations bill for the 2003-05 biennium to the 2003 Legislative Assembly at the same funding levels by line item and employee levels authorized by the 2001 Legislative Assembly for the 2001-03 biennium. Any executive budget changes are to be submitted as a recommendation for change to the bill as introduced. **(The Governor vetoed this section.)**

Contingent funding for compulsive gambling services - Section 22 was added providing that \$50,000 of the \$150,000 appropriated in House Bill No. 1012 for compulsive gambling services may be spent only if the Mental Health Association of North Dakota receives at least \$220,000 of funding from Indian gaming sources for compulsive gambling services during the 2001-03 biennium.

Basic care facility private room rates - Section 24 was added, as an emergency measure, allowing basic care facilities to charge a higher rate for private rooms.

Per diem for State Hospital Governing Body members - Section 25 was added increasing the per diem rate for members of the State Hospital Governing Body by \$37.50 per day, from \$62.50 to \$100 per day.

Indian county allocation - Section 26 of House Bill No. 1012 was added amending NDCC Section 50-01.2-03.2(3) to provide that grant payments to Indian counties for their economic assistance program administrative costs that are in excess of the statewide average would be a percentage of excess costs based on legislative appropriations rather than the total excess costs. This same NDCC subsection, however, was subsequently amended by Section 25 of House Bill No. 1015 to provide that these grants be allocated at 90 percent of the affected county's administrative expenses for economic assistance programs that are in excess of the statewide average.

Assignment of child support - Section 27 was added amending NDCC Section 50-09-06.1 to preclude the department from assigning child support collections for any child that is subject to the benefit cap under the state's TANF program, effective January 1, 2002.

Eligibility for children's special health services - Section 28 was added setting eligibility for children's special health services at 185 percent of poverty, except for individuals with phenylketonuria (PKU) who may receive treatment services, regardless of income.

Related Legislation

Indian county allocation - House Bill No. 1015 appropriates an additional \$125,000 from the general fund for providing grants to Indian counties that have economic assistance program administrative costs that are in excess of the statewide average. The bill amends NDCC Section 50-01.2-03.2(3) to provide that these grants be allocated at 90 percent of the affected county's administrative costs that exceed the statewide average.

Basic care and assisted living facilities - House Bill No. 1109 expands the definition of a basic care facility to include an Alzheimer's, dementia, or special memory care facility. The bill requires assisted living facilities to register with the Department of Human Services and pay an annual registration fee of \$75. Basic care facilities will continue to be licensed by the State Department of Health. The bill also increases the personal care allowance for individuals residing in a basic care facility by \$15 per month, from \$45 to \$60.

State Hospital land sale - House Bill No. 1114 authorizes the Department of Human Services to sell certain State Hospital land to the city of Jamestown.

Personal care option - House Bill No. 1115 authorizes the Department of Human Services to implement a personal care option benefit program for qualified individuals residing in basic care facilities. This program is expected to allow the department to access an estimated \$5,609,666 of federal Medicaid funds for the 2001-03 biennium.

Targeted case management - House Bill No. 1117 requires the Department of Human Services to establish targeted case management services for eligible elderly and disabled individuals who are at risk of requiring long-term care services. This will allow the department to access an estimated \$429,229 of additional federal funds to replace general fund moneys in the SPED program for the 2001-03 biennium.

Intergovernmental transfer program - House Bill No. 1196 continues the intergovernmental transfer program that allows the state to claim additional federal Medicaid funds by making government nursing facility funding pool payments to government nursing facilities in the state--Dunseith and McVile, having these facilities return the funding to the state, less a \$50,000 transaction fee, and depositing the federal funds in the health care trust fund.

The bill appropriates \$38,750,000, of which \$11,650,000 is from the general fund and \$27,100,000 of federal funds to the Department of Human Services for making **government nursing facility funding pool payments** during the 2001-03 biennium. The general fund share of each payment will be returned to the general fund within one business day of the payment being made; therefore, general fund revenues also increase by \$11,650,000. If income in excess of the \$27,100,000 becomes available for making additional government nursing facility funding pool payments for the 2001-03 biennium, any additional state matching funds required are appropriated as a continuing appropriation from the general fund for making the additional payments and any general fund moneys spent for this purpose must be returned to the general fund within two days.

The bill appropriates \$800,000 from the health care trust fund to the Department of Human Services for making an **additional transaction fee payment** of \$400,000 to each of the government nursing facilities (Dunseith and McVile) during the 1999-2001 biennium. These payments are in addition to the \$10,000 transaction fee that each facility retained for each of the two payments made during the 1999-2001 biennium. For payments made after July 1, 2001, each government nursing facility may retain a transaction fee of \$50,000 for payments processed in a calendar year.

For Department of Human Services **management programs**, the bill appropriates \$8,055,347, of which \$3,000,000 is from the health care trust fund and \$5,055,347 is from federal funds to the Department of Human Services for costs associated with complying with the federal Health Insurance Portability and Accountability Act (**HIPAA**) and for other technology projects.

For Department of Human Services **economic assistance programs**, the bill makes the following appropriations:

Description	Health Care Trust Fund	Federal Funds	Total
Intergovernmental transfer program administration	\$71,158		\$71,158
Nursing facility grants committed during the 1999-2001 biennium	100,226		100,226
Nursing facility renovation project loans (\$7,040,000) and loans committed but not paid during the 1999-2001 biennium (\$4,960,000)	12,000,000		12,000,000
Long-term care needs assessment	241,006		241,006
Nursing home bed reduction incentive - The department may pay incentives of up to: \$15,000 per bed if a facility eliminates its entire licensed bed capacity \$12,000 per bed if a facility reduces at least eight beds \$8,000 per bed if a facility reduces fewer than eight beds	4,000,000		4,000,000
Nursing facility employee salary and benefit enhancements	8,189,054	\$19,107,793	27,296,847
Nursing facility rate limit increase due to rebasing to 1999	681,846	1,590,974	2,272,820
Nursing facility and intermediate care facility for the mentally retarded personal care allowance increase by \$10 per month, from \$40 to \$50 per month	309,600	708,000	1,017,600
Basic care employee salary and benefit enhancements	202,080	471,520	673,600
Basic care personal care allowance increase by \$15 per month, from \$45 to \$60 per month	180,000		180,000
Training grants for qualified service providers	140,000		140,000
Medical assistance grants relating to targeted case management services	338,530	769,220	1,107,750
Total	\$26,453,500	\$22,647,507	\$49,101,007

For the Department of Human Services **program and policy programs**, the bill makes the following appropriations:

Description	Health Care Trust Fund	Federal Funds	Total
Grants for service payments for the elderly and disabled (SPED)	\$6,898,302		\$6,898,302
Grants for the senior citizen mill levy match	250,000		250,000
Grants for independent living centers	100,000		100,000
Total	\$7,248,302	\$0	\$7,248,302

Section 7 of the bill provides that the moneys in the health care trust fund be invested by the **State Investment Board**.

Section 8 of the bill creates a **long-term care nursing scholarship and loan repayment program** in the State Department of Health for providing grants of up to \$5,500 to each eligible nursing facility during the first year of the biennium for the facility to use for providing scholarships to nursing staff or others to obtain a nursing education or for assisting nurses employed by the facility to repay their nursing student loans. Each nursing facility must provide an equal amount as matching. The Legislative Assembly provided \$489,500 from the health care trust fund for this program for the 2001-03 biennium. If appropriation authority remains after the first year of the biennium, the State Health Council may provide additional matching grants to nursing facilities for the same purpose.

Sections 9 and 10 of the bill relate to the **moratorium on the expansion of nursing facility or basic care bed capacity**. Provisions are added that allow, not more than once in a 12-month period, a nursing facility to convert licensed nursing facility bed capacity to basic care bed capacity and a basic care facility to convert basic care bed capacity that was licensed after July 2001 to nursing facility bed capacity. In addition, these sections allow the transfer of existing nursing facility or basic care bed capacity from a municipality to a tribal reservation during the 2001-03 biennium only to the extent that the transferring facility reduces its licensed capacity by twice the number of beds transferred.

Section 17 of the bill provides legislative intent that the June 30, 2003, unobligated **balance in the health care trust fund** and any investment earnings on that amount during the 2003-05 biennium not be appropriated but be retained in the fund to be used to continue, for periods subsequent to the 2003-05 biennium, the increased funding levels authorized by House Bill No. 1196 for the 2001-03 biennium.

Section 29 of the bill provides for a Legislative Council **study of long-term care needs and the nursing facility payment system** in North Dakota.

Section 39 of the bill **precludes the State Treasurer from allowing expenditures** from the health care trust fund that would reduce the unobligated balance below \$13 million during the 2001-03 biennium unless the Department of Human Services certifies that the federal government's claim for the return of \$13 million of the state's first-year payment has been resolved.

Medical assistance coverage for ambulance services - House Bill No. 1282 requires the Department of Human Services to pay for ambulance service calls for Medicaid-covered individuals even if the service call does not result in a transport.

Moratorium on the expansion of foster care facilities - House Bill No. 1415 continues the moratorium on the expansion of residential treatment center or residential child care facility bed capacity through June 30, 2003, unless the Department of Human Services determines that a need exists for additional bed capacity. The bill also includes group homes in the moratorium.

Medical assistance eligibility - House Bill No. 1441 removes the asset test for children and families coverage groups and pregnant women to be eligible for medical assistance and directs the Department of Human Services to seek an amendment to its state plan to maximize federal reimbursement for the low-income children covered under Medicaid rather than Healthy Steps. The removal of the asset test becomes effective when the state plan amendment is approved, but not before January 1, 2002, and becomes ineffective on June 30, 2003.

Coordination of medical assistance and Healthy Steps study - House Bill No. 1441 also provides for a Legislative Council study of the coordination of the medical assistance and the children's health insurance programs.

Medical assistance coverage for breast or cervical cancer - House Bill No. 1472 appropriates \$544,120, of which \$114,755 is from the community health trust fund, and \$429,365 is federal funds for medical assistance coverage for breast and cervical cancer for the 2001-03 biennium. Coverage is provided up to 200 percent of poverty, and federal funds are provided at a 79/21 matching rate. The coverage is authorized only for the 2001-03 biennium.

Healthy Steps eligibility - Senate Bill No. 2095 changes the method of determining eligibility for the children's health insurance program (Healthy Steps) for self-employed applicants. Eligibility will be determined based on the lower of the applicant's previous year's adjusted gross income or the previous three-year average rather than basing eligibility only on the average adjusted gross income for the previous three years.

Moratorium on the expansion of long-term care and basic care bed capacity - Senate Bill No. 2098 contains the same provisions as House Bill No. 1196 regarding the moratorium on the expansion of long-term care and basic care bed capacity. Provisions are added that allow, not more than once in a 12-month period, a nursing facility to convert licensed nursing facility bed capacity to basic care bed capacity and a basic care facility to convert basic care bed capacity that was licensed after July 2001 to nursing facility bed capacity. In addition, these sections allow the transfer of existing nursing facility or basic care bed capacity from a municipality to a tribal reservation during the 2001-03 biennium only to the extent that the transferring facility reduces its licensed capacity by twice the number of beds transferred.

DD provider reimbursement system recommendation - Senate Bill No. 2307 requires the Department of Human Services, in cooperation with DD services providers, to prepare a joint recommendation regarding a new statewide developmental disability services provider reimbursement system for consideration by the 2003 Legislative Assembly.

Compulsive gambling services - Senate Bill No. 2308 appropriates \$89,000 from the general fund to the Department of Human Services for compulsive gambling prevention, awareness, rehabilitation, and treatment services. Of this appropriation, \$1,000 may be used for per diem and travel expenses for in-state professional boards to gather information and set certification standards for gambling counselors.

Covered medical assistance services - Senate Bill No. 2403 requires the Department of Human Services to make available orthodontic services in conjunction with oral maxillofacial surgical services to certain Medicaid recipients.

**Adjutant General/National Guard
House Bill Nos. 1017, 1215; Senate Bill No. 2229**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	136.00	\$8,990,964	\$31,242,854	\$40,233,818
2001-03 legislative appropriations	136.00	9,440,964	31,242,854	40,683,818
Legislative increase (decrease) to executive budget	0.00	\$450,000	\$0	\$450,000
Legislative increase (decrease) to 1999-2001 appropriations	3.00	\$1,054,229	\$12,860,956	\$13,915,185
2001-03 Governor Hoeven's recommendation	136.00	\$8,990,964	\$31,242,854	\$40,233,818
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$450,000	\$0	\$450,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Adjutant General is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified employees whose salaries are furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for grants to political subdivisions for maintenance and repair of armories in House Bill No. 1215 (see Related Legislation section)		\$250,000		\$250,000
Added funding for operation of the Veterans Cemetery in Senate Bill No. 2229 (see Veterans Cemetery section)		200,000		200,000
Total	0.00	\$450,000	\$0	\$450,000

FTE Changes

The 2001-03 biennium appropriation includes funding for 136 FTE positions, an increase of three FTE positions from the 1999-2001 biennium authorized level of 133 FTE positions. The legislative action did not change the executive recommendation to add one FTE physical plant director II, one FTE maintenance supervisor II, and one FTE custodial supervisor II.

Armed Forces Reserve Center

The Legislative Assembly did not change the executive recommendation to provide \$11.5 million in special funds for construction of a new armed forces reserve center in Wahpeton.

Tuition and Enlistment Compensation Program

The Legislative Assembly did not change the executive recommendation to provide \$1,007,500 from the general fund for the tuition and enlistment compensation program, as compared to \$967,500 for the 1999-2001 biennium, an increase of \$40,000. The tuition and enlistment compensation program is a scholarship program providing \$500 per semester for students taking 12 or more credits. Students taking fewer than 12 credits receive a lower payment. In addition, under North Dakota Century Code Section 37-07.1-03, the participating college or university, which includes all state institutions and three private institutions, waives 25 percent of the total tuition cost for each eligible student.

Veterans Cemetery

Senate Bill No. 2158 requires the interest in the Veterans Cemetery trust fund to be deposited in the Veterans Cemetery maintenance fund for funding salaries and maintenance of the Veterans Cemetery.

Senate Bill No. 2229 provides a general fund appropriation of \$200,000 to the Adjutant General for the operation of the Veterans Cemetery.

Related Legislation

Armory maintenance - House Bill No. 1215 provides a general fund appropriation of \$250,000 to the Adjutant General for the purpose of distributing to political subdivisions for the maintenance and repair of political subdivision-owned armories. The funds are to be distributed on an equal matching fund basis of up to \$25,000 to each political subdivision. Priority must be given to those projects for which the local political subdivision contributes the highest ratio of political subdivision funds for each dollar of state funds requested. Projects must be approved by the Adjutant General, but before approval of any project, the Adjutant General must conduct a major repair and maintenance needs survey of all political subdivision-owned armories and provide a written report of the survey results and project recommendations for the biennium to the Budget Section.

**Office of Administrative Hearings
Senate Bill No. 2018**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	6.00		\$1,371,292	\$1,371,292
2001-03 legislative appropriations	6.00		1,371,292	1,371,292
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	(\$120,000)	(\$204,724)	(\$324,724)
2001-03 Governor Hoeven's recommendation	6.00	\$0	\$1,371,292	\$1,371,292
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Administrative Hearings is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Office of Administrative Hearings.

FTE Changes

The 2001-03 biennium appropriation includes funding for six FTE positions, the same as the 1999-2001 authorized level.

General Fund Loan

Section 2 of the bill authorizes the Office of Administrative Hearings to borrow up to \$100,000 from the general fund during the 2001-03 biennium for cash flow purposes. Any loan made to the Office of Administrative Hearings must be repaid to the general fund by June 30, 2003.

Deficiency Appropriation

House Bill No. 1026 provides for a general fund deficiency appropriation of \$120,000 for the 1999-2001 biennium to the Office of Administrative Hearings for operating expenses.

**Aeronautics Commission
Senate Bill No. 2006**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	6.00	\$550,000	\$14,577,544	\$15,127,544
2001-03 legislative appropriations	6.00	550,000	14,577,544	15,127,544
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$0	\$512,955	\$512,955
2001-03 Governor Hoeven's recommendation	6.00	\$550,000	\$14,577,544	\$15,127,544
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Aeronautics Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified employees whose salaries are furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Aeronautics Commission.

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for six FTE positions, the same as the 1999-2001 biennium.

Air Service Airport Grants

The legislative action did not change the executive recommendation to provide funding of \$7,500,000, of which \$550,000 is from the general fund, for air service airport grants. This is an increase of \$250,000 from the funding provided for the 1999-2001 biennium of \$7,250,000, which included \$550,000 from the general fund and \$6,700,000 from special funds. The \$250,000 increase consists of special funds collected from aviation excise taxes.

Related Legislation

Dealer licenses - Senate Bill No. 2073 increases aircraft dealer licenses by \$125 per year, from \$25 to \$150 and ultralight vehicle dealer's licenses by \$35 per year, from \$15 to \$50.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlot at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Bank of North Dakota
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	178.50	\$8,500,000	\$30,780,867	\$39,280,867
2001-03 legislative appropriations	178.50	8,500,000	30,780,867	39,280,867
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	(\$67,000)	\$3,338,428	\$3,271,428
2001-03 Governor Hoeven's recommendation	178.50	\$8,500,000	\$30,780,867	\$39,280,867
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Bank of North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Bank of North Dakota.

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 178.5 FTE positions, the same as the 1999-2001 biennium.

Economic Development

The Legislative Assembly did not change the recommended funding levels for the partnership in assisting community expansion (PACE) fund, the agriculture partnership in assisting community expansion (Ag PACE) fund, or the beginning farmer revolving loan fund. The following is a comparison of the funding for the PACE fund, Ag PACE fund, and the beginning farmer revolving loan fund:

	1999-2001 Appropriation	Executive Recommendation	2001-03 Appropriation
PACE fund	\$6,000,000	\$6,000,000	\$6,000,000
Ag PACE fund	1,500,000	1,500,000	1,500,000
Beginning farmer revolving loan fund	1,000,000	1,000,000	1,000,000
Total	<u>\$8,500,000</u>	<u>\$8,500,000</u>	<u>\$8,500,000</u>

Section 13 of Senate Bill No. 2015 allows the Industrial Commission to transfer any unobligated funds between the beginning farmer revolving loan fund and the Ag PACE fund during the period beginning January 1, 2003, and ending June 30, 2003.

Transfers to the General Fund

Sections relating to the transfer of funds from the Bank of North Dakota to the general fund were included in Senate Bill No. 2015 and House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

Section 14 of Senate Bill No. 2015 provides that any transfer from the Bank of North Dakota to the state general fund may only be made to the extent that the transfer does not reduce the Bank's capital structure below \$140 million.

Section 11 of House Bill No. 1015 provides for transfers of up to \$60 million of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 2001-03 biennium. This is \$10 million more than the executive recommendation of \$50 million and the \$50 million of transfers authorized by the 1999 Legislative Assembly. The section provides that no transfers may be made which would reduce the Bank's capital structure below \$140 million and that no more than \$15 million of the amount transferred may come from accumulated and undivided profits.

Section 12 of House Bill No. 1015 provides for additional contingent transfers from the Bank's earnings and accumulated and undivided profits to the general fund. The additional contingent transfers may not exceed the lesser of \$25 million or the revenue shortfall of actual collections compared to the March 2001 legislative forecast. The \$25 million represents the amount included in the executive recommendation and is \$15 million less than the \$40 million of contingent transfers authorized by the 1999 Legislative Assembly. The section also provides that no transfers may be made which would reduce the Bank's capital structure below \$140 million.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2001-03 biennium:

June 30, 2001, estimated capital level	\$170,000,000
Estimated 2001-03 biennium profits	64,000,000 *
2001-03 biennium transfers to the general fund per Section 11 of House Bill No. 1015	(60,000,000)
Maximum contingent transfers per Section 12 of House Bill No. 1015	<u>(25,000,000)</u>
Estimated capital on June 30, 2003, assuming contingent transfers of \$25 million are necessary due to general fund revenue shortfalls	<u>\$149,000,000</u>

* Actual calendar year 2000 profits were \$32.6 million.

Related Legislation

Senate Bill No. 2349 changes the limit of loans which may be guaranteed under the beginning entrepreneur program from \$500,000 to \$4,000,000 and requires the Bank of North Dakota to report on the status of the beginning entrepreneur loan guarantee program to the standing appropriations committees of each house of the 2003 Legislative Assembly.

**Land Department
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	18.50	\$0	\$7,508,864	\$7,508,864
2001-03 legislative appropriations	18.50		7,508,864	7,508,864
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	(0.50)	\$0	\$89,185	\$89,185
2001-03 Governor Hoeven's recommendation	18.50	\$0	\$7,508,864	\$7,508,864
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Land Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the recommended appropriation for the Land Department.

FTE Changes

The Legislative Assembly did not change the executive recommendation to delete a .5 FTE administrative secretary III position.

Other Sections in Bill

Oil and gas development impact grants - Section 2 provides that \$5 million of the special funds appropriation contained in the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 3 provides that North Dakota Century Code (NDCC) Section 54-44.1-11 does not apply to appropriations for oil impact grants, and consequently, the appropriation authority may be carried over from the 2001-03 biennium to the 2003-05 biennium.

Trust fund distributions to state entities - Section 4 was added specifying the amounts to be distributed to various state entities from state trust funds managed by the Land Department and providing that NDCC Section 15-03-05.2 does not apply to distributions during the 2001-03 biennium. Section 15-03-05.2 provides that trust fund income may not be retained if distributions to a trust fund beneficiary will be reduced from the amount distributed during the preceding year. The 1999 Legislative Assembly directed that the Land Department distribute all available trust fund income to state entities during the 1999-2001 biennium, which may result in some distributions being less during the 2001-03 biennium.

Related Legislation

Dividends on unclaimed stock - House Bill No. 1066 provides that dividends accruing to unclaimed stock held by the unclaimed property division of the Land Department must be paid to the owner if the stock is claimed. The Land Department has indicated that as a result of the bill, approximately \$5,000 of revenue per biennium which would otherwise be credited to the common schools trust fund will be paid to the owners of stock held as unclaimed property. In addition, accounting for stock dividends will require approximately \$15,000 in one-time software development costs during the 2001-03 biennium and approximately \$5,400 in allocated staff time each biennium.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Children's Services Coordinating Committee
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	1.00		\$7,821,811	\$7,821,811
2001-03 legislative appropriations	1.00		7,821,811	7,821,811
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations			\$1,071,811	\$1,071,811
2001-03 Governor Hoeven's recommendation	1.00		\$7,821,811	\$7,821,811
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Children's Services Coordinating Committee is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Children's Services Coordinating Committee.

Refinancing - Funding Allocations

"Refinancing" is a system administered through the Department of Human Services which claims federal reimbursement of eligible administrative costs of local schools, juvenile courts, and public health organizations under the federal IV-E foster care and federal Medicaid programs. The local organizations participating in the system complete time studies each quarter. These time studies are submitted to the regional or tribal children's services coordinating committee, reviewed by the state Children's Services Coordinating Committee, and submitted for federal administrative cost reimbursement by the Department of Human Services. The federal reimbursements are received by the Department of Human Services. It retains its percentage allocation and transfers the remaining funds to the state Children's Services Coordinating Committee which retains its percentage and distributes the remaining funds to the children's services coordinating committee of the region or tribe that generated the funds through the time study reports. Each regional or tribal committee distributes the percentage allocation of funds to each of the organizations that generated the federal reimbursements and uses remaining funds for grants to children's services providers. Funding for administration and collaboration costs of each regional and tribal committee is distributed from a separate allocation made by the state Children's Services Coordinating Committee from the funds identified by the Legislative Assembly for administrative and collaboration costs of the regional and tribal committees.

North Dakota consists of 12 regional and tribal children's services coordinating committees, one in each of the eight human service regions in the state and one on each of the four Indian reservations in the state.

The schedule below presents the allocation of the \$8,333,333 of federal funds estimated to be generated for the 2001-03 biennium as a result of participating entities claiming federal administrative cost reimbursements, with comparisons to the 1999-2001 allocation:

	Allocation 1999-2001 Biennium	Estimated Amount	Allocation 2001-03 Biennium	Estimated Amount
Department of Human Services	10% up to a maximum of \$750,000	\$750,000	10% up to a maximum of \$833,333	\$833,333
Children's Services Coordinating Committee - Administration	\$127,500 (estimated at 1.7%)	127,500	1.7% up to a maximum of \$141,667	141,667
Children's Services Coordinating Committee grants				
Participating entities generating federal funds	20%	1,500,000	20%	1,666,667
Statewide grants	6%	450,000	10.2% up to a maximum of \$850,000	850,000
Grants to regional and tribal children's services coordinating committees for administrative costs	\$1,350,000 (estimated at 18%)	1,350,000	16.2% up to a maximum of 1,350,000	1,350,000
Grants to regional and tribal children's services coordinating committees for collaboration efforts	\$150,000 (estimated at 2%)	150,000	1.8% up to a maximum of \$150,000	150,000
Regional and tribal children's services coordinating committees - Grants to providers	42.3%	3,172,500	40.1%	3,341,666
Total	100%	\$7,500,000	100%	\$8,333,333

If less than \$8,333,333 is generated from "refinancing" activities during the 2001-03 biennium, the Children's Services Coordinating Committee will proportionately reduce the percentage allocations and the resulting funding to be provided for regional and tribal children's services coordinating committee grants to generate the funds necessary to provide a total of \$141,450 for administrative costs of the state committee, \$1,350,000 for grants for administrative costs of the regional and tribal committees, \$150,000 for grants for collaboration efforts of the regional and tribal committees, and \$850,000 for statewide grants.

The allocation of "refinancing" funds that may be received in excess of the \$8,333,333 is as follows:

	1999-2001 Biennium	2001-03 Biennium
Participating entities generating federal funds	20%	20%
Regional and tribal children's services coordinating committees - Grants to providers	80%	80%
Total	100%	100%

Statewide Grants

The Legislative Assembly allocated 10.2 percent (\$850,000) of the \$8,333,333 of "refinancing" funds estimated to be received during the 2001-03 biennium for statewide grants. The Legislative Assembly did not change the executive recommendation that specified a \$600,000 statewide grant for the partnership project of the Department of Human Services, a \$200,000 statewide grant for the Native American alcohol and drug abuse education program of the Department of Human Services, and a \$50,000 statewide grant for the Sacred Child Project (\$50,000).

**Judicial Branch
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	343.00	\$54,705,850	\$2,217,821	\$56,923,671
2001-03 legislative appropriations	336.00	53,753,509	2,217,821	55,971,330
Legislative increase (decrease) to executive budget	(7.00)	(\$952,341)	\$0	(\$952,341)
Legislative increase (decrease) to 1999-2001 appropriations	(15.00)	\$13,112,933	\$1,167,878	\$14,280,811
2001-03 Governor Hoeven's recommendation	343.00	\$54,705,850	\$2,217,821	\$56,923,671
Legislative increase (decrease) to Governor Hoeven's recommendation	(7.00)	(\$952,341)	\$0	(\$952,341)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Please refer to **Other Sections in Bill** section for information on salaries of Supreme Court justices and district court judges.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Supreme Court changes:				
Reduced funding to reflect the change from the requested salary increases for justices of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for the first year and 7% for the second year		(\$1,985)		(\$1,985)
Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(61,733)		(61,733)
District Court changes:				
Reduced funding to reflect the change from the requested salary increases for judges of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for each year of the biennium		(87,386)		(87,386)

Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(212,264)		(212,264)
Clerk of district court changes:				
Decreased funding for collection and enforcement of restitution and removed 7 FTE restitution-related positions added in the agency budget request	(7.00)	(588,973)		(588,973)
Total	<u>(7.00)</u>	<u>(\$952,341)</u>	<u>\$0</u>	<u>(\$952,341)</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 336 FTE positions, a decrease of 15 FTE positions from the 1999-2001 biennium authorized level of 351 FTE positions. The Legislative Assembly did not change the agency request to add four FTE positions in the district courts and to eliminate 12 FTE positions, including two positions in the district courts and 10 positions in the clerk of district courts. In addition, the Legislative Assembly removed seven FTE positions in the clerk of district courts relating to the collection of restitution.

District Court Judgeships

The Legislative Assembly provided funding for 42 district court judgeships. In accordance with North Dakota Century Code (NDCC) Section 27-05-01, the number of district court judges was to be reduced to 42 before January 2, 2001.

Indigent Defense Funding

The Legislative Assembly provided funding of \$4,055,670, of which \$3,830,670 is from the general fund, for indigent defense costs. This represents an increase of \$646,187, of which \$421,187 is from the general fund and \$225,000 is from special funds, from the 1999-2001 appropriation of \$3,409,483.

Clerk of District Court Funding

The Legislative Assembly provided funding of \$10,904,353, of which \$10,154,353 is from the general fund, for the clerk of district court unification. This represents an increase of \$9,904,353, of which \$9,154,353 is from the general fund and \$750,000 is from special funds, from the 1999-2001 appropriation of \$1,000,000.

Other Sections in Bill

1999-2001 biennium carryover - Section 4 allows the judicial branch to carry over \$350,000 from their 1999-2001 biennium general fund appropriation to the 2001-03 biennium to consolidate and integrate the East Central judicial district's case management system with the unified court information system used by the other six judicial districts.

Records management - Section 5 encourages the judicial branch to explore opportunities to use electronic management system services provided by the Information Technology Department for enhanced records management and data storage.

Restitution collection and enforcement - Section 6 provides that county and state offices performing restitution collection and enforcement activities as of April 1, 2001, continue to perform those duties until June 30, 2003.

Study of clerk of district court - Section 7 provides for a Legislative Council study of the implementation of the clerk of district court unification including the responsibility for the collection and enforcement of restitution.

Judicial salaries - Sections 8 and 9 provide for the salaries of Supreme Court justices and district court judges for the 2001-03 biennium as follows:

	Current Salary	Effective July 1, 2001	Effective July 1, 2002
Supreme Court			
Chief Justice	\$87,895	\$94,858	\$102,021
Justices	\$85,483	\$92,289	\$99,122
District court			
Presiding judges	\$80,755	\$86,754	\$93,343
Judges	\$78,887	\$84,765	\$90,671

Related Legislation

Indigent defense - Senate Bill No. 2081 establishes an application fee of \$25 for indigent defense and provides a continuing appropriation for all moneys collected.

Juror pay - Senate Bill No. 2383 amends NDCC Section 27-09.1-14 to increase compensation for district court jurors from \$25 to \$50 for each day subsequent to the first day of the jury duty. The compensation for jurors for the first day of service of \$25 remains unchanged.

**Department of Economic Development and Finance
Senate Bill No. 2019**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	30.00	\$14,014,489	\$6,396,902	\$20,411,391
2001-03 legislative appropriations	0.00			
Legislative increase (decrease) to executive budget	(30.00)	(\$14,014,489)	(\$6,396,902)	(\$20,411,391)
Legislative increase (decrease) to 1999-2001 appropriations	(23.00)	(\$7,813,802)	(\$4,093,075)	(\$11,906,877)
2001-03 Governor Hoeven's recommendation	0.00	\$0	\$0	\$0
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation provided for the elimination of the Department of Economic Development and Finance as a separate state agency and combined the funding and FTE positions with the Department of Tourism and the Division of Community Services to create the Department of Commerce (see Department of Commerce - Budget No. 605).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Eliminated funding for the Department of Economic Development and Finance and provided funding and FTE positions in the Department of Commerce, which includes a Division of Economic Development and Finance (see Department of Commerce - Budget No. 605)	(30.00)	(\$14,014,489)	(\$6,396,902)	(\$20,411,391)
Total	(30.00)	(\$14,014,489)	(\$6,396,902)	(\$20,411,391)

FTE Changes

The FTE positions relating to the Department of Economic Development and Finance were combined with the Department of Tourism and the Division of Community Services to create the Department of Commerce.

Creation of Department of Commerce

Senate Bill No. 2032 consolidates the duties of the Department of Economic Development and Finance, the Division of Community Services, and the Tourism Department into the Department of Commerce administered by the commissioner of commerce; creates a North Dakota commerce cabinet; and allows for the creation of a privately funded North Dakota economic development foundation.

**Department of Corrections and Rehabilitation
Senate Bill No. 2016**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	638.68	\$84,467,999	\$26,422,619	\$110,890,618
2001-03 legislative appropriations	615.18	76,848,031	25,133,099	101,981,130
Legislative increase (decrease) to executive budget	(23.50)	(\$7,619,968)	(\$1,289,520)	(\$8,909,488)
Legislative increase (decrease) to 1999-2001 appropriations	42.50	\$14,422,202	\$2,070,638	\$16,492,840
2001-03 Governor Hoeven's recommendation	638.68	\$84,467,999	\$26,422,619	\$110,890,618
Legislative increase (decrease) to Governor Hoeven's recommendation	(23.50)	(\$7,619,968)	(\$1,289,520)	(\$8,909,488)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Corrections and Rehabilitation (DOCR) is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly also provided the following amounts for salary increases for employees of the Department of Corrections and Rehabilitation:

An appropriation of \$3,831 from the general fund for an equity salary increase of \$182.25 per month for the director effective January 1, 2002.

An appropriation of \$122,068 (\$97,297 from the general fund and \$24,771 from other funds) for salary adjustments in addition to the compensation package to increase salaries to new pay range minimums established by Central Personnel.

An appropriation of \$222,528 from the general fund for salary adjustments, in addition to the compensation package, for correctional officer positions.

An appropriation of \$200,000 from the general fund to increase teacher salaries pursuant to the composite salary schedule developed by Central Personnel (\$291,375 is required to fully fund the salary increases proposed in the teacher composite salary schedule for the 2001-03 biennium).

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Central Office				
Increased funding for a market equity increase for the director to provide adequate funding for the \$182.25 per month increase effective January 1, 2002		\$112		\$112
Reduced funding for temporary salaries		(1,000)		(1,000)
Removed funding for recommended salary increases, in addition to the compensation package, to address equity and salary compression issues within the department		(125,000)		(125,000)
Reduced funding for computer purchases to reflect a budgeted replacement cost of \$1,400 per desktop computer		(6,300)		(6,300)
Reduced funding for computer purchases to reflect the replacement of seven rather than nine desktop computers		(2,800)		(2,800)
Reduced funding for a computer server to reflect a reduction in the budgeted replacement cost from \$14,000 to \$8,000		(6,000)		(6,000)
Total Central Office changes	<u>0.00</u>	<u>(\$140,988)</u>	<u>\$0</u>	<u>(\$140,988)</u>
Juvenile Services Division				
Reduced general fund appropriation authority and added other funds from the State Penitentiary land fund for the installation of fire suppression systems in Brown and Maple Cottages at the Youth Correctional Center		(\$101,000)	\$101,000	
Added funding for anticipated increased costs relating to county reimbursement for the transportation of juvenile offenders (SB 2220)		59,525		\$59,525
Reduced funding for temporary salaries at the Youth Correctional Center as a result of the addition of a 1 FTE security officer I (included in the executive budget)		(29,000)		(29,000)
Reduced funding for temporary salaries for the juvenile community services program as a result of the addition of a 1 FTE administrative assistant I (included in the executive budget)		(12,000)		(12,000)
Reduced funding for operating expenses for the juvenile community services program		(55,000)		(55,000)

Reduced funding for operating expenses at the Youth Correctional Center	(17,500)		(17,500)
Reduced funding for equipment at the Youth Correctional Center	(5,000)		(5,000)
Reduced funding for the summer school program at the Youth Correctional Center to reflect the anticipated cost of the program being less than the amount included in the executive budget	(40,000)		(40,000)
Reduced funding for teacher salary increases, in addition to the compensation package, from \$291,375 to \$200,000. (The \$291,375 amount would have increased teacher salaries pursuant to the composite salary schedule developed by Central Personnel.)	(91,375)		(91,375)
Reduced funding for computer purchases to reflect budgeted replacement costs of \$1,400 per desktop computer and \$1,750 per laptop computer	(18,150)	(25,600)	(43,750)
Reduced funding for computer purchases to reflect the replacement of 36 rather than 50 desktop computers	(7,000)	(12,600)	(19,600)
Total Juvenile Services Division	<u>0.00</u>	<u>(\$316,500)</u>	<u>(\$253,700)</u>
Adult Services Division			
Reduced funding for the DUI offender treatment program from \$2,139,284 to \$1,600,000 to reflect a reduction in administrative cost allocation charged by the State Hospital	(\$539,284)		(\$539,284)
Reduced funding for computer purchases to reflect budgeted replacement costs of \$1,400 per desktop computer and \$1,750 per laptop computer	(28,088)	(\$10,920)	(39,008)
Reduced funding for computer purchases to reflect the replacement of 34 rather than 47 desktop computers	(14,000)	(1,400)	(15,400)
Reduced funding for the seriously mentally ill (SMI) unit at the James River Correctional Center (JRCC) from \$2,437,797 to \$1,093,436 to reflect funding being provided for nine months of the biennium rather than for 22 months as proposed in the executive budget	(1,344,361)		(1,344,361)
Removed capital projects funding as follows:			
Extraordinary repairs	(100,000)		(100,000)

Missouri River Correctional Center (MRCC) - Food service building		(1,983,000)		(1,983,000)
Penitentiary parking lot		(403,118)		(403,118)
Women's unit		(2,320,000)	(1,400,000)	(3,720,000)
Removed funding and FTE positions relating to the operation of the women's unit (included in the executive budget for the last nine months of the biennium)	(22.50)	(1,041,067)		(1,041,067)
Increased funding for contract inmate housing from \$2,452,275 to \$3,553,915, \$1,741,424 more than the 1999-2001 biennium appropriation of \$1,812,491		1,101,640		1,101,640
Increased funding for the compensation of parole board members to reflect an increase in the compensation rate from \$62.50 to \$75 per day		2,550		2,550
Reduced funding for institutional offender services operating expenses		(60,000)		(60,000)
Removed one of the four new parole officer II positions, along with the related operating expenses (included in the executive budget)	(1.00)	(111,127)		(111,127)
Decreased general fund appropriation authority for community offender services and increased other funds to reflect additional supervision fees anticipated to be collected during the 2001-03 biennium		(60,000)	60,000	
Reduced temporary salaries for the community offender services program		(14,000)		(14,000)
Reduced operating expenses for the community offender services program		(257,000)		(257,000)
Increased funding for medical, dental, and optical expenses		30,000		30,000
Added funding for Hepatitis B vaccinations and screening and treatment for other contagious diseases		91,375		91,375
Reduced funding for temporary salaries for the support services program		(8,000)		(8,000)
Reduced funding for equipment for the support services program		(100,000)		(100,000)

Reduced funding for operating expenses for the security and safety program		(5,000)		(5,000)
Total Adult Services Division	(23.50)	(\$7,162,480)	(\$1,352,320)	(\$8,514,800)
Total Department of Corrections and Rehabilitation	(23.50)	(\$7,619,968)	(\$1,289,520)	(\$8,909,488)

FTE Changes

The following table summarizes FTE position changes included in the 2001-03 biennium executive budget and legislative appropriation:

Position	Proposed FTE Changes Included in Executive Budget	FTE Changes Included in Legislative Appropriation	Legislative Increase (Decrease) From Executive Budget
Central Office			
Data processing coordinator I	2.00	2.00	
Human services program administrator V	(1.00)	(1.00)	
Juvenile Services Division			
Security officer I	1.00	1.00	
Administrative assistant I	1.00	1.00	
Adult Services Division			
Parole and probation officer III	2.00	2.00	
Parole and probation officer II	4.00	3.00	(1.00)
Registered nurse II	3.50	3.00	(0.50)
Office assistant II	3.00	2.00	(1.00)
Pharmacist I	1.00	1.00	
Stores clerk	0.50	0.50	
Instructor	1.00	0.00	(1.00)
Licensed psychologist II	1.00	1.00	
Social worker II	3.00	3.00	
Correctional officer II	36.00	21.00	(15.00)
Correctional unit manager	1.00		(1.00)
Correctional unit case manager	1.00		(1.00)
Correctional case worker	3.00		(3.00)
Storekeeper I	1.00	1.00	
Industrial production assistant II	2.00	2.00	
Total	66.00	42.50	(23.50)

Capital Projects

The following table summarizes capital projects included in the 2001-03 biennium executive budget and legislative appropriation:

Project	Executive Budget			Legislative Appropriations			Legislative Appropriation Increase (Decrease)		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Juvenile Services Division - Youth Correctional Center									
Extraordinary repairs	\$65,320		\$65,320	\$65,320		\$65,320			
Fire suppression in Brown and Maple Cottages	101,000		101,000		\$101,000	101,000	(\$101,000)	\$101,000	
Total Juvenile Services	\$166,320		\$166,320	\$65,320	\$101,000	\$166,320	(\$101,000)	\$101,000	\$0
Adult Services Division									
Extraordinary repairs	\$604,270	\$250,000	\$854,270	\$504,270	\$250,000	\$754,270	(\$100,000)		(\$100,000)
Food service/multipurpose building construction - MRCC	1,983,000		1,983,000				(1,983,000)		(1,983,000)
Women's unit construction - JRCC	2,320,000	1,400,000	3,720,000				(2,320,000)	(\$1,400,000)	(3,720,000)
Penitentiary - Parking lot improvements	403,118		403,118				(403,118)		(403,118)
Total Adult Services	\$5,310,388	\$1,650,000	\$6,960,388	\$504,270	\$250,000	\$754,270	(\$4,806,118)	(\$1,400,000)	(\$6,206,118)
Total Department of Corrections and Rehabilitation	\$5,476,708	\$1,650,000	\$7,126,708	\$569,590	\$351,000	\$920,590	(\$4,907,118)	(\$1,299,000)	(\$6,206,118)

Inmate Population

The following table summarizes 2001-03 biennium inmate population projections used to develop the executive recommendation and the legislative appropriation:

Fiscal Year 2002	Estimated Number of Inmates Sentenced to the DOCR	Total Beds Available Including Alternative Programs	Anticipated Inmates in Contract Facilities (County Jails or Out-of-State Facilities)
July	1,118	1,061	57
August	1,125	1,061	64
September	1,132	1,061	71
October	1,139	1,086	53
November	1,146	1,091	55
December	1,154	1,096	58
January	1,161	1,101	60
February	1,167	1,106	61
March	1,175	1,111	64
April	1,181	1,111	70
May	1,189	1,111	78
June	1,196	1,111	85

Fiscal Year 2003			
July	1,203	1,111	92
August	1,210	1,111	99
September	1,217	1,111	106
October	1,224	1,111	113
November	1,231	1,111	120
December	1,238	1,111	127
January	1,245	1,111	134
February	1,252	1,111	141
March	1,259	1,111	148
April	1,266	1,111	155
May	1,273	1,111	162
June	1,280	1,111	169

Contract Inmate Housing

The executive budget recommendation included \$2,452,275 from the general fund for contract inmate housing. The Legislative Assembly increased this funding by \$1,101,640, for a total of \$3,553,915, to reflect additional inmate beds needed as a result of not constructing the women's unit during the 2001-03 biennium. Contract inmate beds are budgeted at the rate of \$45 per day for the first 55 beds and \$50 per day for additional beds. The 1999-2001 biennium appropriation for contract inmate housing was \$1,812,491, \$1,741,424 less than the 2001-03 biennium appropriation.

Seriously Mentally Ill Unit

The executive budget recommendation included \$2,437,797 from the general fund for the establishment and operation of a seriously mentally ill (SMI) unit at the James River Correctional Center for 22 months of the 2001-03 biennium. The Legislative Assembly reduced this funding to \$1,093,436 to provide funding only for the last nine months of the biennium. The SMI unit will occupy 23 cells currently referred to as the Forensic Unit and will be staffed with 28 new FTE positions. The department anticipates using the nine most secure cells for the purpose of housing the most severely mentally ill inmates who may not be allowed to return to the general population. The remaining 14 cells will be used for the "transitional cells" for certain seriously mentally ill inmates who need temporary treatment, evaluation, or medication before their return to the general population.

Drug Court

The Legislative Assembly did not change the executive recommendation to authorize one FTE parole and probation officer III and provide an appropriation of \$239,283 from other funds (parole and probation supervision fees) for the establishment and operation of the South Central Judicial District drug court. The department's budget for the 2001-03 biennium assumes that the drug court program will result in 10 inmates per month receiving treatment services through the program rather than being incarcerated in a state facility or being housed in a contract jail.

Prerelease Center

The Legislative Assembly did not change the executive recommendation to authorize one FTE parole and probation officer III and provide a general fund appropriation of \$1,505,461 for the establishment of a prerelease center. The center will be operated on a contract basis and will house up to 50 inmates who are within six months of release. The center will provide counseling, job skills training, cognitive restructuring, and alcohol and drug abuse treatment services. The department's budget for the 2001-03 biennium assumes that the prerelease program will result in 25 to 45 inmates per month being housed at the prerelease center for the period October 2001 through February 2002 and 50 inmates per month being housed at the prerelease center for the period March 2002 to June 2003. These inmates will be housed in the prerelease center rather than being incarcerated in a state facility or being housed in a contract jail.

Tompkins Rehabilitation and Corrections Unit

The Legislative Assembly did not change the executive recommendation to provide an appropriation of \$1,369,655 (\$1,009,655 from the general fund and \$360,000 from other funds) for the operation of the Tompkins Rehabilitation and Corrections Unit for the 2001-03 biennium. The 2001-03 biennium appropriation is an increase of \$288,455 from the general fund compared to the 1999-2001 biennium. The 1999 Legislative Assembly authorized the program to allow the department to contract with the Stutsman County jail for inmate cells and with the State Hospital for cognitive restructuring, treatment, and other services. The department's budget for the 2001-03 biennium assumes that the Tompkins Rehabilitation and Corrections Unit will result in 40 inmates per month being housed at the unit or through community placement programs operated in conjunction with the Tompkins Rehabilitation and Corrections Unit program, rather than being incarcerated in a state facility or being housed in a contract jail.

DUI Offender Treatment Program

The executive recommendation included \$2,139,284 to allow the department to contract with the State Hospital for the establishment and operation of a DUI offender treatment program. The Legislative Assembly provided a general fund appropriation of \$1,600,000, \$539,284 less than the recommended amount, to reflect a reduction in administrative cost allocation charged by the State Hospital. The program will provide treatment services to DUI offenders with three or more offenses and will have a maximum occupancy of 25 inmates. The department's budget for the 2001-03 biennium assumes that the DUI offender treatment program will result in 25 inmates per month being housed at the State Hospital rather than being incarcerated in a Department of Corrections and Rehabilitation facility or being housed in a contract jail.

Other Sections in Bill

Board of University and School Lands distributions - Section 2 provides that \$502,823 included in the estimated income line item appropriated to the Juvenile Services Division is from the permanent funds managed by the Board of University and School Lands.

Authority to lease land - Section 3 was added providing that the department may lease state land to a private entity for the operation of a prerelease center. Upon expiration of the lease or 20 years after inception of the lease, whichever occurs first, title to the buildings and other improvements reverts to the state.

Legislative study of inmate wages - Section 4 was added providing for a Legislative Council study of issues relating to inmate wages, including the effect that deductions for incarceration costs, facility operation costs, and capital improvement costs have on inmate payments for child support and restitution.

Legislative study of facility needs and operations - Section 5 was added providing for a Legislative Council study of the facilities and operations of the department. This section provides that the study must use the services of a consultant. Section 6 of the bill provides a general fund appropriation of \$200,000 to the Legislative Council for the purpose of contracting with a consultant.

Federal funding reductions - Section 7 was added providing that if federal funding is reduced during the 2001-03 biennium below the level anticipated by the 2001 Legislative Assembly, the department may not supplant the federal funds with general or special funds. The department must also identify any programs included in the 2003-05 biennium budget request for which general or special fund appropriation authority is requested to replace federal funds previously available.

Report on prerelease and DUI offender treatment programs - Section 8 was added directing the department to report to the Appropriations Committees during the 2003 Legislative Assembly regarding the effectiveness of the prerelease and DUI offender treatment programs.

Funding for drug court - Section 9 was added providing legislative intent that the department seek federal funding for the drug court program. If federal funds become available, the department must spend the federal funds in place of the special funds (parole and supervision fees) appropriated for the program; the special funds appropriated for the program must then be used in place of general fund moneys appropriated for other programs.

Compensation of Parole Board members - Section 10 was added amending North Dakota Century Code (NDCC) Section 12-59-02 to increase the compensation rate for Parole Board members from \$62.50 per day to \$75 per day.

Crime victims compensation grants - Restitution paid to department - Section 11 was added amending NDCC Section 12.1-32-08 to direct the court to order restitution to be paid to the Department of Corrections and Rehabilitation for any benefits the department paid or may pay for crime victims compensation.

Reports regarding new programs - Section 12 was added creating a new section to NDCC Chapter 54-23.3 to require the department to report to the Legislative Assembly or the Budget Section before establishing any new correctional program which will cost in excess of \$100,000 per biennium.

Crime victims compensation grants - Right of subrogation - Section 13 was added amending NDCC Section 54-23.4-12 to provide that if crime victims compensation is awarded, the department has the right of subrogation to initiate a claim for relief to recover the amount paid by the department as crime victims compensation and benefits.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a deficiency appropriation of \$250,000 from other funds (parole and probation supervision fees) to the Department of Corrections and Rehabilitation for crime victims grants.

Drug court program - House Bill No. 1218 authorizes a drug court program for repeat DUI offenders. The fiscal note indicates 2001-03 biennium other funds expenditures of \$23,446.

Interstate compact - House Bill No. 1270 enacts a new interstate compact for the supervision of adult offenders on parole or probation status. The fiscal note indicates 2001-03 biennium general fund expenditures of \$40,313.

Elimination of certain minimum mandatory sentences - House Bill No. 1364 eliminates minimum mandatory sentences for certain first-time drug offenses.

Collection of unpaid supervision fees - Senate Bill No. 2135 allows the department to collect unpaid parole and probation supervision fees in the same manner as civil judgments rendered by district court and allows the department to employ a licensed collection agency in the collection of the unpaid fees. The fiscal note indicates additional 2001-03 biennium other funds revenues of \$13,826.

Transportation of juvenile offenders - Senate Bill No. 2220 increases state costs for the transportation of juvenile offenders. The bill increases the county reimbursement rate from the state mileage rate to the state mileage rate plus an additional 29 cents per mile. The fiscal note indicates 2001-03 biennium general fund expenditures of \$69,050.

Risk assessment of sexual offenders - Senate Bill No. 2446 requires the Department of Corrections and Rehabilitation to conduct a risk assessment of sexual offenders under the control of the department or on supervised probation. The fiscal note indicates 2001-03 biennium general fund expenditures of \$6,514, of which \$1,500 relates to the Department of Corrections and Rehabilitation.

**Council on the Arts
Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	5.00	\$984,286	\$1,052,229	\$2,036,515
2001-03 legislative appropriations	5.00	982,428	1,052,229	2,034,657
Legislative increase (decrease) to executive budget	0.00	(\$1,858)	\$0	(\$1,858)
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$177,145	\$70,429	\$247,574
2001-03 Governor Hoeven's recommendation	5.00	\$984,286	\$1,052,229	\$2,036,515
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$1,858)	\$0	(\$1,858)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Council on the Arts is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market equity adjustment of \$299.92 per month for the director effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased funding for a market equity increase for the director by \$1,858, from \$8,162 to \$6,304. The executive budget included more funding than was necessary to provide the \$299.92 per month increase effective January 1, 2002.		(\$1,858)		(\$1,858)
Total	0.00	(\$1,858)	\$0	(\$1,858)

Lewis and Clark Bicentennial

The Legislative Assembly did not change the executive recommendation to appropriate \$174,948 from the general fund, \$149,948 more than the 1999-2001 biennium appropriation of \$25,000, for initiatives relating to the Lewis and Clark Bicentennial, as follows:

	General Fund
Grants to communities and organizations	\$166,198
Operating expenses	<u>8,750</u>
Total general fund	\$174,948

Other Sections in Bill

Cultural endowment fund appropriation - Section 2 provides that all income from the cultural endowment fund is appropriated to the Council on the Arts for the furthering of cultural arts in the state.

**Crop Protection Product Harmonization and Registration Board
House Bill No. 1328**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	0.00	\$0	\$0	\$0
2001-03 legislative appropriations	0.00		450,000	450,000
Legislative increase (decrease) to executive budget	0.00	\$0	\$450,000	\$450,000
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$0	\$450,000	\$450,000
2001-03 Governor Hoeven's recommendation	0.00	\$0	\$0	\$0
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$450,000	\$450,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding from the environment and rangeland protection fund (\$250,000) and from special funds derived from grants or donations (\$200,000) for addressing crop protection product registration and labeling needs and providing grants to agriculture commodity groups for issues relating to crop protection product registration and labeling			\$450,000	\$450,000
Total	0.00	\$0	\$450,000	\$450,000

Other Sections in Bill

Duties of the board - House Bill No. 1328 creates the Crop Protection Product Harmonization and Registration Board, which was amended in House Bill No. 1009. The Legislative Assembly approved the following duties for the board:

Identify and prioritize crop protection product labeling needs.

Explore the extent of authority given to North Dakota under the Federal Insecticide, Fungicide, and Rodenticide Act.

Identify the data necessary to enable registration of a use to occur in a timely manner.

Determine what research, if any, is necessary to fulfill data requirements for responsibilities of the board.

Request the Agriculture Commissioner to pursue specific research funding options from public and private sources.

Request the Agricultural Experiment Station to pursue specific research to coordinate registration efforts.

Pursue any opportunities to make more crop protection product options available to agriculture producers in this state through any means the board determines advisable.

Administer a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

Board membership - The board consists of the following members:

The Governor or the Governor's designee (chairman).

The Agriculture Commissioner or the commissioner's designee.

The chairman of the House Agriculture Committee or the chairman's designee.

The chairman of the Senate Agriculture Committee or the chairman's designee.

A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee chairman is a member, appointed by the Legislative Council chairman.

A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.

A representative of the crop protection product manufacturing industry appointed by the chairman of the Legislative Council (nonvoting).

The director of the Agricultural Experiment Station (nonvoting).

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Judicial Branch
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	343.00	\$54,705,850	\$2,217,821	\$56,923,671
2001-03 legislative appropriations	336.00	53,753,509	2,217,821	55,971,330
Legislative increase (decrease) to executive budget	(7.00)	(\$952,341)	\$0	(\$952,341)
Legislative increase (decrease) to 1999-2001 appropriations	(15.00)	\$13,112,933	\$1,167,878	\$14,280,811
2001-03 Governor Hoeven's recommendation	343.00	\$54,705,850	\$2,217,821	\$56,923,671
Legislative increase (decrease) to Governor Hoeven's recommendation	(7.00)	(\$952,341)	\$0	(\$952,341)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Please refer to **Other Sections in Bill** section for information on salaries of Supreme Court justices and district court judges.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Supreme Court changes:				
Reduced funding to reflect the change from the requested salary increases for justices of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for the first year and 7% for the second year		(\$1,985)		(\$1,985)
Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(61,733)		(61,733)
District Court changes:				
Reduced funding to reflect the change from the requested salary increases for judges of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for each year of the biennium		(87,386)		(87,386)

Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(212,264)		(212,264)
Clerk of district court changes:				
Decreased funding for collection and enforcement of restitution and removed 7 FTE restitution-related positions added in the agency budget request	(7.00)	(588,973)		(588,973)
Total	<u>(7.00)</u>	<u>(\$952,341)</u>	<u>\$0</u>	<u>(\$952,341)</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 336 FTE positions, a decrease of 15 FTE positions from the 1999-2001 biennium authorized level of 351 FTE positions. The Legislative Assembly did not change the agency request to add four FTE positions in the district courts and to eliminate 12 FTE positions, including two positions in the district courts and 10 positions in the clerk of district courts. In addition, the Legislative Assembly removed seven FTE positions in the clerk of district courts relating to the collection of restitution.

District Court Judgeships

The Legislative Assembly provided funding for 42 district court judgeships. In accordance with North Dakota Century Code (NDCC) Section 27-05-01, the number of district court judges was to be reduced to 42 before January 2, 2001.

Indigent Defense Funding

The Legislative Assembly provided funding of \$4,055,670, of which \$3,830,670 is from the general fund, for indigent defense costs. This represents an increase of \$646,187, of which \$421,187 is from the general fund and \$225,000 is from special funds, from the 1999-2001 appropriation of \$3,409,483.

Clerk of District Court Funding

The Legislative Assembly provided funding of \$10,904,353, of which \$10,154,353 is from the general fund, for the clerk of district court unification. This represents an increase of \$9,904,353, of which \$9,154,353 is from the general fund and \$750,000 is from special funds, from the 1999-2001 appropriation of \$1,000,000.

Other Sections in Bill

1999-2001 biennium carryover - Section 4 allows the judicial branch to carry over \$350,000 from their 1999-2001 biennium general fund appropriation to the 2001-03 biennium to consolidate and integrate the East Central judicial district's case management system with the unified court information system used by the other six judicial districts.

Records management - Section 5 encourages the judicial branch to explore opportunities to use electronic management system services provided by the Information Technology Department for enhanced records management and data storage.

Restitution collection and enforcement - Section 6 provides that county and state offices performing restitution collection and enforcement activities as of April 1, 2001, continue to perform those duties until June 30, 2003.

Study of clerk of district court - Section 7 provides for a Legislative Council study of the implementation of the clerk of district court unification including the responsibility for the collection and enforcement of restitution.

Judicial salaries - Sections 8 and 9 provide for the salaries of Supreme Court justices and district court judges for the 2001-03 biennium as follows:

	Current Salary	Effective July 1, 2001	Effective July 1, 2002
Supreme Court			
Chief Justice	\$87,895	\$94,858	\$102,021
Justices	\$85,483	\$92,289	\$99,122
District court			
Presiding judges	\$80,755	\$86,754	\$93,343
Judges	\$78,887	\$84,765	\$90,671

Related Legislation

Indigent defense - Senate Bill No. 2081 establishes an application fee of \$25 for indigent defense and provides a continuing appropriation for all moneys collected.

Juror pay - Senate Bill No. 2383 amends NDCC Section 27-09.1-14 to increase compensation for district court jurors from \$25 to \$50 for each day subsequent to the first day of the jury duty. The compensation for jurors for the first day of service of \$25 remains unchanged.

**Department of Economic Development and Finance
Senate Bill No. 2019**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	30.00	\$14,014,489	\$6,396,902	\$20,411,391
2001-03 legislative appropriations	0.00			
Legislative increase (decrease) to executive budget	(30.00)	(\$14,014,489)	(\$6,396,902)	(\$20,411,391)
Legislative increase (decrease) to 1999-2001 appropriations	(23.00)	(\$7,813,802)	(\$4,093,075)	(\$11,906,877)
2001-03 Governor Hoeven's recommendation	0.00	\$0	\$0	\$0
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation provided for the elimination of the Department of Economic Development and Finance as a separate state agency and combined the funding and FTE positions with the Department of Tourism and the Division of Community Services to create the Department of Commerce (see Department of Commerce - Budget No. 605).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Eliminated funding for the Department of Economic Development and Finance and provided funding and FTE positions in the Department of Commerce, which includes a Division of Economic Development and Finance (see Department of Commerce - Budget No. 605)	(30.00)	(\$14,014,489)	(\$6,396,902)	(\$20,411,391)
Total	(30.00)	(\$14,014,489)	(\$6,396,902)	(\$20,411,391)

FTE Changes

The FTE positions relating to the Department of Economic Development and Finance were combined with the Department of Tourism and the Division of Community Services to create the Department of Commerce.

Creation of Department of Commerce

Senate Bill No. 2032 consolidates the duties of the Department of Economic Development and Finance, the Division of Community Services, and the Tourism Department into the Department of Commerce administered by the commissioner of commerce; creates a North Dakota commerce cabinet; and allows for the creation of a privately funded North Dakota economic development foundation.

**Division of Emergency Management
House Bill No. 1016**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	20.00	\$963,160	\$69,870,828	\$70,833,988
2001-03 legislative appropriations	20.00	963,160	69,870,828	70,833,988
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	(\$13,962,210)	\$4,632,932	(\$9,329,278)
2001-03 Governor Hoeven's recommendation	20.00	\$963,160	\$69,870,828	\$70,833,988
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Division of Emergency Management is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified employees whose salaries are furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Division of Emergency Management.

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 20 FTE positions, the same as the 1999-2001 biennium.

Hazardous Chemical Preparedness Program

Section 3 removes the termination date for the hazardous chemical preparedness program. The program, which requires facilities to pay a hazardous chemical fee of \$25 per reportable chemical per year up to a maximum of \$150 per facility, was established to assist business, industry, and government comply with federal requirements regarding storage and handling of hazardous materials.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation of \$14 million to the Division of Emergency Management. The funding is to be used to repay the Bank of North Dakota loan which was obtained for matching federal disaster relief funding for the state.

**Department of Financial Institutions
Senate Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	23.00	\$0	\$3,479,396	\$3,479,396
2001-03 legislative appropriations	23.50		3,563,855	3,563,855
Legislative increase (decrease) to executive budget	.50	\$0	\$84,459	\$84,459
Legislative increase (decrease) to 1999-2001 appropriations	1.50	\$0	\$603,189	\$603,189
2001-03 Governor Hoeven's recommendation	23.00	\$0	\$3,479,396	\$3,479,396
Legislative increase (decrease) to Governor Hoeven's recommendation	.50	\$0	\$84,459	\$84,459

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Financial Institutions is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market equity adjustment of \$163 per month for the commissioner of the Department of Financial Institutions effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Decreased funding for a market equity increase for the commissioner by \$1,058, from \$4,484 to \$3,426. The executive budget included more funding than was necessary to provide for the \$163 per month increase effective January 1, 2002.			(\$1,058)	(\$1,058)
Increased funding for an additional .5 FTE position and related costs (\$51,517 for salaries and wages, \$30,000 for operating expenses, and \$4,000 for equipment) for the licensing and regulation of deferred presentment service providers, pursuant to 2001 House Bill No. 1273 (see Related Legislation section)	.50		85,517	85,517
Total	.50	\$0	\$84,459	\$84,459

FTE Changes

The Legislative Assembly did not change the executive recommendation to authorize a one FTE financial institution examiner I position for the examination of consumer finance companies. In addition, the Legislative Assembly authorized a .5 FTE position for the examination of deferred presentment service providers. The 2001 Legislative Assembly passed House Bill No. 1273, directing the Department of Financial Institutions to license and regulate deferred presentment service providers. The department indicated the need for an additional FTE position to carry out the provisions of House Bill No. 1273; the Legislative Assembly authorized a .5 FTE position and gave the department authority to request authorization from the Emergency Commission and the Budget Section for an additional .5 FTE.

Other Sections in Bill

Additional .5 FTE position - Section 2 was added authorizing an additional .5 FTE position for the licensing and regulation of deferred presentment service providers if determined necessary by the department and if approved by the Emergency Commission and the Budget Section.

Related Legislation

Deferred presentment service providers - House Bill No. 1273 provides for the licensing and regulation of deferred presentment service providers by the Department of Financial Institutions.

Agency name change - Senate Bill No. 2164 changes the name of the Department of Banking and Financial Institutions to the Department of Financial Institutions.

**Game and Fish Department
House Bill No. 1019**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	136.00	\$0	\$34,719,641	\$34,719,641
2001-03 legislative appropriations	136.00		35,319,641	35,319,641
Legislative increase (decrease) to executive budget	0.00	\$0	\$600,000	\$600,000
Legislative increase (decrease) to 1999-2001 appropriations	5.00	\$0	\$4,740,889	\$4,740,889
2001-03 Governor Hoeven's recommendation	136.00	\$0	\$34,919,641	\$34,919,641
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$400,000	\$400,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation for the Game and Fish Department increased the Schafer recommendation by \$200,000 for the wildlife services line item, increasing the line item from \$200,000 to \$400,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Game and Fish Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide an other funds appropriation of \$7,374 to the Game and Fish Department for salary adjustments, in addition to the compensation package, to increase salaries to new pay range minimums established by Central Personnel.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding from the game and fish fund to increase the wildlife services line item from \$200,000 to \$400,000 as recommended by Governor Hoeven. The 2001-03 biennium appropriation is an increase of \$300,000 from the 1999-2001 biennium appropriation of \$100,000.			\$200,000	\$200,000
Added funding from the game and fish fund to increase the land habitat and deer depredation line item from \$4,738,476 to \$5,138,476 to reflect additional hunting license revenue anticipated to be received as a result of 2001 House Bill No. 1468, which			400,000	400,000

subsequently failed to pass. (The 2001-03 biennium appropriation for the land habitat and deer depredation line item is an increase of \$2,435,252 from the 1999-2001 biennium appropriation of \$2,703,224.)

Total	<u>0.00</u>	<u>\$0</u>	<u>\$600,000</u>	<u>\$600,000</u>
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FTE Changes

The Legislative Assembly did not change the executive recommendation to add 5 FTE positions, as follows:

- 1 FTE biologist II (coverlocks initiative)
- 1 FTE computer and network specialist II (geographic information systems)
- 1 FTE biologist III (aquatic habitat improvement initiative)
- 2 FTE game warden II

Coverlocks Program

The Legislative Assembly did not change the executive recommendation to provide \$1,204,072 from the game and fish fund for the department's coverlocks program. The coverlocks program is a new initiative for the 2001-03 biennium which will provide landowner incentives to establish 20-acre blocks of winter habitat and provide a 30-year public easement on the quarter section containing the coverlocks habitat. The appropriation is included in the land habitat and deer depredation line item and is allocated as follows:

	Other Funds
Salaries and wages - 1 FTE biologist II	\$81,877
Operating expenses	1,118,195
Equipment	<u>4,000</u>
Total	\$1,204,072

Aquatic Habitat Improvement Program

The Legislative Assembly did not change the executive recommendation to provide \$951,229 from the game and fish fund for the department's aquatic habitat improvement program. The aquatic habitat improvement program is a new initiative for the 2001-03 biennium to maintain and improve the quality of the state's fisheries. The appropriation is allocated as follows:

	Other Funds
Salaries and wages - 1 FTE biologist III	\$89,529
Operating expenses	35,700
Equipment	5,000
Capital improvements	340,000
Grants	81,000
Land habitat and deer depredation line item	<u>400,000</u>
Total	\$951,229

Private Land Habitat and Access Improvement Program

The Legislative Assembly increased the executive recommendation for the private land habitat and access improvement program by \$400,000 from the game and fish fund to reflect additional hunting license revenue anticipated to be received as a result of House Bill No. 1468. However, House Bill No. 1468 failed to pass after the

appropriation was included in House Bill No. 1019. The Legislative Assembly did not change the executive recommendation to appropriate an additional \$650,000 (over the department's base budget request) for the private land habitat and access improvement program, funded from the private land habitat and depredation fund which consists of interest earned on the game and fish fund and revenue from the sale of habitat stamps. Funds are used to cost share with landowners on trees, food, and wildlife habitat development; lease wildlife habitat plots; fund big game and fur-bearer depredation programs; and fund water quality improvement programs. The 2001-03 biennium appropriation (contained in the land habitat and deer depredation line item) is \$3,534,404, which is \$831,180 more than the 1999-2001 biennium appropriation of \$2,703,224.

Funding for Department of Agriculture

Waterbank program

The Legislative Assembly did not change the executive recommendation to provide a special funds appropriation of \$200,000 from the game and fish fund for the waterbank program. The funding will be made available to the Agriculture Commissioner to enter into waterbank contracts for the purposes of increasing water storage and enhancing wildlife habitat in North Dakota. The 2001-03 biennium appropriation for the waterbank program is unchanged from the 1999-2001 biennium appropriation of \$200,000.

Wildlife services

The Legislative Assembly increased the Schafer executive recommendation for the wildlife services line item by \$200,000 from the game and fish fund. The funding will be made available to the Agriculture Commissioner to contract with the United States Department of Agriculture - Wildlife Services Agency to alleviate wildlife depredation and damage in North Dakota. The 2001-03 biennium appropriation for wildlife services is \$400,000, \$300,000 more than the 1999-2001 biennium appropriation of \$100,000.

Board of Animal Health

The Legislative Assembly did not change the executive recommendation to provide \$68,000 from the game and fish fund for a grant to the Department of Agriculture for expenses of the Board of Animal Health. The 2001-03 biennium appropriation is an increase of \$23,000 from the 1999-2001 biennium appropriation of \$45,000.

Funding for Parks and Recreation Department

The Legislative Assembly did not change the executive recommendation to provide \$80,000 from the game and fish fund for a grant to the Parks and Recreation Department for costs incurred in cleaning and maintaining fish-cleaning stations, boat ramps, and vault toilets. The 2001-03 biennium appropriation for this purpose is unchanged from the 1999-2001 biennium appropriation. The 1999-2001 biennium appropriation also included \$168,750 for a new grant to the Parks and Recreation Department for boat ramp repairs at Lake Sakakawea and Lewis and Clark State Parks. The 2001 Legislative Assembly did not appropriate any moneys from the game and fish fund for this purpose.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide funding from the game and fish fund for the following capital projects:

Project	Other Funds
Extraordinary repairs	\$684,486
Construction of a storage building and secure storage yard in the Bismarck area	275,000
Aquatic habitat improvement projects	<u>340,000</u>
Total	\$1,299,486

Other Sections in Bill

Habitat and depredation fund - Section 2 provides that \$2,930,036 of the land habitat and deer depredation line item is from the habitat and depredation fund and is to be used for the purpose of leasing privately owned lands for wildlife habitat to reestablish wildlife population, to improve wildlife habitat on private lands, and to alleviate big game and fur-bearer depredation.

Nongame wildlife fund - Section 3 provides that \$75,000 of the nongame wildlife conservation line item is from the nongame wildlife fund and is to be used for the purpose of preservation, inventory, perpetuation, and conservation of nongame wildlife.

Waterbank program - Section 4 provides that the waterbank program line item (\$200,000) is from the game and fish fund and is to be used for the purpose of increasing water storage and enhancing wildlife habitat in North Dakota. Contracts and agreements may be entered into by the department in cooperation with the Agriculture Commissioner.

Wildlife services line item - Section 5 provides that the wildlife services line item (\$400,000) is from the game and fish fund and is to be used for the purpose of alleviating wildlife depredation and damage in North Dakota. Contracts and agreements may be entered into by the department in cooperation with the Agriculture Commissioner.

Additional hunting license revenue for private land habitat and access improvement - Section 6 was added by the Legislative Assembly and provides that \$400,000 of the amount included in the land habitat and deer depredation line item is additional hunting license fee revenue anticipated to be received as a result of House Bill No. 1468, which subsequently failed to pass, and is to be used for the private land habitat and access improvement program.

Related Legislation

Deerproof hay yard program - Senate Bill No. 2025 directs the Game and Fish Department to establish a deerproof hay yard program at no cost to landowners. The department anticipates additional other funds expenditures of \$10,000 per biennium as a result of this bill.

Interstate Wildlife Compact - Senate Bill No. 2178 enacts the Interstate Wildlife Compact. The department anticipates additional other funds expenditures of \$5,000 per biennium as a result of this bill.

State Department of Health
Senate Bill Nos. 2004, 2023, 2124, 2276, 2380, House Bill Nos. 1196, 1202

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	316.00	\$15,045,493	\$84,203,958	\$99,249,451
2001-03 legislative appropriations	316.00	14,812,936	82,297,732	97,110,668
Legislative increase (decrease) to executive budget	0.00	(\$232,557)	(\$1,906,226)	(\$2,138,783)
Legislative increase (decrease) to 1999-2001 appropriations	9.00	\$246,464	\$11,506,131	\$11,752,595
2001-03 Governor Hoeven's recommendation	316.00	\$15,045,493	\$84,203,958	\$99,249,451
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$232,557)	(\$1,906,226)	(\$2,138,783)

NOTE: The amounts on the schedule above include \$2.7 million of bond proceeds to construct an addition to the East Laboratory per Senate Bill No. 2023.

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Department of Health is in accordance with legislative salary and fringe benefit guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for women, infants, and children coordinator position (see FTE Changes section)	1.00		\$100,000	\$100,000
Reduced salaries and wages in administrative services		(7,000)		(7,000)
Reduced operating expenses in administrative services		(8,000)	(32,000)	(40,000)
Removed 1 FTE administrative assistant position, the funding for the position remains in the bill (see FTE Changes section)	(1.00)			
Reduced operating expenses in health resources		(12,000)	(98,000)	(110,000)

Reduced salaries and wages in preventive health	(10,000)		(10,000)
Reduced operating expenses in preventive health	(40,000)	(410,000)	(450,000)
Reduced grants in preventive health		(1,012,194)	(1,012,194)
Reduced women, infants, and children food payments line item		(516,870)	(516,870)
Reduced operating expenses in environmental health	(25,000)	(250,000)	(275,000)
Reduced grants in environmental health		(850,000)	(850,000)
Reduced funding for computer costs	(22,305)	(78,795)	(101,100)
Reduced funding for purchasing computers	(12,625)	(37,875)	(50,500)
Reduced funding for equipment	(25,000)		(25,000)
Increased funding for domestic violence grants from \$90,000 to \$210,000	120,000		120,000
Removed funding for food and formula relating to phenylketonuria (PKU). The PKU food and formula program was transferred to the Department of Human Services and funded in House Bill No. 1012.	(57,619)	(76,378)	(133,997)
Added funding for public health unit grants		76,378	76,378
Provided funding authority from the Attorney General refund fund for a grant to the North Dakota Stockmen's Association for developing and beginning to implement a plan to reduce the potential environmental impact from livestock operations and for matching federal Environmental Protection Agency 319 funds		50,000	50,000
Reduced funding from the community health trust fund for tobacco prevention from \$5 million as recommended in the executive budget to \$4.7 million		(300,000)	(300,000)
Added federal funds for the donated dental services program established in Section 12		35,000	35,000
Changed funding for 3 FTE positions to develop total maximum daily loads and pollution control plans from the general fund to the water development trust fund and federal funds	(99,756)	99,756	
Changed the source of funding for operating expenses and equipment relating to the total maximum daily load positions from the general fund to the water development trust fund	(33,252)	33,252	

Authorized \$117,000 of special funds derived from federal funds and other income to the State Department of Health for the purpose of regulating lead-based paint activities in Senate Bill No. 2124			117,000	117,000
Provided an appropriation of \$180,000 from the community health trust fund to the State Health Council for a dentists' loan repayment program in Senate Bill No. 2276			180,000	180,000
Provided appropriations from the community health trust fund for funding the community health grant program advisory committee (\$100,000) and to provide grants to cities and counties for tobacco education and cessation programs (\$250,000) in Senate Bill No. 2380			350,000	350,000
Provided an appropriation from the health care trust fund for making long-term care nursing scholarship and loan repayment program grants in House Bill No. 1196			489,500	489,500
Provided an appropriation from the health care trust fund of \$225,000 to the State Department of Health for the purpose of funding the quick-response unit pilot program in House Bill No. 1202			225,000	225,000
Total	<u>0.00</u>	<u>(\$232,557)</u>	<u>(\$1,906,226)</u>	<u>(\$2,138,783)</u>

FTE Changes

The 2001-03 appropriation includes funding for 316 FTE positions, an increase of nine FTE positions from the 1999-2001 authorized level of 307 FTE positions as follows:

- One FTE women, infants, and children coordinator position added by the Legislative Assembly.
- One FTE registered nurse and one FTE office assistant for pediatric emergency services, recommended in the executive budget.
- One FTE microbiologist relating to bioterrorism, recommended in the executive budget.
- One FTE program administrator and one FTE epidemiologist to expand the tobacco program, recommended in the executive budget.
- Three FTE environmental scientists to develop total maximum daily loads and pollution control plans in targeted watersheds throughout the state, recommended in the executive budget.

The executive budget recommended adding an administrative assistant position in preventive health. The Legislative Assembly removed this FTE position but not the funding and directed the department to utilize an existing FTE for this position.

Other Sections in Senate Bill No. 2004

Tobacco prevention - The Legislative Assembly added separate line items in Section 1 of the bill for tobacco prevention and control (\$4,700,000 from the community health trust fund) and Centers for Disease Control and Prevention tobacco funds (\$2,369,934 from federal grant funds).

North Dakota Stockmen's Association grant - Section 9 was added to provide \$50,000 from the Attorney General refund fund from lawsuit settlement collections, which the State Department of Health is to distribute to the North Dakota Stockmen's Association for developing and beginning to implement a plan to reduce the potential environmental impact from livestock operations. These funds are to be used as matching funds for federal Environmental Protection Agency 319 funds.

Fetal development booklet - Section 10 requires the State Department of Health to publish a booklet regarding fetal development. A majority of the pictures must be full-color, photograph-style images.

State Health Officer qualifications - Section 11 requires the State Health Officer to have substantive administrative experience and demonstrated experience in the management of people.

Donated dental services program - Section 12 establishes a donated dental services program. The Legislative Assembly appropriated \$35,000 of federal funds for the program.

2003-05 executive budget recommendation - Section 13 was added but vetoed by the Governor. The section would have required the Office of Management and Budget to submit for introduction the State Department of Health appropriations bill for the 2003-05 biennium to the 58th Legislative Assembly at the same funding levels by line item and employee levels authorized by the 57th Legislative Assembly for the 2001-03 biennium. Any executive budget changes were to be submitted as a recommendation for change to the bill as introduced.

State aid to local health districts - Section 15 adds legislative intent directing the State Department of Health to make available an additional \$100,000 within its 2001-03 biennium appropriation to provide local health district grants totaling \$1,100,000.

Centers for Disease Control and Prevention funds - Section 16 provides legislative intent directing the State Department of Health to use grant funds from the Center for Disease Control and Prevention to fund tobacco counter-marketing and public education campaigns and local tobacco prevention coordinators and that local public health administrators supervise the local tobacco prevention coordinators. The funds may not be used for lobbying purposes.

Related Legislation

East Laboratory addition - Senate Bill No. 2023 authorizes the issuance of bonds for \$2.7 million to construct an addition to the East Laboratory with \$1,755,000 to be available from non-general fund sources to assist in the retirement of the bonds.

Lead-based paint activities - Senate Bill No. 2124 authorizes \$117,000 of special funds derived from federal funds and other income to the State Department of Health for regulating lead-based paint activities.

Dentists' loan repayment program - Senate Bill No. 2276 provides an appropriation of \$180,000 from the community health trust fund to the State Health Council for a dentists' loan repayment program.

Pregnancy, childbirth, and adoption publication - Senate Bill No. 2361 directs the State Department of Health to publish, update, and reprint when needed a pregnancy, childbirth, and adoption publication. The information, except for copyrighted material, is also to be made available on the department's internet web site.

Tobacco prevention - Senate Bill No. 2380 establishes the community health grant program, with the intent to prevent or reduce tobacco usage in the state. The bill provides appropriations from the community health trust fund for funding the community health grant program advisory committee (\$100,000) and to provide grants to cities and counties for tobacco education and cessation programs (\$250,000).

Nursing scholarship and loan repayment grants - House Bill No. 1196 provides an appropriation from the health care trust fund for making long-term care nursing scholarship and loan repayment program grants.

Quick-response unit pilot program - House Bill No. 1202 provides an appropriation from the health care trust fund of \$225,000 to the State Department of Health for the purpose of funding the quick-response unit pilot program.

DNA registration - House Bill No. 1208 requires DNA registration of persons convicted of certain felony violations after July 31, 2001, or in custody for such felony violations after July 31, 2001. The Department of Corrections and Rehabilitation is to collect the cost of the DNA testing procedure from the person being tested and transfer the amount collected to the State Department of Health for deposit in the general fund.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Highway Patrol
Senate Bill No. 2011**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	196.00	\$12,083,801	\$21,159,342	\$33,243,143
2001-03 legislative appropriations	196.00	19,613,659	13,629,443	33,243,102
Legislative increase (decrease) to executive budget	0.00	\$7,529,858	(\$7,529,899)	(\$41)
Legislative increase (decrease) to 1999-2001 appropriations	(2.00)	\$10,107,423	(\$2,110,199)	\$7,997,224
2001-03 Governor Hoeven's recommendation	196.00	\$12,083,801	\$21,159,342	\$33,243,143
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$7,529,858	(\$7,529,899)	(\$41)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Highway Patrol is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$167.75 per month for the Highway Patrol superintendent effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the Highway Patrol superintendent to provide a \$167.75 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$20)	(\$21)	(\$41)
Reduced funding from the highway fund and increased funding from the general fund for Highway Patrol operations. A total of \$6.2 million is provided from the highway fund compared to \$13.3 million for the 1999-2001 biennium.		7,529,878	(7,529,878)	
Total	0.00	\$7,529,858	(\$7,529,899)	(\$41)

FTE Changes

The Legislative Assembly did not change the executive recommendation which removed one FTE patrol officer in field operations and one FTE motor carrier inspector in administration.

Program Line Items

The Legislative Assembly changed the line items for the Highway Patrol appropriation from object code line items (salaries and wages, operating expenses, etc.) to program line items (administration, field operations, and law enforcement training academy). Section 4 was added providing that the Highway Patrol monitor its actual to planned expenditures and its actual to projected performance measures for each of its programs during the 2001-03 biennium and make this information available as requested by the Appropriations Committees during the 2003 legislative session.

Highway Fund

The Legislative Assembly appropriated \$6,200,000 from the state highway fund for Highway Patrol operations for the 2001-03 biennium, \$7,085,610 less than the \$13,285,610 appropriated from the highway fund for the 1999-2001 biennium.

Deficiency Appropriation

House Bill No. 1026 provided a \$200,000 general fund deficiency appropriation to the Highway Patrol for paying additional motor pool costs during the 1999-2001 biennium. The additional motor pool costs relate to higher than anticipated gasoline prices.

**State Historical Society
House Bill No. 1020, Senate Bill No. 2420**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	56.00	\$7,039,402	\$5,584,946	\$12,624,348
2001-03 legislative appropriations	56.00	7,179,402	5,584,946	12,764,348
Legislative increase (decrease) to executive budget	0.00	\$140,000	\$0	\$140,000
Legislative increase (decrease) to 1999-2001 appropriations	2.00	\$675,234	\$4,547,284	\$5,222,518
2001-03 Governor Hoeven's recommendation	56.00	\$7,039,402	\$5,584,946	\$12,624,348
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$140,000	\$0	\$140,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Historical Society is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide a general fund appropriation of \$55,270 to the State Historical Society for salary increases, in addition to the compensation package, for experienced employees who are below the midpoint of their salary range.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for a grant to the North Dakota Lewis and Clark Bicentennial Foundation for expenses of the Lewis and Clark Interpretive Center in Washburn		\$100,000		\$100,000
Added funding for a grant to the Fort Abraham Lincoln Foundation for expenses relating to the Lewis and Clark Bicentennial		25,000		25,000
Added funding in Senate Bill No. 2420 to reimburse Pembina County for costs associated with the county's acquisition of a historically significant cemetery		15,000		15,000
Total	0.00	\$140,000	\$0	\$140,000

FTE Changes

The Legislative Assembly did not change the executive recommendation to add two FTE positions relating to the Lewis and Clark Bicentennial: one FTE librarian I for the state archives at the Heritage Center and one FTE historic site supervisor for the confluence interpretive center for the last six months of the 2001-03 biennium.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide funding for the following capital projects (excluding Lewis and Clark Bicentennial-related capital projects shown separately below):

Project	General Fund	Other Funds	Total
Extraordinary repairs	\$179,200		\$179,200
Fort Totten building repairs	150,000	\$350,000	500,000
Confluence interpretive center construction (at the confluence of the Yellowstone and Missouri Rivers near Williston)		2,598,160	2,598,160
Fort Buford barracks reconstruction		945,000	945,000
Fort Abercrombie reconstruction		480,000	480,000
Total	\$329,200	\$4,373,160	\$4,702,360

Lewis and Clark Bicentennial

The Legislative Assembly provided an appropriation of \$1,523,844, \$592,499 more than the 1999-2001 biennium appropriation of \$931,345, for initiatives relating to the Lewis and Clark Bicentennial, as follows:

	General Fund	Other Funds	Total
Salaries and wages			
1 FTE librarian	\$66,007		\$66,007
1 FTE historic site supervisor II (six months)	17,443		17,443
Temporary salaries and wages	45,543		45,543
Total salaries and wages	\$128,993		\$128,993
Operating expenses			
Interpretive signage	\$50,000		\$50,000
Architecture and engineering fees	12,500		12,500
Public programming and interpretation	300,000		300,000
Exhibit development	500,000		500,000
Operating expenses for maintenance and seasonal staff	112,351		112,351
Total operating expenses	\$974,851		\$974,851
Grants			
Grant to North Dakota Lewis and Clark Bicentennial Foundation	\$100,000		\$100,000
Grant to Fort Abraham Lincoln Foundation	25,000		25,000
Total grants	\$125,000		\$125,000

Capital projects		
Fort Clark roadway and parking lot improvements	\$75,000	\$75,000
Fort Clark archaeology work	220,000	220,000
Total capital projects	<u>\$295,000</u>	<u>\$295,000</u>
Total	\$1,523,844	\$1,523,844

Related Legislation

Reimbursement to Pembina County - Senate Bill No. 2420 provides a general fund appropriation of \$15,000 to the State Historical Society for the purpose of reimbursing Pembina County for costs associated with the county's acquisition of a historically significant cemetery. This appropriation is reflected in the amounts shown above.

**Homestead Tax Credit
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	0.00	\$4,540,813	\$0	\$4,540,813
2001-03 legislative appropriations	0.00	4,540,813	0	4,540,813
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations				\$0
2001-03 Governor Hoeven's recommendation	0.00	\$4,540,813	\$0	\$4,540,813
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the homestead tax credit.

Program Statistics

The schedule below presents the number of eligible homeowners and renters and the payments made in recent years:

	Number Eligible for Program			Payments Made Under Program		
	Homeowners	Renters	Total	Homeowners	Renters	Total
1997	5,680	1,499	7,179	\$2,072,141	\$166,841	\$2,238,982
1998	5,278	1,482	6,760	\$1,974,283	\$165,060	\$2,139,343
1999	4,943	1,454	6,397	\$1,852,124	\$173,370	\$2,025,494
2000	4,457	1,508	5,965	\$1,817,552	\$190,211	\$2,007,763

For eligible homeowners, the program provides for a graduated reduction in the taxable value and resulting taxes of a person's homestead.

For eligible renters, the program provides a direct payment to renters of the amount by which 20 percent of the rent, representing property taxes, exceeds four percent of the applicant's annual income.

Related Legislation

Program eligibility - House Bill No. 1059 relates to the deduction of certain medical expenses from income when determining the eligibility for the homestead tax credit. The bill provides that the term "medical expenses" has the same meaning as it has for state income tax purposes, except that for transportation for medical care the individual may use the standard mileage rate allowed for state officer and employee use of a personal motor vehicle.

**Housing Finance Agency
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	38.00		\$39,873,425	\$39,873,425
2001-03 legislative appropriations	38.00		39,872,263	39,872,263
Legislative increase (decrease) to executive budget	0.00	\$0	(\$1,162)	(\$1,162)
Legislative increase (decrease) to 1999-2001 appropriations	5.00	\$0	\$16,156,779	\$16,156,779
2001-03 Governor Hoeven's recommendation	38.00	\$0	\$39,873,425	\$39,873,425
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	(\$1,162)	(\$1,162)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Housing Finance Agency is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly provided the director of the Housing Finance Agency a market equity salary increase of \$186.08 per month effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding to provide the director a market equity salary increase (the amount included in the executive recommendation was \$1,162 more than the required amount)			(\$1,162)	(\$1,162)

FTE Changes

The 2001-03 biennium appropriation includes funding for 38 FTE positions, an increase of five FTE positions from the 1999-2001 biennium authorized level of 33 FTE positions. The legislative action did not change the executive recommendation to add one FTE document processing specialist I, one FTE housing program specialist I, one FTE housing program specialist II, one FTE account/budget specialist I, and one undesignated FTE position.

Rental Housing for Low-Income Families Program

The legislative action did not change the executive recommendation to provide \$16,423,182 from federal and special funds for program growth in the rental housing for low-income families program.

**Indian Affairs Commission
Senate Bill No. 2005**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	3.00	\$336,059	\$0	\$336,059
2001-03 legislative appropriations	3.00	336,059	0	336,059
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$23,277	(\$16,300)	\$6,977
2001-03 Governor Hoeven's recommendation	3.00	\$336,059	\$0	\$336,059
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Indian Affairs Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Indian Affairs Commission.

FTE Changes

The 2001-03 biennium appropriation includes funding for three FTE positions, the same as the 1999-2001 biennium authorized level.

**Industrial Commission
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	63.00	\$7,312,581	\$35,585,990	\$42,898,571
2001-03 legislative appropriations	63.00	7,364,181	35,585,990	42,950,171
Legislative increase (decrease) to executive budget	0.00	\$51,600	\$0	\$51,600
Legislative increase (decrease) to 1999-2001 appropriations	(1.00)	(\$13,231,416)	\$21,815,065	\$8,583,649
2001-03 Governor Hoeven's recommendation	63.00	\$7,384,181	\$35,585,990	\$42,970,171
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$20,000)	\$0	(\$20,000)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation increased funding for the Industrial Commission from the general fund by \$71,600 from \$7,312,581 to \$7,384,181 to account for increased lease payments and moving costs for the Oil and Gas Division and Geological Survey.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Industrial Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified employees whose salaries are furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced salaries and wages funding to reflect anticipated savings from turnover and efficiencies		(\$20,000)		(\$20,000)
Added funding for increased lease payments and moving costs relating to the relocation of the Oil and Gas Division and Geological Survey (Hoeven recommendation)		71,600		71,600
Total	0.00	\$51,600	\$0	\$51,600

FTE Changes

The 2001-03 biennium appropriation includes funding for 63 FTE positions, a decrease of one FTE position from the 1999-2001 biennium authorized level of 64 FTE positions. The legislative action did not change the executive recommendation to add a .5 FTE data coordinator position at both the Oil and Gas Division and the Geological Survey and to eliminate one FTE petroleum engineer II position at the Oil and Gas Division and one FTE drafting technician II position at the Geological Survey.

Lease Payments

The Legislative Assembly approved the executive recommendation to change the funding source for lease payments to appropriate the general fund lease payment amounts to the appropriate agencies and reflect lease payment revenue received from agencies as special funds in the Industrial Commission budget. The legislative action did not change the executive recommendation to provide \$17,956,059 for lease payments. This is an increase of \$2,064,891 from the 1999-2001 biennium appropriation of \$15,891,168. The following schedule lists the 1999-2001 and 2001-03 lease payments:

	1999-2001 Biennium	2001-03 Biennium	Increase (Decrease)
Higher education institutions	\$11,415,429	\$12,730,841	\$1,315,412
Job Service North Dakota	345,330	295,047	(50,283)
Department of Human Services	589,427	577,764	(11,663)
Department of Human Services - State Hospital	434,344	566,500	132,156
Department of Human Services - Developmental Center	497,777	649,234	151,457
Department of Corrections - State Penitentiary	1,962,049	2,250,168	288,119
Department of Corrections - Youth Correctional Center	327,744	541,427	213,683
Adjutant General	48,050	73,950	25,900
Veterans Home	271,018	271,128	110
	\$15,891,168	\$17,956,059	\$2,064,891
Total	\$15,891,168	\$17,956,059	\$2,064,891

The estimated lease payments for the 2001-03 biennium are \$17,933,031, \$23,028 less than the amount appropriated by the Legislative Assembly of \$17,956,059. The difference is the result of a change in the estimated bond issuances for the Williston State College Health and Wellness Center addition and the renovation of Old Main at Minot State University. Please refer to the **Capital Construction** section for a schedule on capital construction lease payments and outstanding principal balances.

Lignite Research Grants

The Legislative Assembly approved the executive recommendation to provide \$16,450,000 for lignite research grants. This is an increase of \$6,000,000 from the 1999-2001 biennium appropriation of \$10,450,000. The lignite grant funding consists of the following:

Anticipated carryover from the 1999-2001 biennium	\$10,165,000
Two-cent per ton coal severance tax for research and development	1,200,000
50% of the coal severance taxes deposited in the coal development trust fund	3,375,000
20% of the coal severance taxes deposited in the coal development trust fund (clean coal projects)	1,350,000
Interest income	360,000
Total	\$16,450,000

Section 10 provides that up to \$1,300,000 of the \$16,450,000 appropriated for lignite research grants is for contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and jobs or that will lead to increased development of lignite and its products and create new jobs and economic growth for the general welfare of this state. The section also provides that funds appropriated for lignite research grants may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for nonmatching externality studies and activities in externality proceedings; or other marketing or environmental activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for these purposes are available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

Please refer to the **Trust Fund Analyses** section for an analysis of the lignite research fund.

Other Sections in Bill

Information technology shared services - Section 15 provides that the information technology coordinators employed by the Oil and Gas Division and the Geological Survey should share knowledge, expertise, duties, and responsibilities in an effort to increase efficiencies and avoid duplication.

Legislative Council study - Section 16 provides for a Legislative Council study of the mission of the Industrial Commission relating to the responsibilities of the Oil and Gas Division and the Geological Survey and the potential for efficiencies resulting from shared administrative and service delivery functions.

Related Legislation

Abandoned oil and gas well plugging and site reclamation fund - Senate Bill No. 2099 changes the maximum balance of the abandoned oil and gas well plugging and site reclamation fund from \$50,000 to \$250,000 effective July 1, 2003. When the balance of the fund exceeds the limit, any additional fees must be deposited in the general fund. This will result in a \$60,000 general fund revenue loss for the 2003-05 biennium.

General fund lease payment limitation - Senate Bill No. 2165 provides 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 at the close of the most recently adjourned regular Legislative Assembly.

Meatpacking facilities - House Bill No. 1417 allows the Industrial Commission to issue bonds for the establishment of meatpacking plants.

Information Technology Department
Senate Bill No. 2022, House Bill No. 1013

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	212.00	\$35,835,932	\$71,185,087	\$107,021,019
2001-03 legislative appropriations	244.70¹	19,648,060	75,192,130	94,840,190²
Legislative increase (decrease) to executive budget	32.70	(\$16,187,872)	\$4,007,043	(\$12,180,829)
Legislative increase (decrease) to 1999-2001 appropriations	76.70	\$19,398,060	\$25,782,573	\$45,180,633

¹ This number includes 37.7 FTE positions for the Division of Independent Study authorized in House Bill No. 1013. Senate Bill No. 2251 provides that any funds appropriated by the Legislative Assembly for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council, and therefore any FTE positions for the Division of Independent Study must also be transferred to the Information Technology Department.

² This amount includes the appropriation of \$5,221,466, of which \$868,216 is from the general fund, for the Division of Independent Study authorized in House Bill No. 1013. Senate Bill No. 2251 provides that any funds appropriated by the Legislative Assembly for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council.

2001-03 Governor Hoeven's recommendation	212.00	\$25,718,432	\$71,185,087	\$96,903,519
Legislative increase (decrease) to Governor Hoeven's recommendation	32.70	(\$6,070,372)	\$4,007,043	(\$2,063,329)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven executive recommendation decreased funding from the general fund for the Information Technology Department from the Schafer executive budget by \$10,117,500 from \$35,835,932 to \$25,718,432. The Hoeven recommendation reduced funding for the statewide information technology network by decreasing the funding for the Educational Technology Council from \$3,500,000 to \$2,200,000. The Hoeven recommendation adjusted funding for the enterprise resource planning (ERP) system by reducing funding from the general fund for operating expenses by \$9,000,000 and increasing funding from the general fund by \$482,500 due to the transfer of funding related to the Quality Schools Commission (\$70,000) and student data base (\$412,500) from the Department of Public Instruction to the Information Technology Department. The Hoeven recommendation also reduced funding provided from the general fund to establish an innovation fund from \$500,000 to \$200,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Information Technology Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted salaries and wages funding for recommended salary increases		(\$142,666)	\$142,666	\$0
Decreased funding and removed 1 FTE position added in the executive recommendation for an e-government initiative	(1.00)	(167,088)		(167,088)
Decreased funding and removed 1 FTE position added in the executive recommendation for a geographic information system initiative	(1.00)	(321,785)		(321,785)
Decreased funding for operating expenses related to the new research and planning FTE position		(100,000)		(100,000)
Reduced funding for Educational Technology Council grants		(2,300,000)		(2,300,000)
Decreased funding for an ERP system	(3.00)	(12,500,000)	(488,873)	(12,988,873)
Reduced funding for the Center for Innovation and Instruction		(134,249)		(134,249)
Reduced funding for SENDIT network		(300,000)		(300,000)
Removed funding for information technology technical education program development		(590,300)		(590,300)
Removed funding for information technology innovation fund		(500,000)		(500,000)
Transferred funding appropriated and FTE positions authorized for the Division of Independent Study in House Bill No. 1013 pursuant to Senate Bill No. 2251	37.70	868,216	4,353,250	5,221,466
Total	32.70	(\$16,187,872)	\$4,007,043	(\$12,180,829)

FTE Changes

The 2001-03 biennium appropriation includes funding for 244.7 FTE positions, an increase of 76.7 FTE positions from the 1999-2001 biennium authorized level of 168 FTE positions. The following table summarizes FTE position changes included in the 2001-03 biennium executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) from Executive Budget
Statewide information technology network			
Telecommunications analyst II	2.00	2.00	

Telecommunications analyst III	2.00	2.00	
Human Services - Health Insurance Portability and Accountability Act project			
Systems development manager	1.00	1.00	
Senior programmer analyst	5.00	5.00	
Programmer analyst III	4.00	4.00	
Programmer analyst II	2.00	2.00	
Programmer analyst I	2.00	2.00	
Administrative secretary III	1.00	1.00	
Human Services - FACES project			
Senior programmer analyst	2.00	2.00	
Programmer analyst III	1.00	1.00	
Programmer analyst II	1.00	1.00	
Human Services - Foster care project			
Senior programmer analyst	2.00	2.00	
Programmer analyst III	1.00	1.00	
Tax Department project			
Programmer analyst III	1.00	1.00	
Programmer analyst II	1.00	1.00	
Department of Transportation projects			
Programmer analyst III	2.00	2.00	
Enterprise resource planning system initiative			
Senior programmer analyst	2.00	0.00	(2.00)
Programmer analyst III	1.00	0.00	(1.00)
Geographic information system initiative			
Programmer analyst III - Data base analyst III	2.00	1.00	(1.00)
E-government initiative			
Senior programmer analyst	2.00	1.00	(1.00)
Electronic data management system project			
Programmer analyst III	1.00	1.00	
Data base analyst III	1.00	1.00	
Division of Independent Study ¹		37.70	37.70
Other			
Information systems security analyst	2.00	2.00	
Information technology business analyst	2.00	2.00	
Senior personnel officer	1.00	1.00	
Total	44.00	76.70	32.70

¹ Senate Bill No. 2251 provides that any funds appropriated by the Legislative Assembly for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council; therefore, any FTE positions for the Division of Independent Study must also be transferred to the Information Technology Department. House Bill No. 1013 authorized 37.7 FTE positions for the Division of Independent Study for the 2001-03 biennium.

Statewide Information Technology Network Funding

The Legislative Assembly did not change the executive recommendation to provide funding of \$9,968,905, of which \$4,920,825 is from the general fund, and four new FTE positions for implementation of the statewide information technology network. The 1999 Legislative Assembly in Senate Bill No. 2043 required the Information Technology Department to provide to each state agency, institution, county, city, and school district access to wide area network services to transmit voice, data, or video. As a result, the Information Technology Department has begun implementation of a statewide information technology network infrastructure which involves connecting 194 cities and 552 physical locations across the state. Phase 1 of the implementation, which was completed in December 2000, involved 64 cities and 218 physical locations. Phase 2 of the implementation, which connects elementary and secondary schools and public libraries, is anticipated to be completed during the 2001-03 biennium.

Enterprise Resource Planning System Initiative

The department's appropriation for the 2001-03 biennium includes funding of \$7.5 million from the general fund for Phase 1 of the implementation of an enterprise resource planning (ERP) system for the state of North Dakota. The funding of \$7,500,000 is a decrease of \$12,988,873 from the executive recommendation amount of \$20,488,873, of which \$20,000,000 was from the general fund, and a decrease of \$4,471,373 from the Hoeven executive recommendation of \$11,971,373, of which \$11,482,500 was from the general fund. In addition, the Legislative Assembly did not adopt the executive recommendation to authorize three new FTE positions for implementation of the ERP system initiative. The ERP system is a multimodule software system that includes a relational data base and applications for managing purchasing, inventory, personnel, financial planning, and other management aspects. The ERP system initiative to be implemented by the Information Technology Department for the state of North Dakota would integrate the core financial and administrative applications of state government, higher education, and public education, including financial management, purchasing, budgeting, human resources, payroll, asset management, and student information functions into one multisuite software system which would enable all entities to share and use data.

Centralized Geographic Information System Initiative

The department's appropriation for the 2001-03 biennium includes funding of \$750,000 from the general fund for implementation of a centralized geographic information system, a decrease of \$321,785 from the executive recommendation of \$1,071,785. The Legislative Assembly authorized one of the two new FTE positions included in the executive recommendation for the initiative.

Educational Technology Council Funding

The Legislative Assembly did not change the executive recommendation to transfer the appropriation for grant funds to be distributed by the Educational Technology Council from the Department of Public Instruction to the Information Technology Department. The Legislative Assembly did reduce the funding to be provided for the grants by \$2.3 million from the executive recommendation of \$3.5 million to \$1.2 million. The \$1.2 million is a decrease of \$1 million from the Hoeven executive recommendation of \$2.2 million and a decrease of \$4.8 million from the amount appropriated in the 1999-2001 biennium to the Department of Public Instruction of \$6 million.

Center for Innovation and Instruction Funding

The Legislative Assembly did not change the executive recommendation to transfer the appropriation for the Center for Innovation and Instruction from Valley City State University to the Information Technology Department. The Legislative Assembly did reduce the funding for the Center for Innovation and Instruction by \$134,249 from the executive recommendation of \$924,583 to \$800,334. The \$800,334 is an increase of \$459,751 from the amount appropriated in the 1999-2001 biennium of \$340,583.

SENDIT Technology Services Funding

The Legislative Assembly did not change the executive recommendation to transfer the funding for SENDIT technology services from the Department of Public Instruction to the Information Technology Department. The Legislative Assembly reduced funding for SENDIT technology services by \$300,000 from the executive recommendation of \$1,973,669 to \$1,673,669. The amount provided of \$1,673,669 is an increase of \$1,127,000 from the amount appropriated for the 1999-2001 biennium of \$546,669.

Prairie Public Television Funding

The Legislative Assembly did not change the executive recommendation to transfer the funding for Prairie Public television from the North Dakota University System office to the Information Technology Department. The Legislative Assembly did not change the executive recommendation of \$1,407,513 from the general fund which is the same level of funding provided for the 1999-2001 biennium.

Line Item Transfers

Section 2 of Senate Bill No. 2022 allows the Chief Information Officer to request transfers of funds between line items without Emergency Commission and Budget Section approval if the transfers do not result in line items in excess of the amount of funding included in the Hoeven executive recommendation. Those transfers that result in line items in excess of the amount of funding included in the Hoeven executive recommendation must be approved by the Emergency Commission and the Budget Section. The Chief Information Officer must inform the Budget Section of all line item transfers made.

Related Legislation

Information Technology Department and Information Technology Committee responsibilities and duties - Senate Bill No. 2043 requires the Information Technology Committee to review the cost-benefit analysis of any major project of the State Board of Higher Education or any institution under the control of the board if the project significantly impacts the state's wide area network, impacts the statewide library system, or is an administrative project. The bill allows the Information Technology Department to purchase equipment and software through financing arrangements. The bill also specifies additional requirements that must be included in the department's business plan, changes the deadline for agencies submitting information technology plans from January 15 to March 15 of each even-numbered year, and requires the Information Technology Department to prepare an annual report regarding major information technology projects, information technology rates, and information technology benefits and to develop performance measures to assist the Legislative Assembly in determining the effectiveness and efficiency of the department's operations.

Educational Technology Council - Senate Bill No. 2251 creates a new Educational Technology Council to replace the Educational Telecommunications Council and provides that funding appropriated by the 2001 Legislative Assembly for the Division of Independent Study, SENDIT technology services, and the Center for Innovation in Instruction be transferred to the Information Technology Department for use by the Educational Technology Council.

Building construction cost-benefit analyses - Section 28 of House Bill No. 1015 creates a new section to NDCC Chapter 54-44.1, which requires the Information Technology Department to provide the Office of Management and Budget an analysis of the technology costs and savings involved in proposed building construction projects.

**Parks and Recreation Department (including International Peace Garden)
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	42.75	\$7,809,589	\$7,397,000	\$15,206,589
2001-03 legislative appropriations	42.75	7,656,019	7,397,000	15,053,019
Legislative increase (decrease) to executive budget	0.00	(\$153,570)	\$0	(\$153,570)
Legislative increase (decrease) to 1999-2001 appropriations	2.75	\$881,460	\$2,945,169	\$3,826,629
2001-03 Governor Hoeven's recommendation	42.75	\$7,822,089	\$7,397,000	\$15,219,089
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$166,070)	\$0	(\$166,070)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven budget recommendation increased the Schafer recommendation by \$12,500 from the general fund for a grant to the International Peace Garden Foundation for the renovation of restroom facilities at the International Peace Garden music camp (approved by the Legislative Assembly).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide the following:

An appropriation of \$3,376 from the general fund to provide a market adjustment of \$165.42 per month for the director effective January 1, 2002.

An appropriation of \$6,751 (\$4,256 from the general fund and \$2,495 from other funds) for salary adjustments in addition to the compensation package to increase salaries to new pay range minimums established by Central Personnel.

An appropriation of \$103,750 from the general fund for salary adjustments in addition to the compensation package to increase salaries of employees below the midpoint of their salary range.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding by \$166,070 for unspecified capital projects to be determined by the department, reducing the capital improvements line item from \$2,174,070 to \$2,008,000		(\$166,070)		(\$166,070)

Added funding for a grant to the International Peace Garden Foundation for the renovation of the restroom facilities at the International Peace Garden music camp as recommended by Governor Hoeven		12,500		12,500
Total	<u>0.00</u>	<u>(\$153,570)</u>	<u>\$0</u>	<u>(\$153,570)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 2.75 FTE positions, as follows:

- .25 FTE park ranger to increase a .75 FTE position to 1 FTE.
- 1.5 FTE maintenance supervisor I positions to provide maintenance staff at Lake Metigoshe and Turtle River State Parks.
- 1 FTE park ranger for the Cross Ranch State Park, to provide services relating to the Lewis and Clark Bicentennial.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	General Fund	Other Funds	Total
Capital projects included in executive budget:			
Extraordinary repairs	\$808,070		\$808,070
Cabin renovation and construction at Turtle River, Cross Ranch, and Icelandic State Parks	115,000		115,000
Lewis and Clark State Park marina dredging	135,000		135,000
Playground equipment replacement at state parks	108,000	\$108,000	216,000
Fort Ransom Sunne farm house renovation	65,000		65,000
Fort Lincoln cavalry stables reconstruction		300,000	300,000
Fort Lincoln On-A-Slant Mandan Indian Village improvements		500,000	500,000
Icelandic State Park bicycle trail construction	35,000		35,000
Less legislative reduction:			
Unspecified capital projects	(166,070)		(166,070)
Total	\$1,100,000	\$908,000	\$2,008,000

Lewis and Clark Bicentennial

The Legislative Assembly did not change the executive recommendation to appropriate \$765,441 from the general fund, \$327,741 more than the 1999-2001 biennium appropriation of \$437,700, for initiatives relating to the Lewis and Clark Bicentennial, as follows:

	General Fund
1 FTE park ranger for the Cross Ranch State Park	\$66,547
Temporary salaries and wages	89,629

Operating expenses for programming and promotional supplies	75,999
Infrastructure improvements at Fort Lincoln, Cross Ranch, Fort Stevenson, Lake Sakakawea, and Lewis and Clark State Parks	533,266
Total	\$765,441

International Peace Garden

The Legislative Assembly increased the International Peace Garden line item by \$12,500 from the general fund, as recommended by Governor Hoeven. The legislative appropriation is \$377,083, which consists of \$364,583 for the International Peace Garden and \$12,500 for the International Peace Garden Foundation for restroom renovations at the International Peace Garden music camp. The \$364,583 appropriation to the International Peace Garden for the 2001-03 biennium is the same as the amount appropriated for the 1999-2001 biennium.

Other Sections in Bill

Transfers to International Peace Garden and Foundation - Section 2, which was included in the bill as introduced and subsequently amended by the Legislative Assembly, provides that the appropriation of \$377,083 in Subdivision 2 of Section 1 of the bill consists of \$364,583 for the International Peace Garden and \$12,500 for the International Peace Garden Foundation, which must be transferred to those entities by the Parks and Recreation Department during the 2001-03 biennium.

Snowmobile fund - Section 3 provides that \$600,000 of the estimated income line item appropriated in Section 1 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 4 provides that \$50,000 of the estimated income line item appropriated in Section 1 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 5 provides that \$200,000 of the estimated income line item appropriated in Section 1 of the bill is from the state parks gift fund.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation of \$132,000 to the Parks and Recreation Department for costs associated with the relocation of a boat ramp at Grahams Island State Park due to flooding.

**Job Service North Dakota
Senate Bill Nos. 2017, 2023**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	389.78	\$2,000,356	\$58,611,804	\$60,612,160
2001-03 legislative appropriations	389.78	2,100,356	58,611,804	60,712,160
Legislative increase (decrease) to executive budget	0.00	\$100,000	\$0	\$100,000
Legislative increase (decrease) to 1999-2001 appropriations	(0.62)	\$850,356	\$5,748,396	\$6,598,752
2001-03 Governor Hoeven's recommendation	389.78	\$2,250,356	\$58,611,804	\$60,862,160
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$150,000)	\$0	(\$150,000)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation increased the level of funding from the general fund for Job Service North Dakota by \$250,000 to increase the funding for Work Force 2000 from \$2,000,356 to \$2,250,356.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Job Service North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for the Work Force 2000 program from \$2,000,356 to \$2,100,356		\$100,000		\$100,000

FTE Changes

The 2001-03 biennium appropriation includes funding for 389.78 FTE positions, a decrease of .62 FTE positions from the 1999-2001 biennium authorized level of 390.40 FTE positions. The legislative action did not change the executive recommendation to delete .62 FTE positions not requested by the agency.

Work Force 2000

The Legislative Assembly increased funding from the general fund for the Work Force 2000 program by \$100,000 from \$2,000,356 to \$2,100,356. The 2001-03 appropriation is a general fund reduction of \$150,000 compared to Governor Hoeven's 2001-03 recommendation for the Work Force 2000 program of \$2,250,356 and an increase of \$850,356 compared to the 1999-2001 general fund appropriation for the Work Force 2000 program of \$1,250,000. Section 3 of Senate Bill No. 2017 requires that for the first year of the biennium a minimum of \$150,000 of the \$2,100,356 provided for Work Force 2000 be available for projects in areas in the state

which are not within five miles of any city with a population of more than 8,000, and any Work Force 2000 funds remaining after June 30, 2002, may be used for projects in any area of the state.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to provide \$2,302,000 of capital project funding from state bonding proceeds for construction of a new Bismarck service delivery office and to require funding of \$2,302,000 from nongeneral fund sources be available for retirement of the associated bonding authorized in Senate Bill No. 2023.

Other Sections in Senate Bill No. 2017

Federal advance interest repayment fund - Section 5 amends North Dakota Century Code (NDCC) Section 52-04-22 relating to the federal advance interest repayment fund to provide a continuing appropriation for moneys in the fund to be used for principal and interest costs associated with the acquisition of a new service delivery office in Bismarck.

Job task analysis services - Section 6 allows Job Service North Dakota to provide job task analysis services to employers for a reasonable fee and requires all fees collected be deposited in a separate account at the Bank of North Dakota for the purpose of providing job task analysis services. In addition, the section provides a continuing appropriation for all moneys deposited in the account.

Unemployment compensation incentive fund - Section 7 provides a continuing appropriation to Job Service North Dakota for moneys credited to the unemployment compensation incentive fund pursuant to Section 903 of the Social Security Act for the purpose of administration of the unemployment compensation program.

Related Legislation

Job insurance trust fund balance - House Bill No. 1084 amends NDCC Section 52-02-17 by removing the job insurance trust fund minimum balance requirement of \$40 million and adding the requirement that Job Service North Dakota report to the Legislative Council before March 1 of each year on the actual trust fund balance and on the projected trust fund balance for the next three years.

Workforce training and development programs - Section 4 of Senate Bill No. 2020 provides for a Legislative Council study of workforce training and development programs in North Dakota, including the Work Force 2000 program administered by Job Service North Dakota.

**Judicial Branch
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	343.00	\$54,705,850	\$2,217,821	\$56,923,671
2001-03 legislative appropriations	336.00	53,753,509	2,217,821	55,971,330
Legislative increase (decrease) to executive budget	(7.00)	(\$952,341)	\$0	(\$952,341)
Legislative increase (decrease) to 1999-2001 appropriations	(15.00)	\$13,112,933	\$1,167,878	\$14,280,811
2001-03 Governor Hoeven's recommendation	343.00	\$54,705,850	\$2,217,821	\$56,923,671
Legislative increase (decrease) to Governor Hoeven's recommendation	(7.00)	(\$952,341)	\$0	(\$952,341)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Please refer to **Other Sections in Bill** section for information on salaries of Supreme Court justices and district court judges.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Supreme Court changes:				
Reduced funding to reflect the change from the requested salary increases for justices of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for the first year and 7% for the second year		(\$1,985)		(\$1,985)
Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(61,733)		(61,733)
District Court changes:				
Reduced funding to reflect the change from the requested salary increases for judges of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for each year of the biennium		(87,386)		(87,386)

Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(212,264)		(212,264)
Clerk of district court changes:				
Decreased funding for collection and enforcement of restitution and removed 7 FTE restitution-related positions added in the agency budget request	(7.00)	(588,973)		(588,973)
Total	<u>(7.00)</u>	<u>(\$952,341)</u>	<u>\$0</u>	<u>(\$952,341)</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 336 FTE positions, a decrease of 15 FTE positions from the 1999-2001 biennium authorized level of 351 FTE positions. The Legislative Assembly did not change the agency request to add four FTE positions in the district courts and to eliminate 12 FTE positions, including two positions in the district courts and 10 positions in the clerk of district courts. In addition, the Legislative Assembly removed seven FTE positions in the clerk of district courts relating to the collection of restitution.

District Court Judgeships

The Legislative Assembly provided funding for 42 district court judgeships. In accordance with North Dakota Century Code (NDCC) Section 27-05-01, the number of district court judges was to be reduced to 42 before January 2, 2001.

Indigent Defense Funding

The Legislative Assembly provided funding of \$4,055,670, of which \$3,830,670 is from the general fund, for indigent defense costs. This represents an increase of \$646,187, of which \$421,187 is from the general fund and \$225,000 is from special funds, from the 1999-2001 appropriation of \$3,409,483.

Clerk of District Court Funding

The Legislative Assembly provided funding of \$10,904,353, of which \$10,154,353 is from the general fund, for the clerk of district court unification. This represents an increase of \$9,904,353, of which \$9,154,353 is from the general fund and \$750,000 is from special funds, from the 1999-2001 appropriation of \$1,000,000.

Other Sections in Bill

1999-2001 biennium carryover - Section 4 allows the judicial branch to carry over \$350,000 from their 1999-2001 biennium general fund appropriation to the 2001-03 biennium to consolidate and integrate the East Central judicial district's case management system with the unified court information system used by the other six judicial districts.

Records management - Section 5 encourages the judicial branch to explore opportunities to use electronic management system services provided by the Information Technology Department for enhanced records management and data storage.

Restitution collection and enforcement - Section 6 provides that county and state offices performing restitution collection and enforcement activities as of April 1, 2001, continue to perform those duties until June 30, 2003.

Study of clerk of district court - Section 7 provides for a Legislative Council study of the implementation of the clerk of district court unification including the responsibility for the collection and enforcement of restitution.

Judicial salaries - Sections 8 and 9 provide for the salaries of Supreme Court justices and district court judges for the 2001-03 biennium as follows:

	Current Salary	Effective July 1, 2001	Effective July 1, 2002
Supreme Court			
Chief Justice	\$87,895	\$94,858	\$102,021
Justices	\$85,483	\$92,289	\$99,122
District court			
Presiding judges	\$80,755	\$86,754	\$93,343
Judges	\$78,887	\$84,765	\$90,671

Related Legislation

Indigent defense - Senate Bill No. 2081 establishes an application fee of \$25 for indigent defense and provides a continuing appropriation for all moneys collected.

Juror pay - Senate Bill No. 2383 amends NDCC Section 27-09.1-14 to increase compensation for district court jurors from \$25 to \$50 for each day subsequent to the first day of the jury duty. The compensation for jurors for the first day of service of \$25 remains unchanged.

**Judicial Branch
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	343.00	\$54,705,850	\$2,217,821	\$56,923,671
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Legislative increase (decrease) to 1999-2001 appropriations	(15.00)	\$13,112,933	\$1,167,878	\$14,280,811
2001-03 Governor Hoeven's recommendation	343.00	\$54,705,850	\$2,217,821	\$56,923,671
Legislative increase (decrease) to Governor Hoeven's recommendation	(7.00)	(\$952,341)	\$0	(\$952,341)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Please refer to **Other Sections in Bill** section for information on salaries of Supreme Court justices and district court judges.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Supreme Court changes:				
Reduced funding to reflect the change from the requested salary increases for justices of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for the first year and 7% for the second year		(\$1,985)		(\$1,985)
Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(61,733)		(61,733)
District Court changes:				
Reduced funding to reflect the change from the requested salary increases for judges of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for each year of the biennium		(87,386)		(87,386)

Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(212,264)		(212,264)
Clerk of district court changes:				
Decreased funding for collection and enforcement of restitution and removed 7 FTE restitution-related positions added in the agency budget request	(7.00)	(588,973)		(588,973)
Total	<u>(7.00)</u>	<u>(\$952,341)</u>	<u>\$0</u>	<u>(\$952,341)</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 336 FTE positions, a decrease of 15 FTE positions from the 1999-2001 biennium authorized level of 351 FTE positions. The Legislative Assembly did not change the agency request to add four FTE positions in the district courts and to eliminate 12 FTE positions, including two positions in the district courts and 10 positions in the clerk of district courts. In addition, the Legislative Assembly removed seven FTE positions in the clerk of district courts relating to the collection of restitution.

District Court Judgeships

The Legislative Assembly provided funding for 42 district court judgeships. In accordance with North Dakota Century Code (NDCC) Section 27-05-01, the number of district court judges was to be reduced to 42 before January 2, 2001.

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Records management - Section 5 encourages the judicial branch to explore opportunities to use electronic management system services provided by the Information Technology Department for enhanced records management and data storage.

Restitution collection and enforcement - Section 6 provides that county and state offices performing restitution collection and enforcement activities as of April 1, 2001, continue to perform those duties until June 30, 2003.

Study of clerk of district court - Section 7 provides for a Legislative Council study of the implementation of the clerk of district court unification including the responsibility for the collection and enforcement of restitution.

Judicial salaries - Sections 8 and 9 provide for the salaries of Supreme Court justices and district court judges for the 2001-03 biennium as follows:

	Current Salary	Effective July 1, 2001	Effective July 1, 2002
Supreme Court			
Chief Justice	\$87,895	\$94,858	\$102,021
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District court			
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Judges	\$78,887	\$84,765	\$90,671

Related Legislation

Indigent defense - Senate Bill No. 2081 establishes an application fee of \$25 for indigent defense and provides a continuing appropriation for all moneys collected.

Juror pay - Senate Bill No. 2383 amends NDCC Section 27-09.1-14 to increase compensation for district court jurors from \$25 to \$50 for each day subsequent to the first day of the jury duty. The compensation for jurors for the first day of service of \$25 remains unchanged.

**Labor Commissioner
House Bill No. 1007**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	10.00	\$841,391	\$229,962	\$1,071,353
2001-03 legislative appropriations	10.00	848,422	229,962	1,078,384
Legislative increase (decrease) to executive budget	0.00	\$7,031	\$0	\$7,031
Legislative increase (decrease) to 1999-2001 appropriations	1.00	\$147,385	(\$11,287)	\$136,098
2001-03 Governor Hoeven's recommendation	10.00	\$841,391	\$229,962	\$1,071,353
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$7,031	\$0	\$7,031

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Labor Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified employees whose salaries are furthest from their respective salary range midpoints.

The Legislative Assembly provided the Labor Commissioner a market equity increase of \$309.25 per month effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding and a compliance investigator FTE position added in the executive recommendation	(1.00)	(\$76,075)		(\$76,075)
Added funding and 1 FTE position relating to human rights responsibilities assigned to the agency in Senate Bill No. 2217 (see Related Legislation section)	1.00	83,106		83,106
Total	<u>0.00</u>	<u>\$7,031</u>	<u>\$0</u>	<u>\$7,031</u>

FTE Changes

The 2001-03 appropriation includes funding for 10 FTE positions, an increase of one FTE position from the 1999-2001 authorized level of nine FTE positions. The Legislative Assembly did not adopt the executive recommendation to add one new compliance investigator FTE position but did authorize one new FTE position relating to human rights responsibilities assigned to the agency in Senate Bill No. 2217.

Related Legislation

Human rights responsibilities - Senate Bill No. 2217 provides that the Labor Commissioner is responsible for investigation of human rights complaints and for conducting administrative hearings on discrimination complaints.

**Land Department
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	18.50	\$0	\$7,508,864	\$7,508,864
2001-03 legislative appropriations	18.50		7,508,864	7,508,864
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	(0.50)	\$0	\$89,185	\$89,185
2001-03 Governor Hoeven's recommendation	18.50	\$0	\$7,508,864	\$7,508,864
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Land Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the recommended appropriation for the Land Department.

FTE Changes

The Legislative Assembly did not change the executive recommendation to delete a .5 FTE administrative secretary III position.

Other Sections in Bill

Oil and gas development impact grants - Section 2 provides that \$5 million of the special funds appropriation contained in the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 3 provides that North Dakota Century Code (NDCC) Section 54-44.1-11 does not apply to appropriations for oil impact grants, and consequently, the appropriation authority may be carried over from the 2001-03 biennium to the 2003-05 biennium.

Trust fund distributions to state entities - Section 4 was added specifying the amounts to be distributed to various state entities from state trust funds managed by the Land Department and providing that NDCC Section 15-03-05.2 does not apply to distributions during the 2001-03 biennium. Section 15-03-05.2 provides that trust fund income may not be retained if distributions to a trust fund beneficiary will be reduced from the amount distributed during the preceding year. The 1999 Legislative Assembly directed that the Land Department distribute all available trust fund income to state entities during the 1999-2001 biennium, which may result in some distributions being less during the 2001-03 biennium.

Related Legislation

Dividends on unclaimed stock - House Bill No. 1066 provides that dividends accruing to unclaimed stock held by the unclaimed property division of the Land Department must be paid to the owner if the stock is claimed. The Land Department has indicated that as a result of the bill, approximately \$5,000 of revenue per biennium which would otherwise be credited to the common schools trust fund will be paid to the owners of stock held as unclaimed property. In addition, accounting for stock dividends will require approximately \$15,000 in one-time software development costs during the 2001-03 biennium and approximately \$5,400 in allocated staff time each biennium.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Legislative Assembly
Senate Bill No. 2001**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)		\$9,170,163		\$9,170,163
2001-03 legislative appropriations		9,070,163		9,070,163
Legislative increase (decrease) to executive budget	0.00	(\$100,000)	\$0	(\$100,000)
Legislative increase (decrease) to 1999-2001 appropriations		\$749,947		\$749,947
2001-03 Governor Hoeven's recommendation		\$9,170,163		\$9,170,163
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$100,000)	\$0	(\$100,000)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Legislative Days

The funding level provides for an estimated 77-day legislative session. The 2001 Legislative Assembly completed its work in 77 legislative days.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced equipment funding		(\$100,000)		(\$100,000)
Total	0.00	(\$100,000)	\$0	(\$100,000)

Salary of Legislative Council Chairman

Section 3 was added increasing the monthly compensation of the chairman of the Legislative Council by \$250 per month, from \$250 to \$500, to provide the same compensation that is provided to the majority and minority leaders. The additional \$250 per month for the Legislative Council chairman is effective only if the chairman is not a majority or minority leader.

Related Legislation

Special legislative meetings - Senate Bill No. 2048 amends North Dakota Century Code (NDCC) Section 54-03-20 to allow legislators to receive legislative session pay for attending legislative committee meetings between the organizational and the regular session as authorized by legislative rule.

Legislators' compensation - Senate Bill No. 2175 amends NDCC Section 54-03-20 to increase legislators' compensation by \$14 per calendar day, from \$111 to \$125 per day during legislative sessions, effective January 1, 2001; however, because the emergency clause was not approved, the increase for the 2001 legislative session will not be paid until August 2001. The additional cost to the Legislative Assembly relating to this change for the 2001-03 biennium is estimated to be \$239,867 for the 2001 legislative session, \$15,508 for the anticipated special session to address redistricting, and \$250,344 for the 2003 legislative session.

**Legislative Council
Senate Bill Nos. 2001 and 2016**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	33.00	\$7,208,402		\$7,208,402
2001-03 legislative appropriations	33.00	7,373,402		7,373,402
Legislative increase (decrease) to executive budget	0.00	\$165,000	\$0	\$165,000
Legislative increase (decrease) to 1999-2001 appropriations	(3.00)	\$694,218	(\$165,000)	\$529,218
2001-03 Governor Hoeven's recommendation	33.00	\$7,208,402		\$7,208,402
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$165,000	\$0	\$165,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Legislative Council is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding for equipment		(\$35,000)		(\$35,000)
Added funding in Senate Bill No. 2016 for conducting a comprehensive study of the Department of Corrections and Rehabilitation		200,000		200,000
Total	0.00	\$165,000	\$0	\$165,000

FTE Changes

The Legislative Assembly did not change the request to remove four unfilled FTE technology positions and add one FTE computer services position.

Related Legislation

Corrections study - Senate Bill No. 2016 directs the Legislative Council to conduct a study of the Department of Corrections and Rehabilitation. The bill appropriates \$200,000 from the general fund for hiring a consultant to assist with the study. This appropriation is reflected in the amounts shown above.

Per diem - Senate Bill No. 2176 increases from \$75 to \$100 per day the amount of compensation paid for each day spent in attendance at meetings of the Legislative Council and its committees, effective August 1, 2001.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Mill and Elevator Association
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	121.00		\$21,741,294	\$21,741,294
2001-03 legislative appropriations	121.00		21,741,294	21,741,294
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	(3.00)	\$0	\$1,215,806	\$1,215,806
2001-03 Governor Hoeven's recommendation	121.00	\$0	\$21,741,294	\$21,741,294
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Mill and Elevator Association is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. The Mill and Elevator Association's union employees will receive a three percent increase on July 1, 2001, and a four percent increase on July 1, 2002.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Mill and Elevator Association.

FTE Changes

The 2001-03 biennium appropriation includes funding for 121 FTE positions, a decrease of three FTE positions from the 1999-2001 biennium authorized level of 124 FTE positions. The legislative action did not change the executive recommendation to delete three FTE positions not requested by the agency.

Transfers to the General Fund

Section 9 of Senate Bill No. 2015 provides for a \$6 million transfer from the Mill and Elevator Association to the general fund during the 2001-03 biennium. The \$6 million represents the amount included in the executive recommendation and is an increase of \$3 million from the 1999-2001 biennium transfer from the Mill and Elevator Association to the general fund of \$3 million.

**NDSU Extension Service
Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	275.81	\$14,379,745	\$19,298,301	\$33,678,046
2001-03 legislative appropriations	275.81	14,329,745	19,298,301	33,628,046
Legislative increase (decrease) to executive budget	0.00	(\$50,000)	\$0	(\$50,000)
Legislative increase (decrease) to 1999-2001 appropriations	(7.00)	\$1,354,725	\$2,553,555	\$3,908,280
2001-03 Governor Hoeven's recommendation	275.81	\$14,379,745	\$19,298,301	\$33,678,046
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$50,000)	\$0	(\$50,000)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for NDSU Extension Service is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding at the NDSU Extension Service but did not designate the specific area of reduction		(\$50,000)		(\$50,000)
Total	0.00	(\$50,000)	\$0	(\$50,000)

FTE Changes

The 2001-03 biennium appropriation includes funding for 275.81 FTE positions, seven FTE positions less than the 1999-2001 authorized level of 282.81 FTE positions. A reduction in the estimated amount of grant funds that will be received resulted in the removal of seven FTE research positions associated with grant funding.

Other Sections in Bill

Single line item appropriation - The Legislative Assembly changed the appropriation for the NDSU Extension Service to a lump sum appropriation rather than appropriating by object code line items.

Additional income appropriation - Section 2 appropriates any additional funds including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Livestock marketing clubs - Section 8 was added providing legislative intent that the NDSU Extension Service allocate resources for the establishment of two pilot livestock marketing clubs in western North Dakota.

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section on the extension service's dissemination of information on each Agricultural Experiment Station research project.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

State Board of Agricultural Research and Education membership - Section 12 changes the director of the North Dakota Extension Service to a nonvoting member of the State Board of Agricultural Research and Education.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Northern Crops Institute
Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	8.00	\$724,426	\$732,697	\$1,457,123
2001-03 legislative appropriations	8.00	724,426	732,697	1,457,123
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$55,847	\$324,623	\$380,470
2001-03 Governor Hoeven's recommendation	8.00	\$724,426	\$732,697	\$1,457,123
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Northern Crops Institute is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Northern Crops Institute.

FTE Changes

The 2001-03 biennium appropriation includes funding for eight FTE positions, the same as the 1999-2001 biennium.

Other Sections in Bill

Single line item appropriation - The Legislative Assembly changed the appropriation for Northern Crops Institute to a lump sum appropriation rather than appropriating by object code line item.

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

**Office of Management and Budget
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	153.00	\$20,375,542	\$47,747,445	\$68,122,987
2001-03 legislative appropriations	132.00	18,888,692	9,592,120	28,480,812
Legislative increase (decrease) to executive budget	(21.00)	(\$1,486,850)	(\$38,155,325)	(\$39,642,175)
Legislative increase (decrease) to 1999-2001 appropriations	(20.00)	\$1,481,889	(\$39,196,743)	(\$37,714,854)
2001-03 Governor Hoeven's recommendation	132.00	\$19,182,629	\$9,842,120	\$29,024,749
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$293,937)	(\$250,000)	(\$543,937)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation consolidated the Department of Economic Development and Finance, the Tourism Department, and the Division of Community Services of the Office of Management and Budget into a department of commerce and therefore reduced the Schafer recommendation by \$39,098,238, of which \$1,192,913 was from the general fund, and 21 FTE positions related to the Division of Community Services.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly provided the Central Personnel director a market equity salary increase of \$160.75 per month effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding for the Division of Community Services (transferred to the Department of Commerce)	(21.00)	(\$1,192,913)	(\$37,905,325)	(\$39,098,238)
Removed new state procurement officer II position and related funding added in the executive recommendation	(1.00)	(137,025)		(137,025)
Added funding and an FTE position for the Risk Management Division to administer a single workers' compensation account for all state entities	1.00		150,000	150,000

Adjusted funding to provide the Central Personnel director a market equity salary increase (the amount included in the executive recommendation was \$88 less than the required amount)		88		88
Added funding for providing services relating to contracts for services		55,000		55,000
Decreased funding for state contingencies from \$600,000 to \$500,000		(100,000)		(100,000)
Decreased funding for the preplanning revolving fund from \$207,000 to \$95,000 to make available a total of \$250,000, an increase of \$50,000 from the 1999-2001 level		(112,000)		(112,000)
Reduced funding for the statewide salary pool for providing equity increases for classified state employees from \$5.4 million to \$5 million			(400,000)	(400,000)
Total	<u>(21.00)</u>	<u>(\$1,486,850)</u>	<u>(\$38,155,325)</u>	<u>(\$39,642,175)</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 132 FTE positions, a decrease of 20 FTE positions from the 1999-2001 biennium authorized level of 152 FTE positions. The Legislative Assembly did not adopt the executive recommendation to add one new state procurement officer II position, but the Legislative Assembly did add one new FTE position relating to a workers' compensation initiative and removed 21 FTE positions relating to the Division of Community Services which was consolidated into the Department of Commerce.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to provide funding of \$1,320,620 from the general fund for capital improvements on the Capitol grounds. The \$1,320,620 is \$69,620 more than the 1999-2001 appropriation of \$1,251,000, of which \$1,026,000 was from the general fund and \$225,000 was from the Capitol building fund. The following projects are included in the funding level provided for in the 2001-03 biennium:

Life safety projects	\$238,000
Judicial wing roof repairs	190,000
Agency remodeling projects	50,000
Heritage Center cooling tower	100,000
Parking lot and roadway repairs	125,000
Electrical improvements	60,000
Governor's residence maintenance	30,000
Building automation	40,000
Legislative meeting room fire alarm devices	56,000
Carpet	95,000
Judicial wing paver repair	94,000
Card access (Phase II)	30,000
East Department of Transportation tunnel loading dock	38,000
Lighting upgrade and retrofit	27,710
Contingency	100,000

Other projects	46,910
Total	<u>\$1,320,620</u>

State Memberships

The Legislative Assembly did not change the executive recommendation which included \$333,200 from the general fund for state memberships and related expenses as follows:

Governmental Accounting Standards Board	\$4,000
Commission on Uniform State Laws	55,000
Council of State Governments	132,000
Western Governors Association	72,000
National Governors Association	69,000
National Conference of Lieutenant Governors	1,200
Total	<u>\$333,200</u>

State Employee Compensation

State employee compensation guidelines - Section 6 provides the guidelines for state employee compensation adjustments. The Legislative Assembly provided funding for increases of three percent for the first year of the biennium and two percent for the second year of the biennium. Annual increases are to be a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. The Legislative Assembly did not adopt language recommended in the executive budget providing that agencies may provide average salary increases of up to three percent for the second year of the biennium if the increase can be paid for without an increase in the agency's appropriation, but the Legislative Assembly did add language providing that agency salaries and wages appropriations were increased in total by approximately two percent for increased health insurance benefit costs.

Special compensation adjustment guidelines - The Legislative Assembly provided funding of \$5 million, of which \$2.7 million is from the general fund and \$2.3 million is from other funds, for market equity adjustments for classified employees. This represents a decrease of \$400,000 from the executive recommendation and from special compensation adjustment funding provided in the 1999-2001 biennium of \$5.4 million, of which \$2.7 million was from the general fund and \$2.7 million was from other funds. Section 5 provides the guidelines for the distribution of the \$5 million of the statewide compensation plan funding. The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints. The special market equity increases may not be given to employees whose salaries exceed the midpoint of their assigned salary range or to employees whose documented performance levels do not meet standards.

Transfers to the General Fund

Special fund transfers - Section 8 provides for the following special fund transfers to the general fund:

Land and minerals trust fund	\$3,545,102
Financial institutions regulatory fund	300,000
Total	<u>\$3,845,102</u>

Bank of North Dakota transfers - Section 11 provides for transfers of \$60 million from the current earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund. This is \$10 million more than the executive recommendation of \$50 million and the \$50 million of transfers during the 1999-2001 biennium authorized by the 1999 Legislative Assembly. The section provides that no transfers may be made which would reduce the Bank's capital structure below \$140 million and that no more than \$15 million of the amount transferred may come from accumulated and undivided profits.

Contingent Bank of North Dakota transfers - Section 12 provides for additional contingent transfers from the Bank's earnings and accumulated and undivided profits to the general fund. The additional contingent transfers may not exceed the lesser of \$25 million or the revenue shortfall of actual collections compared to the March 2001 legislative forecast. The \$25 million represents the amount included in the executive recommendation and is \$15 million less than the \$40 million of contingent transfers authorized by the 1999 Legislative Assembly for the 1999-2001 biennium. The section also provides that no transfers may be made which would reduce the Bank's capital structure below \$140 million.

Student loan trust transfer - Section 13 provides for a transfer of \$9 million from the North Dakota student loan trust to the general fund. The moneys transferred must be in such amounts and at such times as requested by the director of the Office of Management and Budget and may only be transferred upon certification by the student loan trust trustee that sufficient moneys remain available to pay all debt service on student loan trust bonds, all required rebate payments to the United States treasury, and all program operating expenses. The transfer was not included in Governor Schafer's executive recommendation but was included in Governor Hoeven's recommendation.

Other General Fund Revenue

Developmental disabilities revolving loan fund - Section 9 authorizes the director of the Office of Management and Budget to sell developmentally disabled facility loans to the Bank of North Dakota to provide \$2,000,000 for deposit into the state general fund. The Legislative Assembly reduced the proceeds to be realized from the sale by \$700,000 from the \$2,700,000 included in Governor Schafer's executive recommendation to \$2,000,000. The revision was included in Governor Hoeven's recommendation.

Other Sections in Bill

Department of Human Services appropriation - Section 2 appropriates \$125,000 from the general fund to the Department of Human Services for the purpose of reimbursing counties with economic assistance administrative costs in excess of the statewide average. In addition, Section 25 amends North Dakota Century Code (NDCC) Section 50-01.2-03.2 to provide that funds be allocated at 90 percent of the affected county's administrative expenses for economic assistance programs that are in excess of the statewide average.

Federal program termination - Section 14 provides that if federal funding for a program is terminated during the 2001-03 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize as necessary.

Statewide radio system engineering plan - Section 15 provides that the State Radio Communications may request a transfer of \$100,000 from the state contingencies appropriation of the Emergency Commission for matching funds from federal or other sources for developing a statewide radio system engineering plan.

State contingencies appropriation - Section 16 provides that the Office of Management and Budget is to transfer, during the 1999-2001 biennium, \$160,000 from the state contingencies appropriation of the Emergency Commission to the emergency fund of the Adjutant General for flood-related expenses for the 1999-2001 biennium.

City flood control special assessment exemption - Section 17 provides a conditional exemption for certain state property from special assessments for flood control.

Additional lodging reimbursement - Section 18 provides that members of the Legislative Assembly may receive additional lodging reimbursement for each calendar day the 2001 Legislative Assembly was in session during the month of April 2001.

Levee protection funding authority - Section 19 provides that the State Water Commission may use up to \$5 million from the resources trust fund or from bond proceeds to provide a cost share for constructing and improving levees at Devils Lake.

Elimination of certain deputy positions - Section 20 provides for the elimination of deputy positions in any agency with fewer than 30 FTE positions. (This section was vetoed by Governor Hoeven.)

Fargo Family Healthcare Center debt - Section 21 provides for the University of North Dakota School of Medicine and Health Sciences to forgive the amount of debt owed by the Fargo Family Healthcare Center of \$395,000, subject to Budget Section approval.

Health insurance company benefit limitations - Section 22 provides for a Legislative Council study of health insurance company benefit limitations.

Interstate banking authorization - Section 23 amends NDCC Section 6-08.3-13 relating to interstate banking.

Capital construction local fund sources - Section 24 creates a new section to NDCC Chapter 15-10 relating to local fund sources for capital construction projects.

Emergency Commission membership - Section 26 amends NDCC Section 54-16-01 to provide that the vice chairman of the Legislative Council may serve as a member of the Emergency Commission in the place of the chairman of the Legislative Council if the chairman is serving on the commission in another capacity or is unable to attend a commission meeting.

911 services - Section 27 amends NDCC Section 54-23.2-09, and Section 30 repeals Section 18 of Chapter 37 of the 1995 Session Laws and Section 12 of Chapter 15 of the 1997 Session Laws relating to the provision of 911 services by the State Radio Communications.

Building construction cost-benefit analyses - Section 28 creates a new section to NDCC Chapter 54-44.1 which requires the Office of Management and Budget, in conjunction with the Information Technology Department, to complete a cost-benefit analysis for each new building construction project requested in state agency budget requests and to report on the cost-benefit analyses for those projects included in the Governor's recommendation to the Legislative Assembly.

Workers' compensation state entities' account - Section 29 creates a new section to NDCC Chapter 65-04 relating to the establishment of a state entities' workers' compensation account.

Related Legislation

State employee bonuses - House Bill No. 1119 allows state agencies to provide bonuses to classified employees.

Recruitment and retention bonus programs - House Bill No. 1120 allows state agencies to develop recruitment and retention bonus pilot programs for hard-to-fill occupations.

Contracts for services - House Bill No. 1125 allows the Office of Management and Budget to procure contracts for services to be provided to state agencies.

Personal motor vehicle use - House Bill No. 1147 allows state agencies to authorize use of employees' personal vehicles and to provide mileage reimbursement at a rate less than the standard mileage reimbursement rate.

Mileage reimbursement - House Bill No. 1197 increases the reimbursement mileage rate for state officers and employees from 25 cents to 31 cents per mile.

**Parks and Recreation Department (including International Peace Garden)
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	42.75	\$7,809,589	\$7,397,000	\$15,206,589
2001-03 legislative appropriations	42.75	7,656,019	7,397,000	15,053,019
Legislative increase (decrease) to executive budget	0.00	(\$153,570)	\$0	(\$153,570)
Legislative increase (decrease) to 1999-2001 appropriations	2.75	\$881,460	\$2,945,169	\$3,826,629
2001-03 Governor Hoeven's recommendation	42.75	\$7,822,089	\$7,397,000	\$15,219,089
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$166,070)	\$0	(\$166,070)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven budget recommendation increased the Schafer recommendation by \$12,500 from the general fund for a grant to the International Peace Garden Foundation for the renovation of restroom facilities at the International Peace Garden music camp (approved by the Legislative Assembly).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide the following:

An appropriation of \$3,376 from the general fund to provide a market adjustment of \$165.42 per month for the director effective January 1, 2002.

An appropriation of \$6,751 (\$4,256 from the general fund and \$2,495 from other funds) for salary adjustments in addition to the compensation package to increase salaries to new pay range minimums established by Central Personnel.

An appropriation of \$103,750 from the general fund for salary adjustments in addition to the compensation package to increase salaries of employees below the midpoint of their salary range.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding by \$166,070 for unspecified capital projects to be determined by the department, reducing the capital improvements line item from \$2,174,070 to \$2,008,000		(\$166,070)		(\$166,070)

Added funding for a grant to the International Peace Garden Foundation for the renovation of the restroom facilities at the International Peace Garden music camp as recommended by Governor Hoeven		12,500		12,500
Total	<u>0.00</u>	<u>(\$153,570)</u>	<u>\$0</u>	<u>(\$153,570)</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 2.75 FTE positions, as follows:

- .25 FTE park ranger to increase a .75 FTE position to 1 FTE.
- 1.5 FTE maintenance supervisor I positions to provide maintenance staff at Lake Metigoshe and Turtle River State Parks.
- 1 FTE park ranger for the Cross Ranch State Park, to provide services relating to the Lewis and Clark Bicentennial.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

Project	General Fund	Other Funds	Total
Capital projects included in executive budget:			
Extraordinary repairs	\$808,070		\$808,070
Cabin renovation and construction at Turtle River, Cross Ranch, and Icelandic State Parks	115,000		115,000
Lewis and Clark State Park marina dredging	135,000		135,000
Playground equipment replacement at state parks	108,000	\$108,000	216,000
Fort Ransom Sunne farm house renovation	65,000		65,000
Fort Lincoln cavalry stables reconstruction		300,000	300,000
Fort Lincoln On-A-Slant Mandan Indian Village improvements		500,000	500,000
Icelandic State Park bicycle trail construction	35,000		35,000
Less legislative reduction:			
Unspecified capital projects	(166,070)		(166,070)
Total	\$1,100,000	\$908,000	\$2,008,000

Lewis and Clark Bicentennial

The Legislative Assembly did not change the executive recommendation to appropriate \$765,441 from the general fund, \$327,741 more than the 1999-2001 biennium appropriation of \$437,700, for initiatives relating to the Lewis and Clark Bicentennial, as follows:

	General Fund
1 FTE park ranger for the Cross Ranch State Park	\$66,547
Temporary salaries and wages	89,629

Operating expenses for programming and promotional supplies	75,999
Infrastructure improvements at Fort Lincoln, Cross Ranch, Fort Stevenson, Lake Sakakawea, and Lewis and Clark State Parks	533,266
Total	\$765,441

International Peace Garden

The Legislative Assembly increased the International Peace Garden line item by \$12,500 from the general fund, as recommended by Governor Hoeven. The legislative appropriation is \$377,083, which consists of \$364,583 for the International Peace Garden and \$12,500 for the International Peace Garden Foundation for restroom renovations at the International Peace Garden music camp. The \$364,583 appropriation to the International Peace Garden for the 2001-03 biennium is the same as the amount appropriated for the 1999-2001 biennium.

Other Sections in Bill

Transfers to International Peace Garden and Foundation - Section 2, which was included in the bill as introduced and subsequently amended by the Legislative Assembly, provides that the appropriation of \$377,083 in Subdivision 2 of Section 1 of the bill consists of \$364,583 for the International Peace Garden and \$12,500 for the International Peace Garden Foundation, which must be transferred to those entities by the Parks and Recreation Department during the 2001-03 biennium.

Snowmobile fund - Section 3 provides that \$600,000 of the estimated income line item appropriated in Section 1 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 4 provides that \$50,000 of the estimated income line item appropriated in Section 1 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 5 provides that \$200,000 of the estimated income line item appropriated in Section 1 of the bill is from the state parks gift fund.

Related Legislation

Deficiency appropriation - House Bill No. 1026 provides a general fund deficiency appropriation of \$132,000 to the Parks and Recreation Department for costs associated with the relocation of a boat ramp at Grahams Island State Park due to flooding.

**Protection and Advocacy Project
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	22.00	\$881,746	\$1,693,022	\$2,574,768
2001-03 legislative appropriations	24.50	776,548	2,171,548	2,948,096
Legislative increase (decrease) to executive budget	2.50	(\$105,198)	\$478,526	\$373,328
Legislative increase (decrease) to 1999-2001 appropriations	2.50	\$0	\$664,056	\$664,056
2001-03 Governor Hoeven's recommendation	22.00	\$881,746	\$1,693,022	\$2,574,768
Legislative increase (decrease) to Governor Hoeven's recommendation	2.50	(\$105,198)	\$478,526	\$373,328

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Protection and Advocacy Project is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market equity adjustment of \$379.00 per month for the director effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the director to provide a \$379.00 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$2,347)		(\$2,347)
Reduced the general fund authorization to the 1999-2001 level as a result of additional federal funds available for the 2001-03 biennium		(102,851)	102,851	
Added funding for 1.5 FTE positions relating to the protection and advocacy of individuals with mental illness program. This program expands services for people with significant mental illness or emotional impairment to include those who live in a community setting, including their own home.	1.50		142,675	142,675

Added funding from federal funds available from the Social Security Administration and approved 1 FTE position to be responsible for implementation of the Social Security Administration grant program. The purpose of this program is to assist Social Security beneficiaries with disabilities gain meaningful employment.	1.00		233,000	233,000
	<u>2.50</u>	<u>(\$105,198)</u>	<u>\$478,526</u>	<u>\$373,328</u>
Total				

FTE Changes

The Legislative Assembly added 1.5 FTE positions for the protection and advocacy of individuals with mental illness program and one FTE position for the Social Security Administration grant program.

**Public Employees Retirement System
House Bill No. 1025**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	27.00	\$0	\$3,859,480	\$3,859,480
2001-03 legislative appropriations	27.00		3,859,480	3,859,480
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	1.00	\$0	\$459,528	\$459,528
2001-03 Governor Hoeven's recommendation	27.00	\$0	\$3,859,480	\$3,859,480
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Employees Retirement System is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items and FTE Changes

The Legislative Assembly did not change the recommended appropriation for the Public Employees Retirement System, including the addition of one FTE employee benefits programs specialist to conduct member education programs.

Related Legislation

Participation in defined contribution retirement plan - House Bill No. 1216 extends until December 14, 2001, the time period within which state employees eligible under current law to participate in the defined contribution plan may elect to do so. The agency has indicated the bill will require \$3,780 to implement--\$3,000 to calculate account balances to be transferred to the defined contribution plan and \$780 for meeting expenses.

Public Employees Retirement System benefits multiplier - Senate Bill No. 2082 increases the Public Employees Retirement System defined benefits plan benefits multiplier from 1.89 to 2.00 percent and provides a postretirement benefit increase for retired members.

Judges' retirement system benefits - Senate Bill No. 2083 provides a postretirement benefit increase for retired members of the judges' retirement system.

Highway Patrolmen's retirement system benefits - Senate Bill No. 2084 provides a postretirement benefit increase for retired members of the Highway Patrolmen's retirement system and increases the benefits multiplier from 3.40 to 3.60 percent.

**State Radio Communications
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	31.00	\$4,715,752	\$524,432	\$5,240,184
2001-03 legislative appropriations	31.00	4,315,752	524,432	4,840,184
Legislative increase (decrease) to executive budget	0.00	(\$400,000)	\$0	(\$400,000)
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$392,155	\$9,442	\$401,597
2001-03 Governor Hoeven's recommendation	31.00	\$4,715,752	\$524,432	\$5,240,184
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$400,000)	\$0	(\$400,000)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for State Radio Communications is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Removed funding for a statewide radio system engineering plan (see Statewide Radio System Engineering Plan section below).		(\$400,000)		(\$400,000)
Total	0.00	(\$400,000)	\$0	(\$400,000)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 31 FTE positions, the same as the 1999-2001 biennium.

Statewide Radio System Engineering Plan

The executive budget recommended funding of \$400,000 from the general fund for development of a statewide radio system engineering plan. The Legislative Assembly removed the recommended funding and provided that State Radio Communications may request the Emergency Commission to transfer \$100,000 from the state contingencies appropriation for matching federal or other funds for development of a statewide radio system engineering plan (Section 15 of House Bill No. 1015).

**Retirement and Investment Office
House Bill No. 1025**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	18.00	\$0	\$2,790,133	\$2,790,133
2001-03 legislative appropriations	18.00		2,790,133	2,790,133
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	1.00	\$0	\$243,250	\$243,250
2001-03 Governor Hoeven's recommendation	18.00	\$0	\$2,790,133	\$2,790,133
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Retirement and Investment Office is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items and FTE Changes

The Legislative Assembly did not change the recommended appropriation for the Retirement and Investment Office, including the addition of one FTE accounting/budget specialist II for the agency's investment program.

Related Legislation

Teachers' Fund for Retirement benefit multiplier - House Bill No. 1102 increases the Teachers' Fund for Retirement (TFFR) benefits multiplier from 1.88 to 2.00 percent and provides a contingent monthly postretirement benefit increase, subject to an actuarial test, for retired TFFR members.

**School for the Deaf
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	53.10	\$4,980,301	\$1,095,624	\$6,075,925
2001-03 legislative appropriations	53.10	5,054,301	1,095,624	6,149,925
Legislative increase (decrease) to executive budget	0.00	\$74,000	\$0	\$74,000
Legislative increase (decrease) to 1999-2001 appropriations	(0.83)	\$352,647	\$373,768	\$726,415
2001-03 Governor Hoeven's recommendation	53.10	\$4,980,301	\$1,095,624	\$6,075,925
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$74,000	\$0	\$74,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the School for the Deaf is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide the following:

An appropriation of \$8,182 from the general fund for salary adjustments in addition to the executive budget compensation package to increase salaries to new pay range minimums established by Central Personnel.

An appropriation of \$163,407 (\$63,407 from the general fund and \$100,000 from other funds) to increase teacher salaries pursuant to the composite salary schedule developed by Central Personnel.

In addition to other salary increases, the Legislative Assembly added \$74,000 for teacher compensation payments. The additional \$74,000 is for salary increases of \$1,000 the first year of the biennium and an additional \$2,000 the second year (the same increases provided for public school teachers pursuant to House Bill No. 1344) to 18.5 FTE teachers and nonadministrative instructional personnel.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for teacher compensation payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year,		\$74,000		\$74,000

in addition to the executive budget compensation package and the teacher salary increases provided pursuant to the composite salary schedule

Total	<u>0.00</u>	<u>\$74,000</u>	<u>\$0</u>	<u>\$74,000</u>
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FTE Changes

The Legislative Assembly did not change the executive recommendation to delete a .83 FTE education programs coordinator.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate \$45,410 from the general fund for extraordinary repairs at the School for the Deaf.

Other Sections in Bill

Teacher compensation increases - Section 6 was added providing that the salaries and wages line item appropriated to the School for the Deaf for the 2001-03 biennium includes \$74,000 from the general fund to provide, in addition to amounts otherwise appropriated for salary increases, teacher compensation payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year (second year total of \$3,000 per teacher).

**Securities Commissioner
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	8.00	\$1,121,241	\$0	\$1,121,241
2001-03 legislative appropriations	8.00	1,121,241	0	1,121,241
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$31,200	\$0	\$31,200
2001-03 Governor Hoeven's recommendation	8.00	\$1,121,241	\$0	\$1,121,241
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Securities Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$159.08 per month for the Securities Commissioner effective January 1, 2002.

Major Items

The Legislative Assembly did not change the executive recommendation for funding the Securities Commissioner.

FTE Changes

The 2001-03 biennium appropriation includes funding for eight FTE positions, the same as the 1999-2001 biennium authorized level.

**Seed Department
House Bill No. 1018**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	32.00	\$0	\$5,454,447	\$5,454,447
2001-03 legislative appropriations	32.00	0	5,454,447	5,454,447
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	(1.00)	\$0	\$137,203	\$137,203
2001-03 Governor Hoeven's recommendation	32.00	\$0	\$5,454,447	\$5,454,447
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Seed Department is in accordance with the legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

Major Items

The Legislative Assembly did not change the executive recommendation for funding the Seed Department.

FTE Changes

The 2001-03 appropriation includes funding for 32 FTE positions, the same as the executive recommendation and one less than the 1999-2001 authorized level. The reduction of one unspecified FTE position is a result of industry changes and program requirements.

Transfer Authority

Section 2 of House Bill No. 1018 authorizes the State Seed Department, upon approval of the State Seed Commission, to transfer funds from the contingency line item in its appropriation to all other line items except the capital improvements line item.

**State Fair Association
Senate Bill No. 2009**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)		\$550,000	\$20,000	\$570,000
2001-03 legislative appropriations		575,000	20,000	595,000
Legislative increase (decrease) to executive budget		\$25,000	\$0	\$25,000
Legislative increase (decrease) to 1999-2001 appropriations		\$25,000	\$0	\$25,000
 2001-03 Governor Hoeven's recommendation		 \$550,000	 \$20,000	 \$570,000
Legislative increase (decrease) to Governor Hoeven's recommendation		\$25,000	\$0	\$25,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

State Fair Premiums

The Legislative Assembly provided \$385,000 for premiums, \$365,000 of which is from the general fund and \$20,000 to be raised by the State Fair. The 2001-03 executive budget recommended premium funding of \$360,000 of which \$340,000 was from the general fund, the same as the 1999-2001 appropriation. The Legislative Assembly increased the appropriation for premiums by \$25,000 from the general fund.

Debt Payments

The Legislative Assembly did not change the executive recommendation which provided \$210,000 from the general fund to continue the interest rate buydown on State Fair capital construction project payments for the 2001-03 biennium, the same level provided for the 1999-2001 biennium.

**State Library
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	28.75	\$3,114,656	\$1,598,857	\$4,713,513
2001-03 legislative appropriations	28.75	3,114,656	1,598,857	4,713,513
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	(0.25)	\$112,229	\$5,024	\$117,253
2001-03 Governor Hoeven's recommendation	28.75	\$3,114,656	\$1,598,857	\$4,713,513
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide \$8,435 (\$3,411 from the general fund and \$5,024 from other funds) for salary adjustments in addition to the executive budget compensation package to increase salaries to new pay range minimums established by Central Personnel.

Major Items

The Legislative Assembly did not change the recommended appropriation for the State Library.

FTE Changes

The Legislative Assembly did not change the executive recommendation to delete .25 FTE assistant director position to reflect the position currently being filled as a .75 FTE.

Other Sections in Bill

State aid to public libraries - Section 13 provides that the grants line item for the State Library includes \$888,745 for aid to public libraries (the same amount appropriated for the 1999-2001 biennium).

**Judicial Branch
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	343.00	\$54,705,850	\$2,217,821	\$56,923,671
2001-03 legislative appropriations	336.00	53,753,509	2,217,821	55,971,330
Legislative increase (decrease) to executive budget	(7.00)	(\$952,341)	\$0	(\$952,341)
Legislative increase (decrease) to 1999-2001 appropriations	(15.00)	\$13,112,933	\$1,167,878	\$14,280,811
2001-03 Governor Hoeven's recommendation	343.00	\$54,705,850	\$2,217,821	\$56,923,671
Legislative increase (decrease) to Governor Hoeven's recommendation	(7.00)	(\$952,341)	\$0	(\$952,341)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Please refer to **Other Sections in Bill** section for information on salaries of Supreme Court justices and district court judges.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Supreme Court changes:				
Reduced funding to reflect the change from the requested salary increases for justices of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for the first year and 7% for the second year		(\$1,985)		(\$1,985)
Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(61,733)		(61,733)
District Court changes:				
Reduced funding to reflect the change from the requested salary increases for judges of 11% for the first year of the biennium and 2% for the second year of the biennium to salary increases of approximately 8% for each year of the biennium		(87,386)		(87,386)

Reduced operating expenses to reflect the postponement of an enhanced data records management project until the 2003-05 biennium		(212,264)		(212,264)
Clerk of district court changes:				
Decreased funding for collection and enforcement of restitution and removed 7 FTE restitution-related positions added in the agency budget request	(7.00)	(588,973)		(588,973)
Total	<u>(7.00)</u>	<u>(\$952,341)</u>	<u>\$0</u>	<u>(\$952,341)</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 336 FTE positions, a decrease of 15 FTE positions from the 1999-2001 biennium authorized level of 351 FTE positions. The Legislative Assembly did not change the agency request to add four FTE positions in the district courts and to eliminate 12 FTE positions, including two positions in the district courts and 10 positions in the clerk of district courts. In addition, the Legislative Assembly removed seven FTE positions in the clerk of district courts relating to the collection of restitution.

District Court Judgeships

The Legislative Assembly provided funding for 42 district court judgeships. In accordance with North Dakota Century Code (NDCC) Section 27-05-01, the number of district court judges was to be reduced to 42 before January 2, 2001.

Indigent Defense Funding

The Legislative Assembly provided funding of \$4,055,670, of which \$3,830,670 is from the general fund, for indigent defense costs. This represents an increase of \$646,187, of which \$421,187 is from the general fund and \$225,000 is from special funds, from the 1999-2001 appropriation of \$3,409,483.

Clerk of District Court Funding

The Legislative Assembly provided funding of \$10,904,353, of which \$10,154,353 is from the general fund, for the clerk of district court unification. This represents an increase of \$9,904,353, of which \$9,154,353 is from the general fund and \$750,000 is from special funds, from the 1999-2001 appropriation of \$1,000,000.

Other Sections in Bill

1999-2001 biennium carryover - Section 4 allows the judicial branch to carry over \$350,000 from their 1999-2001 biennium general fund appropriation to the 2001-03 biennium to consolidate and integrate the East Central judicial district's case management system with the unified court information system used by the other six judicial districts.

Records management - Section 5 encourages the judicial branch to explore opportunities to use electronic management system services provided by the Information Technology Department for enhanced records management and data storage.

Restitution collection and enforcement - Section 6 provides that county and state offices performing restitution collection and enforcement activities as of April 1, 2001, continue to perform those duties until June 30, 2003.

Study of clerk of district court - Section 7 provides for a Legislative Council study of the implementation of the clerk of district court unification including the responsibility for the collection and enforcement of restitution.

Judicial salaries - Sections 8 and 9 provide for the salaries of Supreme Court justices and district court judges for the 2001-03 biennium as follows:

	Current Salary	Effective July 1, 2001	Effective July 1, 2002
Supreme Court			
Chief Justice	\$87,895	\$94,858	\$102,021
Justices	\$85,483	\$92,289	\$99,122
District court			
Presiding judges	\$80,755	\$86,754	\$93,343
Judges	\$78,887	\$84,765	\$90,671

Related Legislation

Indigent defense - Senate Bill No. 2081 establishes an application fee of \$25 for indigent defense and provides a continuing appropriation for all moneys collected.

Juror pay - Senate Bill No. 2383 amends NDCC Section 27-09.1-14 to increase compensation for district court jurors from \$25 to \$50 for each day subsequent to the first day of the jury duty. The compensation for jurors for the first day of service of \$25 remains unchanged.

**Department of Tourism
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	11.00	\$4,597,778	\$363,000	\$4,960,778
2001-03 legislative appropriations	0.00			
Legislative increase (decrease) to executive budget	(11.00)	(\$4,597,778)	(\$363,000)	(\$4,960,778)
Legislative increase (decrease) to 1999-2001 appropriations	(11.00)	(\$4,016,000)	(\$363,000)	(\$4,379,000)
2001-03 Governor Hoeven's recommendation	0.00	\$0	\$0	\$0
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation provided for the elimination of the Department of Tourism as a separate state agency and combined the funding and FTE positions with the Department of Economic Development and Finance and the Division of Community Services to create the Department of Commerce.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFFER) AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Defeated House Bill No. 1022, which provided funding for the Department of Tourism (Senate Bill No. 2019 provides funding for the Department of Commerce, which includes a Division of Tourism)	(11.00)	(\$4,597,778)	(\$363,000)	(\$4,960,778)
Total	(11.00)	(\$4,597,778)	(\$363,000)	(\$4,960,778)

FTE Changes

The FTE positions relating to the Department of Tourism were combined with the Department of Economic Development and Finance and the Division of Community Services to create the Department of Commerce .

Related Legislation

Department of Commerce appropriation - Senate Bill No. 2019 provides the appropriation authority for the Department of Commerce, which includes a Division of Tourism.

Department of Commerce creation - Senate Bill No. 2032 consolidates the duties of the Department of Tourism, the Department of Economic Development and Finance, and the Division of Community Services into the Department of Commerce administered by a commissioner of commerce; creates a North Dakota commerce cabinet; and allows for the creation of a privately funded North Dakota economic development foundation.

**Department of Transportation
Senate Bill Nos. 2012, 2023**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	1,041.00		\$734,924,454	\$734,924,454
2001-03 legislative appropriations	1,041.00		739,918,943	739,918,943
Legislative increase (decrease) to executive budget	0.00	\$0	\$4,994,489	\$4,994,489
Legislative increase (decrease) to 1999-2001 appropriations	1.00	\$0	\$64,182,664	\$64,182,664
2001-03 Governor Hoeven's recommendation	1,041.00	\$0	\$734,924,454	\$734,924,454
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$4,994,489	\$4,994,489

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Transportation is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$198.92 per month for the director, \$461.08 per month for one deputy, and \$485.83 per month for the other deputy. These appointed officials' market adjustments are effective January 1, 2002. The bill also includes \$960,000 from the highway fund for providing salary market adjustments for engineers and engineering technicians and \$240,000 from the highway fund for providing salary market adjustments for information technology staff.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increases effective January 1, 2002. The director's salary increase is provided at \$198.92 per month, one deputy director's increase is provided at \$461.08 per month, and the other deputy's increase is provided at \$485.83 per month. The executive budget included more funding than was necessary to provide for these increases.			(\$5,511)	(\$5,511)
Added federal funds for paying preliminary engineering costs on the Four Bears Bridge Project			5,000,000	5,000,000
Total	0.00	\$0	\$4,994,489	\$4,994,489

FTE Changes

The Legislative Assembly did not change the executive recommendation to add one FTE telecommunications technician II position.

Information Technology Projects

The following information technology projects were approved for the 2001-03 biennium:

- Development of an electronic document management system - \$478,865
- Development of e-commerce applications - \$182,883
- Replacement of the construction automated records system (CARS) - \$404,400
- Expansion of highway project development tools - \$253,760
- Replacement of the automated driver's license testing system - \$450,000

License Plates

The executive budget included a \$3.2 million appropriation to the Motor Vehicle Division for a new general license plate issue in Senate Bill No. 2012. The Legislative Assembly removed the \$3.2 million for the general license plate issue from the operating expenses line item and added Section 3 to the bill which appropriates the \$3.2 million only if the 2001 Legislative Assembly specifically identifies additional revenues to provide for the cost of the general license plate issue. The Legislative Assembly did not specifically identify additional revenue to provide for the cost of issuing a new license plate.

Highway Construction Funds

The Legislative Assembly did not change the executive recommendation which provided a total of \$451,162,687, of which \$87,946,806 is from the highway fund and \$363,215,881 is federal funds for highway construction projects for the 2001-03 biennium, an increase of \$78,513,576 compared to the 1999-2001 biennium, prior to legislative approval in Section 4 of Senate Bill No. 2012 of \$49,186,400 of funding for additional 1999-2001 biennium emergency relief projects.

Other Capital Improvements

Other capital improvements approved include:

\$352,600 of bond proceeds for a lighting retrofit project in the headquarters building appropriated in Senate Bill No. 2023.

\$2.5 million from asbestos settlement proceeds for partial remodeling of the highway building, due to the presence of asbestos, appropriated in Senate Bill No. 2012. The total project is estimated to cost \$8.5 million.

\$800,000 from the highway fund for replacing an estimated three section buildings.

Highway Fund Revenues

The Legislative Assembly provided for additional highway fund revenues of \$14.5 million, \$600,000 less than the department requested. The additional revenues resulted from:

Reducing the recommended amount of highway fund moneys appropriated for use by the Highway Patrol by \$7,529,899, from \$13,729,899 to \$6,200,000.

Increasing motor vehicle registration fees by \$7 for each vehicle registered, excluding trailers, which is estimated to provide an additional \$9.5 million. For the 2001-03 biennium, the Legislative Assembly provided that collections relating to \$2 of the \$7 increase be deposited in the highway fund rather than the highway tax distribution fund. As a result, \$7,021,000 of the \$9,500,000 of additional revenue generated from the \$7 increase will be deposited in the state highway fund and the remaining \$2,479,000 will be distributed to cities and counties.

Fuel Taxes

The Legislative Assembly did not change the current 21 cents per gallon motor fuel tax rate. A one-cent gasoline tax per gallon generates an estimated \$3.5 million per year or \$7 million per biennium. A one-cent special fuels (diesel) tax raises an estimated \$1.55 million per year or \$3.1 million per biennium. Of the \$10.1 million total, \$6.4 million or 63 percent is deposited in the state highway fund, and \$3.7 million or 37 percent is distributed to counties and cities.

Other Sections in Senate Bill No. 2012

Fleet Services study - Section 2 was added providing for a Legislative Council study of Fleet Services.

Deficiency appropriation - Section 4 was added appropriating \$49,694,483 to the Department of Transportation for the 1999-2001 biennium. This appropriation relates to:

\$508,083 of collections from UNISYS, Inc., for costs incurred by the Motor Vehicle Division due to the delay in the completion of the vehicle registration and titling system.

\$17,414,616 of federal funds for flood-related work in the Devils Lake area (\$1,731,581) and for other highway projects (\$15,683,035).

\$31,771,784, of which \$27,439,028 is federal emergency relief funds and \$4,332,756 is from proceeds of a Bank of North Dakota loan, for flood-related projects in the Devils Lake area and in other parts of the state.

Driver's license number - Section 5 was added providing that after the initial application for a driver's license, an individual does not need to provide the individual's Social Security number when renewing the individual's driver's license unless the individual is changing from a distinguishing number to the individual's Social Security number.

Commercial driver's license number - Section 6 was added allowing individuals to request a unique identifying number other than their Social Security number for their commercial driver's license number.

Speed limit - Section 7 was added but was vetoed by the Governor, to increase the speed limit on the state's interstate highways to 75 miles per hour.

Related Legislation

Motor vehicle branch office pilot project - Senate Bill No. 2027 requires the Department of Transportation to establish a motor vehicle pilot project office site in three counties, with the county treasurer administering motor vehicle registration programs at each of these sites.

Loans for emergency relief projects - Senate Bill No. 2112, recommended as part of the executive budget, authorizes the Department of Transportation to borrow funds from the Bank of North Dakota to match federal emergency relief funds that may become available for highway projects. If funding is unavailable to repay the loan by the end of the biennium, the department is to request a deficiency appropriation from the highway fund to repay the loan and accumulated interest. The department estimates receiving \$32 million of federal emergency relief funds requiring \$8 million of state matching funds during the 2001-03 biennium. The Legislative Assembly appropriated \$31.8 million, \$4.3 of which is proceeds from a Bank of North Dakota loan for the remainder of the 1999-2001 biennium in Section 4 of Senate Bill No. 2012 for emergency relief projects.

Motor vehicle registration fees - Senate Bill No. 2159 increases motor vehicle registration fees by \$7 per year (see **Highway Fund Revenues** section).

Department of Transportation scholarships - House Bill No. 1167 authorizes the Department of Transportation to provide up to \$20,000 per year for scholarships, a \$10,000 increase per year compared to the current level.

**Upper Great Plains Transportation Institute
Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	27.75	\$505,079	\$7,383,348	\$7,888,427
2001-03 legislative appropriations	27.75	505,079	7,383,348	7,888,427
Legislative increase (decrease) to executive budget	0.00	\$0	\$0	\$0
Legislative increase (decrease) to 1999-2001 appropriations	4.25	\$18,088	\$1,114,906	\$1,132,994
2001-03 Governor Hoeven's recommendation	27.75	\$505,079	\$7,383,348	\$7,888,427
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$0	\$0	\$0

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Upper Great Plains Transportation Institute is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

Major Items

The Legislative Assembly did not change the executive recommendation for funding for the Upper Great Plains Transportation Institute.

FTE Changes

The 2001-03 appropriation includes funding for 27.75 FTE positions, an increase of 4.25 FTE positions from the 1999-2001 authorized level of 23.5 FTE positions. The Legislative Assembly did not change the executive recommendation for the following new positions: one FTE research position and .25 secretary position for the biennial strategic transportation analysis program, one FTE traffic engineer for the advanced traffic analysis center, and one FTE programmer and one FTE hardware/technician for the ASPEN program.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 of the bill authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

**Department of Veterans Affairs
Senate Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	5.00	\$496,191	\$20,789	\$516,980
2001-03 legislative appropriations	5.00	493,530	20,789	514,319
Legislative increase (decrease) to executive budget	0.00	(\$2,661)	\$0	(\$2,661)
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$47,532	(\$889)	\$46,643
2001-03 Governor Hoeven's recommendation	5.00	\$496,191	\$20,789	\$516,980
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$2,661)	\$0	(\$2,661)

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Veterans Affairs is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market adjustment of \$134.42 per month for the director effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the director to provide a \$134.42 per month salary increase effective January 1, 2002. The executive budget included more funding than was necessary to provide for this increase.		(\$2,661)		(\$2,661)
Total	0.00	(\$2,661)	\$0	(\$2,661)

FTE Changes

The 2001-03 biennium appropriation included funding for five FTE positions, the same as the 1999-2001 biennium authorized level.

Veterans' Postwar Trust Fund

Section 4 of the bill directs the Department of Veterans Affairs to report on the uses of the veterans' postwar trust fund to the Appropriations Committees of the Fifty-eighth Legislative Assembly as part of the agency's budget presentation.

**Veterans Home
House Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	87.01	\$3,464,871	\$5,824,935	\$9,289,806
2001-03 legislative appropriations	87.01	3,332,074	6,099,935	9,432,009
Legislative increase (decrease) to executive budget	0.00	(\$132,797)	\$275,000	\$142,203
Legislative increase (decrease) to 1999-2001 appropriations	2.40	\$1,059,148	(\$50,777)	\$1,008,371
2001-03 Governor Hoeven's recommendation	87.01	\$3,464,871	\$5,824,935	\$9,289,806
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	(\$132,797)	\$275,000	\$142,203

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Veterans Home is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints. The bill includes funding to provide a market equity adjustment of \$133.33 per month for the commandant effective January 1, 2002.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for the market equity salary increase for the commandant to provide a \$133.33 per month salary increase effective January 1, 2002. The executive budget did not include enough funding to provide for this increase.		\$70		\$70
Changed the source of funding for salary increases for nurses and certified nurses assistants from the general fund to special funds received from the Department of Human Services for nursing facility compensation increases provided for in House Bill No. 1196		(112,867)	\$280,000	167,133
Reduced funding for temporary wages and overtime		(15,000)		(15,000)
Reduced funding for operating expenses		(5,000)		(5,000)

Reduced funding for equipment			(5,000)	(5,000)
Total	<u>0.00</u>	<u>(\$132,797)</u>	<u>\$275,000</u>	<u>\$142,203</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 87.01 FTE positions, 2.4 FTE more than authorized for the 1999-2001 biennium. The Legislative Assembly did not change the executive recommendation to add 2.4 FTE certified nursing assistants.

Other Sections in Bill

Performance audit - Section 2 directs the State Auditor's office to conduct a performance audit of the Veterans Home. The State Auditor's office may hire a consultant, as necessary, the cost of which may be assessed to the Veterans Home. The performance audit may include a review of the contractual arrangements for physician services.

Management structure study - Section 3 directs the Legislative Council to consider studying the management structure and oversight of the Veterans Home.

**North Dakota Vision Services - School for the Blind
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	28.00	\$2,048,791	\$1,283,501	\$3,332,292
2001-03 legislative appropriations	29.00	2,114,991	1,357,821	3,472,812
Legislative increase (decrease) to executive budget	1.00	\$66,200	\$74,320	\$140,520
Legislative increase (decrease) to 1999-2001 appropriations	1.00	(\$81,197)	\$354,929	\$273,732
2001-03 Governor Hoeven's recommendation	28.00	\$2,048,791	\$1,283,501	\$3,332,292
Legislative increase (decrease) to Governor Hoeven's recommendation	1.00	\$66,200	\$74,320	\$140,520

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota Vision Services - School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respective salary range midpoints.

The Legislative Assembly did not change the executive recommendation to provide the following:

An appropriation of \$3,083 (\$2,621 from the general fund and \$462 from other funds) for salary adjustments in addition to the executive budget compensation package to increase salaries to new pay range minimums established by Central Personnel.

An appropriation of \$112,810 from the general fund to increase teacher salaries pursuant to the composite salary schedule developed by Central Personnel.

In addition to other salary increases, the Legislative Assembly added \$56,200 for teacher compensation payments. The additional \$56,200 is for salary increases of \$1,000 the first year of the biennium and an additional \$2,000 the second year (the same increases provided for public school teachers pursuant to House Bill No. 1344) to 14.05 FTE teachers and nonadministrative instructional personnel.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added 1 FTE training officer II position to provide technology training to agency clients in western North Dakota. Funding for the position is to be from sources as determined by the agency.	1.00		\$74,320	\$74,320

Added funding for operating expenses relating to the new FTE position		\$10,000		10,000
Added funding for additional teacher compensation payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year, in addition to the executive budget compensation package and the teacher salary increases provided pursuant to the composite salary schedule		56,200		56,200
Total	<u>1.00</u>	<u>\$66,200</u>	<u>\$74,320</u>	<u>\$140,520</u>

FTE Changes

The Legislative Assembly increased the executive recommendation by one FTE training officer II position requested by the agency to provide technology training to agency clients in western North Dakota. The position is funded from special fund sources to be determined by the agency.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate \$25,416 from other funds for extraordinary repairs at the North Dakota Vision Services - School for the Blind.

Other Sections in Bill

Teacher compensation increases - Section 6 was added providing that the salaries and wages line item appropriated to the School for the Blind for the 2001-03 biennium includes \$56,200 from the general fund to provide, in addition to amounts otherwise appropriated for salary increases, teacher compensation payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year (second year total of \$3,000 per teacher).

Related Legislation

Institution name change - House Bill No. 1038 changes the name of the North Dakota School for the Blind to North Dakota Vision Services - School for the Blind and expands the responsibilities of the agency to provide that it is the statewide service, resource, and referral center for all residents of the state who are blind or visually impaired.

**State Board for Vocational and Technical Education
Senate Bill No. 2020, House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	29.50	\$13,851,276	\$14,990,919	\$28,842,195
2001-03 legislative appropriations	28.50	14,353,955	14,887,742	29,241,697
Legislative increase (decrease) to executive budget	(1.00)	\$502,679	(\$103,177)	\$399,502
Legislative increase (decrease) to 1999-2001 appropriations	0.00	\$1,205,772	(\$857,867)	\$347,905
2001-03 Governor Hoeven's recommendation	28.50	\$13,828,761	\$14,887,783	\$28,716,544
Legislative increase (decrease) to Governor Hoeven's recommendation	0.00	\$525,194	(\$41)	\$525,153

GOVERNOR HOEVEN'S RECOMMENDATIONS

	FTE Positions	General Fund	Other Funds	Total
The Hoeven recommendation:				
Removed 1 FTE unclassified position for the Workforce Development Council, transferred in the Schafer budget from the Department of Economic Development and Finance. Governor Hoeven recommended that this position be included in the Department of Commerce (approved by the Legislative Assembly).	(1.00)	(\$103,138)	(\$103,136)	(\$206,274)
Removed the general fund increase in grants included in the Schafer executive budget recommendation to provide funding for the teacher compensation payment line item in House Bill No. 1013. (As passed by the Legislative Assembly, approximately \$318,000 of the teacher compensation payment line item in House Bill No. 1013 will be paid to school districts for vocational education-related positions.)		(394,377)		(394,377)
Added funding for grants to institutions of higher education for workforce training activities, providing total grants of \$1,350,000, \$475,000 more than the 1999-2001 biennium appropriation of \$875,000 (approved by the Legislative Assembly)		475,000		475,000
Total	(1.00)	(\$22,515)	(\$103,136)	(\$125,651)

State Water Commission
House Bill Nos. 1023, 1015, Senate Bill No. 2285

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	83.00	\$0	\$127,645,008	\$127,645,008
2001-03 legislative appropriations	89.00	9,733,820	135,172,188	144,906,008
Legislative increase (decrease) to executive budget	6.00	\$9,733,820	\$7,527,180	\$17,261,000
Legislative increase (decrease) to 1999-2001 appropriations	7.00	\$471,640	\$4,899,413	\$5,371,053
2001-03 Governor Hoeven's recommendation	83.00	\$0	\$127,645,008	\$127,645,008
Legislative increase (decrease) to Governor Hoeven's recommendation	6.00	\$9,733,820	\$7,527,180	\$17,261,000

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Water Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. In addition to the above appropriations, agencies may receive additional funding from the \$5 million appropriated in Section 1 of House Bill No. 1015 for special market equity adjustments for classified state employees whose salaries are the furthest from their respected salary range midpoints.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding for Fargo flood-control project			\$5,500,000	\$5,500,000
Reduced funding for operating expenses			(19,000)	(19,000)
Reduced funding for equipment			(20,000)	(20,000)
Authorized 1 FTE position for a study of supplementing water resources to eastern North Dakota (see FTE Changes section)	1.00			
Changed the funding source for administrative expenses of the State Water Commission from the water development trust fund to the general fund (see Administrative Expenses section)		\$9,733,820	(9,733,820)	

Added federal funds for construction of the Southwest Pipeline Project			6,000,000	6,000,000
Added funding from the water development trust fund for administering the Section 404 program of the Clean Water Act in Senate Bill No. 2285 (see FTE Changes section)	5.00		800,000	800,000
Added funding from the resources trust fund or bond proceeds to provide a cost share for constructing and improving levees at Devils Lake in House Bill No. 1015			5,000,000	5,000,000
Total	<u>6.00</u>	<u>\$9,733,820</u>	<u>\$7,527,180</u>	<u>\$17,261,000</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 89 FTE positions, seven more than the 1999-2001 authorized level of 82 FTE positions. The Legislative Assembly did not change the executive recommendation, which added one FTE geographical information specialist position. The Legislative Assembly added one FTE position for a study of supplementing the water resources of eastern North Dakota and five FTE positions for assuming jurisdiction over and administering the Section 404 program of the Clean Water Act.

Other Sections in Bill

Control of nonpoint sources of pollution - Section 2 authorizes \$200,000 of funds already approved for water development projects for Section 319 of the Federal Water Pollution Control Act for control of nonpoint sources of pollution.

Resources trust fund - Section 3 authorizes the State Water Commission to spend \$21,718,031 from the resources trust fund as appropriated in Section 1 of the bill. Section 7 appropriates revenues, in excess of \$21,718,031 in the resources trust fund to the State Water Commission, subject to Emergency Commission approval.

Water development trust fund - Section 4 authorizes the State Water Commission to spend \$37,631,684 from the water development trust fund as appropriated in Section 1 of the bill.

Maintenance shop building - Section 8 authorizes the State Water Commission to sell one or more parcels of land and the shop building located at 2603 East Broadway Avenue, Bismarck. The proceeds of the sale, or so much of the sale proceeds as may be necessary, are appropriated for the purchase of land and construction of a new maintenance facility. Section 9 provides legislative intent that the State Water Commission may use other appropriated funds to purchase land and construct a new maintenance shop building if the proceeds from the sale of the existing land are less than \$977,100, provided that not more than \$977,100 may be spent on the new land and building. The State Water Commission may also use other appropriated funds if the proceeds from the land sale are not available to purchase land and begin construction of a new building, provided that upon receipt of the proceeds, the State Water Commission shall transfer an amount equal to any funds utilized for the purchase of land and construction of the building.

Cost-share program - Section 10 changes the state water resources policy to include the option of implementing a cost-share program with local sponsors of water quality improvement projects. Section 13 adds language that the State Water Commission consider cost-sharing for water quality improvement projects as part of its duties.

Water to eastern North Dakota - Section 11 establishes water to eastern North Dakota as a critical priority and directs the State Water Commission, in cooperation with the Garrison Diversion Conservancy District and existing water users, to develop a plan and cost estimate.

Devils Lake outlet - Section 12 requires the State Water Commission to offer at least the average value per acre of comparable property for property acquired under eminent domain for an outlet from Devils Lake.

Funding sources for projects - Section 14 authorizes the State Water Commission to use funds from either the resources trust fund, the water development trust fund, or by issuing bonds for new water projects. The capital bonding for new water projects is limited to \$20 million. However, Section 19 of House Bill No. 1015 authorizes \$5 million for constructing and improving levees at Devils Lake, which, if the project is bonded, increases the bonding cap to \$25 million. The State Water Commission is authorized to use up to \$5.5 million for a cost share for a flood-control channel and levy project designed to provide protection from overland flooding in Fargo.

Bond repayment sources - Section 15 provides the order of funding sources for payment of principal and interest on bonds for authorized water projects pursuant to Section 14 of this bill.

Water project funding limit - Section 16 provides legislative intent that no more than \$67.8 million, plus the cost of issuing bonds, may be spent on water development projects for the 2001-03 biennium. Contracts for water projects to be paid from the water development trust fund may initially be issued up to an amount equal to 75 percent of the amount appropriated from that fund. Contracts for the remaining 25 percent appropriated may only be issued to the extent uncommitted funds are available from the water development trust fund. Section 19 of House Bill No. 1015 authorizes \$5 million from the resources trust fund or through bonding for constructing and improving levees at Devils Lake. Funding for this project would increase the bonding cap to \$25 million and the water project cap to \$72.8 million.

Line of credit - Sections 17 and 18 authorize a line of credit from the Bank of North Dakota of up to \$25 million for interim financing of water projects prior to the issuance of bonds.

Administrative expenses - Section 19 authorizes a transfer of \$9,733,820 from the water development trust fund to the general fund for the amount of administrative expenses of the State Water Commission. A general fund appropriation was provided for this same amount by the Legislative Assembly for the State Water Commission's administrative expenses. Section 22 provides legislative intent that the water development trust fund not be used to fund administrative expenses of the State Water Commission in future bienniums.

Water quality improvement projects - Section 20 amends Section 10 of Chapter 535 of the 1999 Session Laws to include water quality improvement projects as part of the statewide water development program.

Fargo flood-control projects - Section 23 provides that the State Water Commission may not issue bonds or provide funding for Fargo flood-control projects until applicable permits are issued, approval is obtained from the Southeast Cass Water Resource District, and a public hearing process is held. The total authorization for the Fargo flood-control project is \$500,000 for preliminary study and planning expenses and \$5 million for project construction expenses.

Related Legislation

Devils Lake levees - House Bill No. 1015 authorizes the State Water Commission to use up to \$5 million from the resources trust fund or bond proceeds to provide a cost share for constructing and improving levees at Devils Lake.

Devils Lake outlet - House Bill No. 1151 removes the requirement that the federal government agree to participate in construction of the Devils Lake outlet for bonds to be issued for that project. The bill also outlines the process of eminent domain for construction of the Devils Lake outlet.

Southwest Pipeline Project - House Bill No. 1158 increases the bonding limit for the Southwest Pipeline Project from \$15 million to \$25 million. The bonds sold are repaid by revenue generated from water users' fees, collected by the Southwest Water Authority, and sent directly to the bond trustee.

Devils Lake outlet - Senate Bill No. 2256 extends, through June 2003, the authority of the State Water Commission to issue bonds for construction of a Devils Lake outlet.

Grand Forks flood control - Senate Bill No. 2264 extends, through June 2003, the authority of the State Water Commission to issue bonds for the Grand Forks flood-control project.

Section 404 - Senate Bill No. 2285 authorizes \$800,000 of funding from the water development trust fund for the State Water Commission to administer the Section 404 program of the Clean Water Act.

**Agricultural Experiment Station
Senate Bill No. 2021, House Bill No. 1200**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bills as introduced)	430.54	\$36,315,145	\$33,945,237	\$70,260,382
2001-03 legislative appropriations	428.74	36,183,645	35,095,237	71,278,882
Legislative increase (decrease) to executive budget	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500
Legislative increase (decrease) to 1999-2001 appropriations	(1.80)	\$3,151,098	\$9,413,443	\$12,564,541
2001-03 Governor Hoeven's recommendation	430.54	\$36,315,145	\$33,945,237	\$70,260,382
Legislative increase (decrease) to Governor Hoeven's recommendation	(1.80)	(\$131,500)	\$1,150,000	\$1,018,500

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agricultural Experiment Station is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
Branch research extension centers				
Executive recommendation	76.36	\$7,899,160	\$5,873,485	\$13,772,645
The legislative action:				
Reduced funding for operating expenses at the Langdon Learning Center		(\$15,000)		(\$15,000)
Added funding for construction of the Langdon Learning Center (see Capital Improvements and Land Purchase section)		150,000		150,000
Added funding for the beefline initiative from Dickinson oil revenues (see Initiatives section)			\$445,000	445,000
Added funding for the development of a modern feedmill and feedlc at the Carrington Research Center from Dickinson oil revenues (see Initiatives section)			300,000	300,000

House Bill No. 1200 authorized \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds for the North Central Research Extension Center land purchase. The Williston Research Extension Center land purchase was authorized at \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds.			405,000	405,000
Total legislative changes	<u>0.00</u>	<u>\$135,000</u>	<u>\$1,150,000</u>	<u>\$1,285,000</u>
Legislative appropriation - Branch research centers	<u>76.36</u>	<u>\$8,034,160</u>	<u>\$7,023,485</u>	<u>\$15,057,645</u>
Main Research Center				
Executive recommendation	<u>351.28</u>	<u>\$28,415,985</u>	<u>\$26,812,612</u>	<u>\$55,228,597</u>
The legislative action:				
Reduced funding for the Main Research Center but did not designate the specific budget area to reduce		(\$50,000)		(\$50,000)
Reduced operating expenses		(216,500)		(216,500)
Removed vacant FTE positions but did not remove the related funding. The center may reallocate the associated funding for other purposes (see FTE Changes section).	(1.80)			
Total legislative changes	<u>(1.80)</u>	<u>(\$266,500)</u>	<u>\$0</u>	<u>(\$266,500)</u>
Legislative appropriation - Main Research Center	<u>349.48</u>	<u>\$28,149,485</u>	<u>\$26,812,612</u>	<u>\$54,962,097</u>
Agronomy Seed Farm				
Executive recommendation	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
The Legislative Assembly did not change the executive recommendation for the Agronomy Seed Farm				
Legislative appropriation - Agronomy Seed Farm	<u>2.90</u>	<u>\$0</u>	<u>\$1,259,140</u>	<u>\$1,259,140</u>
Total Agricultural Experiment Station				
Executive recommendation	<u>430.54</u>	<u>\$36,315,145</u>	<u>\$33,945,237</u>	<u>\$70,260,382</u>
Legislative action	<u>(1.80)</u>	<u>(131,500)</u>	<u>1,150,000</u>	<u>1,018,500</u>
Total legislative appropriation - Agricultural Experiment Station	<u>428.74</u>	<u>\$36,183,645</u>	<u>\$35,095,237</u>	<u>\$71,278,882</u>

FTE Changes

	1999-2001 Authorized Positions	2001-03 Executive Budget	2001-03 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Extension Center	15.95	15.95	15.95	
Central Grasslands Research Extension Center	6.50	6.50	6.50	
Hettinger Research Extension Center	10.00	10.00	10.00	
Langdon Research Extension Center	8.00	8.00	8.00	
North Central Research Extension Center	10.35	10.35	10.35	
Williston Research Extension Center	7.75	7.75	7.75	
Carrington Research Extension Center	17.81	17.81	17.81	
Total branch research centers	76.36	76.36	76.36	0.00
Main Research Center	351.28	351.28	349.48	(1.80) ¹
Agronomy Seed Farm	2.90	2.90	2.90	
Total Agricultural Experiment Station	430.54	430.54	428.74	(1.80)

¹ The Legislative Assembly removed the following 1.8 vacant FTE positions from the Main Research Center:

- .45 FTE assistant professor
- .95 FTE information processing position
- .25 FTE information systems position
- .15 public information position

State Board of Agricultural Research and Education

Budget Section report - Section 10 directs the State Board of Agricultural Research and Education to report to the Budget Section during the 2001-03 interim. The report is to include the following information:

The number of employees and expenditures for each research extension center and the Main Research Center.

Expenditures from all funds for each State Board of Agricultural Research and Education research initiative receiving funding from the agricultural research fund.

The economic impact of each research project on the state of North Dakota and how the NDSU Extension Service is disseminating the information from the research projects.

A report on cooperative projects undertaken by the Main Research Center, branch research extension centers, and the Agronomy Seed Farm.

A report on sources of income for the branch research extension centers, the use of those funds, and the extent research projects are affected by each income source.

Membership - Section 12 changes the membership of the State Board of Agricultural Research and Education. The president of North Dakota State University is allowed to appoint a designee for his position on the board. The vice president of agricultural affairs at North Dakota State University, the administrator of the Agricultural Experiment Station, and the director of the NDSU Extension Service were made nonvoting members of the board. Two members from the Legislative Assembly, one from each political faction, were added to serve on the State Board of Agricultural Research and Education as voting members. The chairman of the

Legislative Council is to appoint the legislative members to serve on the board for two-year terms, with the option of being reappointed for additional terms. The Legislative Council will pay the compensation and expense reimbursement for the legislative members.

Compensation - Section 13 increases the compensation for each member of the State Board of Agricultural Research and Education from \$62.50 to \$75 per day for performing official duties.

Duties - Section 14 redefines the duties of the State Board of Agricultural Research and Education. Duties added include developing ongoing strategies for the dissemination of research information through the NDSU Extension Service and presenting a status report of its duties to the Budget Section. The due date of March 1 of each even-numbered year for the board to submit its biennial budget request was removed. Provisions authorizing the State Board of Agricultural Research and Education to supervise the Agricultural Experiment Station and NDSU Extension Service were removed.

Administrative expenses - Section 15 limits the annual administrative expenses of the State Board of Agricultural Research and Education to the lesser of 10 percent of the proceeds of the agricultural research fund or \$50,000.

Main Research Center Appropriation

Single line item appropriation - The Legislative Assembly changed the appropriation for the Main Research Center to a lump sum appropriation rather than appropriating by object code line items.

Capital Improvements and Land Purchase

Langdon Learning Center - Section 5 adds legislative intent that construction not begin on the Langdon Learning Center until the station has obtained \$500,000 in cash or pledges for the learning center. The Legislative Assembly appropriated \$810,000, \$300,000 from the general fund, for construction of the Langdon Learning Center.

North Central Research Extension Center land purchases - Section 9 adds legislative intent that the Main Research Center enter into a financial arrangement with the North Central Research Extension Center to assist with the purchase of land in Ward County (House Bill No. 1200). The Legislative Assembly appropriated \$320,000, \$260,000 from the Attorney General refund fund and \$60,000 from estimated income, to the North Central Research Extension Center for the land purchase.

Williston Research Extension Center land purchase - The Legislative Assembly appropriated \$85,000, \$61,000 of which is from the Attorney General refund fund and \$24,000 of estimated income, to the Williston Research Extension Center for the purchase of land in Williams County.

Other capital improvements - Special fund appropriations were provided for the following projects:

Bison research facility (Carrington Research Extension Center)	\$130,000
Agronomy work lab (Dickinson Research Extension Center)	50,000
Chemical storage building (Dickinson Research Extension Center)	50,000
Grain storage hopper bin and bulk seed handling (Agronomy Seed Farm)	105,000
	0
Total	\$335,000

Initiatives

Dickinson oil revenue initiatives - Section 6 appropriates \$745,000 of special funds from Dickinson oil revenues for agricultural initiatives. The funding provides \$445,000 for the beefline initiative and \$300,000 for the development of a modern feedmill and feedlot at the Carrington Research Extension Center. The State Board of Agricultural Research and Education is to develop the intent of the beefline initiative before implementing the program.

Malt barleys - Section 7 directs the Agricultural Experiment Station to allocate up to \$288,000 from funding appropriated to the Main Research Center for the purpose of developing, in conjunction with the research centers, western North Dakota malt barleys.

Initiative transfer authority - Section 16 authorizes, upon approval of the State Board of Agricultural Research and Education, the transfer of up to \$90,000 of estimated income between the NDSU Extension Service, Main Research Center, and branch research centers for beef quality assurance and of up to \$60,000 of estimated income between these entities for applied research initiatives for the 2001-03 biennium.

Other Sections in Bill

Additional income appropriation - Section 2 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station, for the purpose designated in the act, grant, or donation for the 2001-03 biennium.

Transfer authority - Section 3 authorizes the State Board of Agricultural Research and Education and appropriate research extension center directors to transfer appropriation authority within the branch research centers, the Main Research Center, and the Agronomy Seed Farm. The Legislative Assembly removed the State Board of Higher Education from the transfer authority approval process.

FTE adjustments - Section 4 authorizes the State Board of Higher Education to adjust or increase the FTE positions of the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2001-03 biennium.

Carryover authority - Section 11 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2001-03 biennium, any unspent general fund moneys appropriated to or excess income received by the agency during the 2001-03 biennium.

Related Legislation

State Board of Agricultural Research and Education - In addition to the bills discussed above, House Bill No. 1181 provides a continuing appropriation of interest earned in the agricultural research fund to the State Board of Agricultural Research and Education. The bill provides that the president of North Dakota State University may appoint a designee for his position on the State Board of Agricultural Research and Education. In addition, administrative expenses of the State Board of Agricultural Research and Education may not exceed \$50,000 annually from the agricultural research fund.

Land purchases - House Bill No. 1200 appropriates \$320,000, \$260,000 from the Attorney General refund fund from lawsuit collection proceeds and \$60,000 from other funds, to the North Central Research Extension Center for the purchase of land in Ward County and \$85,000, \$61,000 from the Attorney General refund fund from lawsuit collection proceeds and \$24,000 from other funds, to the Williston Research Extension Center for the purchase of land in Williams County. These amounts are reflected in the totals above.

**Workers Compensation Bureau
House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2001-03 executive budget (Governor Schafer) (bill as introduced)	191.00		\$27,211,923	\$27,211,923
2001-03 legislative appropriations	218.00		31,641,340	31,641,340
Legislative increase (decrease) to executive budget	27.00	\$0	\$4,429,417	\$4,429,417
Legislative increase (decrease) to 1999-2001 appropriations	27.00	\$0	\$5,520,956	\$5,520,956
2001-03 Governor Hoeven's recommendation	191.00		\$27,211,923	\$27,211,923
Legislative increase (decrease) to Governor Hoeven's recommendation	27.00	\$0	\$4,429,417	\$4,429,417

GOVERNOR HOEVEN'S RECOMMENDATIONS

The Hoeven recommendation did not change the Schafer recommendation.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET (SCHAFER) AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Workers Compensation Bureau is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for a new special investigations FTE	1.00		\$129,170	\$129,170
Added funding for expansion of the safety grant program	1.00		761,600	761,600
Added funding to bring contracted programs and services in-house. Previously, these costs were accounted for through a continuing appropriation for claims-related expenses.	25.00		2,572,647	2,572,647
Added funding for rent expenses for the second year of the biennium			466,000	466,000
Added funding for additional full-time equivalent positions (see Other Sections in Bill section)			500,000	500,000
Total	<u>27.00</u>	<u>\$0</u>	<u>\$4,429,417</u>	<u>\$4,429,417</u>

FTE Changes

The 2001-03 biennium appropriation includes funding for 218 FTE positions, an increase of 27 FTE positions from the 1999-2001 biennium authorized level of 191 FTE positions. The Legislative Assembly added one FTE position for special investigations, one FTE position for expansion of the safety grant program, and 25 FTE positions for bringing Workers Compensation Bureau contracted programs and services in-house.

Consolidated Line Item

The Legislative Assembly consolidated the funding for the Workers Compensation Bureau from four line items into one line item.

New Workers Compensation Bureau Building

Office building project authorization - Section 3 allows the North Dakota Building Authority, at the request of the Workers Compensation Board of Directors, to arrange for funding of an office building project through the issuance of bonds, and Section 4 provides for non-general fund sources to be available to retire any bonds issued.

State agencies office space leasing - Section 5 provides that if a new Workers Compensation Bureau facility is constructed, the facility must include rental space for other state agencies. The section also provides that the Workers Compensation Bureau and the Office of Management and Budget identify which agencies will lease the additional space. The Workers Compensation Bureau is responsible for setting and collecting the rental amounts and maintaining control of the building.

Office building maintenance account - Section 6 establishes a building maintenance account within the workers' compensation fund for deposit of all office building rental proceeds. All moneys in the account are appropriated on a continuing basis to pay for bond principal and interest payments, operating, maintenance, repair, payments in lieu of taxes as required by North Dakota Century Code (NDCC) Section 65-02-31, and other expenses of the building and grounds. The Workers Compensation Bureau is to report to the Budget Section on a biennial basis on all revenues deposited into the account and expenditures made from the account.

Other Sections in Bill

Employee positions authorization - Section 2 allows the Workers Compensation Board of Directors to authorize the Workers Compensation Bureau to hire, upon a determination that employees are needed to facilitate the economic and efficient administration of the bureau, up to 10 FTE positions in addition to the FTE positions authorized by the 2001 Legislative Assembly. The section provides an appropriation of \$500,000 for the purpose of providing wages, salaries, and benefits for any additional FTE positions authorized.

Compensation of board members - Section 7 amends NDCC Section 65-02-03.2 to allow the Workers Compensation Board of Directors to receive compensation as determined by the board for time spent relating to business of the board.

Related Legislation

Preferred worker program - House Bill No. 1153 creates a new preferred worker program under which an approved preferred worker employer would not be assessed premiums on a preferred worker's salary for three years from the date of hiring, and any claims costs incurred as the result of an injury sustained by a preferred worker would be charged against the workers' compensation general fund.

CAPITAL CONSTRUCTION - OVERVIEW

CAPITAL PROJECTS

The Legislative Assembly provided funding of \$702,759,858, an increase of \$38,651,457 from the executive recommendation of \$664,108,401, for the following capital projects:

- \$102,224,176 for major capital projects.
- \$26,812,182 for extraordinary repairs, including energy improvement projects.
- \$573,723,500 for other projects (including \$451,162,687 for the Department of Transportation and \$100,533,764 for the State Water Commission).

The following provides information regarding the funding sources for major capital projects and extraordinary repairs and other projects included in the executive recommendation and authorized by the Legislative Assembly:

	2001-03 Executive Recommendation		2001-03 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Major capital projects	\$9,974,884	\$68,414,580	\$5,747,696	\$96,476,480
Extraordinary repairs and other projects	25,447,004	560,271,933	25,205,004	575,330,678
Total	\$35,421,888	\$628,686,513	\$30,952,700	\$671,807,158

The Legislative Assembly approved the executive recommendation in House Bill No. 1023 to reauthorize the State Water Commission to issue \$62.3 million in bonds for water and flood control projects originally authorized by the 1999 Legislative Assembly (Senate Bill No. 2188). In addition, the Legislative Assembly authorized the issuance of an additional \$10.5 million in bonds for new flood control projects. Therefore, the Legislative Assembly provided funding of \$72.8 million for statewide water development projects in the following cities:

- Grand Forks - \$34 million.
- Devils Lake - \$25 million.
- Grafton - \$4.8 million.
- Wahpeton - \$3.5 million.
- Fargo - \$5.5 million.

STATE FACILITY ENERGY IMPROVEMENT PROGRAM

North Dakota Century Code Section 54-44.5-08 (1999 Senate Bill No. 2312) establishes the state facility energy improvement program and provides that all state agencies and institutions should, with the assistance of the Office of Management and Budget, identify capital improvements which may result in energy savings. Those capital improvement projects, which are selected to be implemented, are financed with the resulting savings in energy costs.

The Legislative Assembly approved the executive recommendation to authorize a total of \$4,740,483 for state facility energy improvement program capital improvements. However, the state agencies and institutions receiving energy improvement project authorization are to monitor the resulting energy savings and the cost-effectiveness of the projects and report to the 2003 Legislative Assembly House and Senate Appropriations Committees pursuant to Section 7 of Senate Bill No. 2023. The following are the state agencies and institutions with energy-saving improvement projects and the authorized funding sources:

	General Fund	Special Funds (Bonding)
Office of Management and Budget	\$27,710	
University of North Dakota		\$3,990,785
North Dakota State University		296,348
Department of Corrections and Rehabilitation	73,040	
Department of Transportation		352,600
Total	\$100,750	\$4,639,733

LEASE PAYMENTS

The Legislative Assembly approved the executive recommendation to provide funding in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, and Adjutant General for the 2001-03 biennium general fund lease payments for repayment of notes issued to finance capital projects. Previously, the funding for the general fund lease payments was appropriated to the Industrial Commission. Please see the schedule on **“CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES.”**

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. The 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. This maximum for the 2001-03 biennium is \$16,444,680 based on the March 2001 revenue forecast for sales, use, and motor vehicle excise tax collections. The estimated general fund lease payments for the 2001-03 biennium are \$15,786,425, which is \$658,255 less than the legal limit of debt service.

WORKERS COMPENSATION BUREAU BUILDING

House Bill No. 1266 (1999) provided a continuing appropriation to the Workers Compensation Bureau of moneys in the workers' compensation fund for the purchase of a building and property to house its operation. The 2001 Legislative Assembly, in House Bill No. 1024, provided that the Industrial Commission at the request of the Workers Compensation Bureau may issue and sell bonds for the purchase of land and the construction of a new facility to house its operations. The 2001 Legislative Assembly also provided that if a new Workers Compensation Bureau facility is built, the facility should be built to include rental space for other state agencies.

MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2001-03 BIENNIUM

Agency or Institution	Project	2001-03 Executive Budget Recommendations			2001-03 Legislative Appropriations		
		General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
Department of Public Instruction (201)	Resurface roof (Division of Independent Study)	\$27,500	\$27,500				
Information Technology Department (112)	Resurface roof (Division of Independent Study)				\$27,500 ¹	\$27,500 ¹	
Bismarck State College (227)	Schafer Hall renovation				596,000		
Lake Region State College (228)	Main building front entrance renovation					325,000	
University of North Dakota (230)	Carnegie Library renovation		3,000,000			3,000,000	
	Smith Hall - Johnstone Hall - Fulton Hall renovation		2,650,000			2,650,000	
	Wilkerson Hall loading dock		1,700,000			1,700,000	
	Rural Technology Center		3,800,000			3,800,000	
	Rural Technology Center canopy		60,000			60,000	
	Memorial Student Union renovation						\$3,500,000 ²
North Dakota State University (235)	College of Business Administration classroom		20,000,000			20,000,000	
	Robinson Hall renovation		550,820			560,000	
	Sudro Hall renovation		1,200,000			1,200,000	
	Minard Hall renovation						3,000,000 ²
	New student residence hall						8,000,000 ²
	New student apartment housing					2,310,000	
State College of Science (238)	Electrical distribution system, roof replacement, and steamline replacement	2,110,000			2,110,000		
	Parking lot renovations		1,000,000				1,000,000 ²
	Student Union renovation and expansion					1,300,000	2,000,000 ²
	Blikre Activities Center renovation and expansion					531,720	
	Skills and Technology Training Center renovation					385,000	
Dickinson State University (241)	Whitney Stadium renovation					4,000,000	
Mayville State University (240)	Steamline replacement - Central campus	510,000			510,000		
	Lewy Lee Fieldhouse renovation					4,000,000	
Minot State University (241)	Old Main renovation		2,774,000	\$5,076,000			7,850,000 ³
Valley City State University (242)	Boiler and steamline replacement	850,000			850,000		
Minot State University - Bottineau (243)	Thatcher Hall electrical system upgrade	75,000			75,000		
Forest Service (244)	Tree storage building (Towner nursery)		120,000			120,000	
	Equipment storage building (Lisbon)		20,000			20,000	
State Department of Health (301)	East Laboratory addition			2,700,000			2,700,000 ⁴
Job Service North Dakota (380)	Bismarck service delivery office			2,302,000			2,302,000 ⁵
Highway Patrol (504)	Window replacement at training academy	9,000	16,000		9,000	16,000	
Department of Corrections and Rehabilitation (530)	Fire suppression systems (YCC)	101,000				101,000	
	Food service and multipurpose building (MRCC)	1,983,000					
	Women's unit (JRCC)	2,320,000	1,400,000				
	Parking lot (Penitentiary)	403,118					
Adjutant General (540)	Armed Forces reserve (Wahpeton)		11,500,000			11,500,000	
Branch research centers (628)	Headquarters and conference center (Langdon)	150,000	510,000		300,000	510,000	
	Bison research facility (Carrington)		130,000			130,000	
	Agronomy work laboratory (Dickinson)		50,000			50,000	
	Chemical storage building (Dickinson)		50,000			50,000	
Agronomy Seed Farm (649)	Grain storage hopper bin and bulk seed handling		105,000			105,000	

State Historical Society (701)	Fort Clark roadway and parking lot	75,000		75,000			
	Fort Clark archaeology	220,000		220,000			
	Fort Totten building repair	150,000	350,000	150,000	350,000		
	Confluence interpretive center		2,598,160		2,598,160		
	Fort Buford barracks reconstruction		945,000		945,000		
	Fort Abercrombie reconstruction		480,000		480,000		
Game and Fish Department (720)	Storage building and yard		275,000		275,000		
	Aquatic habitat improvement		340,000		340,000		
Parks and Recreation Department (750)	Lewis and Clark Bicentennial capital projects	533,266		533,266			
	Cabin renovation and construction	115,000		115,000			
	Lewis and Clark marina dredge	135,000		135,000			
	Playground equipment	108,000	108,000	108,000	108,000		
	Fort Ransom Sunne Farm house	65,000		65,000			
	Fort Lincoln stables		300,000		300,000		
	Fort Abraham Lincoln On-A-Slant Mandan Indian Village		500,000		500,000		
	Icelandic bike trail	35,000		35,000			
	Unspecified reduction			(166,070)			
State Water Commission (770)	Maintenance shop building		977,100		977,100 ⁶		
Department of Transportation (801)	Section buildings		800,000		800,000		
Total		<u>\$9,974,884</u>	<u>\$58,336,580</u>	<u>\$10,078,000</u>	<u>\$5,747,696</u>	<u>\$66,124,480</u>	<u>\$30,352,000</u>

¹ Senate Bill No. 2251 provides that any funds appropriated by the Legislative Assembly for the Division of Independent Study must be transferred to the Information Technology Department for use by the Educational Technology Council.

² The Legislative Assembly provided for the projects to be financed with higher education revenue bonds.

³ The Legislative Assembly, in Senate Bill No. 2023, provided \$7,850,000 of special funds from state bonding proceeds for renovation of Old Main. Of the \$7,850,000, \$2,299,000 is the local fund responsibility of Minot State University to be repaid 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.

⁴ The Legislative Assembly, in Senate Bill No. 2023, provided \$2.7 million of special funds from state bonding proceeds for an addition to the East Laboratory facility. Of the \$2,700,000, \$1,755,000, which represents approximately 65 percent of the total cost of the project, is to be repaid from non-general fund sources.

⁵ The Legislative Assembly, in Senate Bill No. 2023, provided \$2,302,000 of special funds from state bonding proceeds for a new Job Service delivery office in Bismarck. Job Service North Dakota will repay the total cost of the project from non-general fund sources.

⁶ Section 9 of House Bill No. 1023 provides that the proceeds from the sale of the State Water Commission maintenance shop located in Bismarck be used to purchase land and construct a new maintenance shop building. If the proceeds from the sale are less than \$977,100, the State Water Commission may use other funds appropriated for the purchase of land and construction of a new maintenance shop building.

CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003
			1997-99 Actual Payments	1999-2001 Actual Payments	2001-03 Estimated Payments			
Youth Correctional Center - Kitchen/dining facility	\$950,000	\$1,230,000	\$153,698					
International Peace Garden - Renovation of food service facility and wastewater disposal system	358,000	470,000	63,022					
Dickinson Experiment Station - The 1987 Legislative Assembly authorized a bond issuance for payments of loans, interest, and special assessments on the old Dickinson Experiment Station	7,204,000	9,070,000	976,336					
1993 Series A refunding revenue bonds - Used to refinance 1990 Series A, B, and C The 1990 Series A issue was originally used to fund: 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)		34,740,000 ¹	5,840,339	\$5,826,031	\$6,018,469	\$24,565,000	\$21,120,000	\$17,295,000

Project		Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003
				1997-99 Actual Payments	1999-2001 Actual Payments	2001-03 Estimated Payments			
Bismarck State College Science and Mathematics Center (\$8,060,000)	1995 Series A North Dakota Building Authority revenue bonds (5% to 6.1% - 20-year bonds)	15,326,769 ³	18,135,000	2,801,918	2,826,875	3,045,255	17,055,000	15,865,000	14,550,000
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)									
State College of Science - Bute Gym remodeling (\$1,700,000)	1998 Series A North Dakota Building Authority revenue bonds (4.4% to 5.125% - 20-year bonds)	7,100,000 ⁴	8,360,000		1,065,214	1,293,644	8,360,000	7,830,000	7,255,000
Minot State University - Moore Hall renovation (\$4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)									
1998 Series B refunding revenue bonds - Used to refinance 1991 Series A and 1992 Series A The 1991 Series A issue was used to refund the 1986 Series A which was originally used to fund: 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)		11,340,000	3,350,013 ⁵	2,433,167	3,031,314	11,340,000	11,255,000	9,090,000

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003
			1997-99 Actual Payments	1999-2001 Actual Payments	2001-03 Estimated Payments			
The 1992 Series A issue was originally used to fund the Department of Human Services - Southeast Human Service Center (\$2,475,000)								
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)	3,000,000 ⁶	3,400,000	747,997	776,704	3,400,000	2,870,000	2,300,000
North Dakota State University - Animal facility (\$2,207,500)	2000 Series A North Dakota Building Authority revenue bonds (5.5% - 20-year bonds)	3,682,500 ⁷	4,430,000		714,907		4,430,000	4,145,000
Youth Correctional Center - Pine Cottage (\$1,475,000)								
Williston State College - Health and Wellness Center (\$3,000,000)	2001 Series A North Dakota Building Authority revenue bonds (5.40% - 20-year bonds)	10,850,000 ⁸	13,225,000		545,965		13,225,000	13,005,000
Minot State University - Old Main renovation (\$7,850,000)								
State Department of Health - Laboratory addition (\$2,700,000)	2001 Series B North Dakota	5,002,000 ⁹	6,230,000 ¹⁰					6,230,000
Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	Building Authority revenue bonds (5.45% - 20-year bonds)							
Total		<u>\$66,806,330</u>	<u>\$126,420,000</u>	<u>\$15,665,900</u>	<u>\$15,351,271</u>	<u>\$17,933,031</u>	<u>\$78,080,000</u>	<u>\$88,690,000</u>
Breakdown of payments								
General fund				\$13,905,480 ¹¹	\$13,487,472 ¹¹	\$15,786,425 ¹¹		
Agency contributions				1,760,420	1,863,799	2,146,606		
Total				<u>\$15,665,900</u>	<u>\$15,351,271</u>	<u>\$17,933,031</u> ¹²		

¹ House 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	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,121,500	\$221,500	(Biennial contributions are \$55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	175,000	125,000	(Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	712,500	112,500	(Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,141,000	791,000	(Biennial contributions are \$197,750)
Total		<u>\$4,400,000</u>	<u>\$3,150,000</u>	<u>\$1,250,000</u>	

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.

² House 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 institution is as follows:

Institution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
Minot State University	Library renovation	\$255,000	\$233,750	\$21,250	(Biennial contributions are \$42,500)
Job Service North Dakota	Grand Forks office building	1,735,000			
Total		<u>\$1,990,000</u>	<u>\$233,750</u>	<u>\$21,250</u>	

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.

³ Senate 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	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
Bismarck State College	Science and mathematics center	\$1,060,000	\$706,668	\$353,332	(Biennial contributions are \$353,334)
University of North Dakota	Abbott Hall renovation	871,769	581,180	290,589	(Biennial contributions are \$290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	183,332	91,668	(Biennial contributions are \$91,666)
Total		<u>\$2,206,769</u>	<u>\$1,471,180</u>	<u>\$735,589</u>	

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.

⁴ Senate 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).

Institution	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
State College of Science	Bute Gym renovation	\$300,000	\$100,000	\$200,000	(Biennial contributions are \$100,000)

⁵ The 1997-99 payment amounts reflect the payments on the 1991 Series A and the 1992 Series A bond issues.

⁶ In 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.

⁷ House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and a 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.

⁸ House 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 is to be available prior to construction, the North Dakota Building Authority will only bond for \$3 million of the \$4.5 million project. The North Dakota Building Authority anticipates bonds for the project to be sold in June 2001.

The bond issuance also includes bonds of \$7,850,000 for the renovation of Old Main at Minot State University authorized in Senate Bill No. 2023 (2001). Senate Bill No. 2023 (2001) provides that \$2,299,000 from non-general fund sources is to be used to assist in the retirement of the debt and that the non-general fund share must 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.

⁹ Senate Bill No. 2023 (2001) appropriated \$5,002,000 of special funds for the issuance of bonds for projects at the State Department of Health and Job Service North Dakota. Of the total amount of bonds issued, a total of \$4,057,000 is to be repaid from non-general fund sources, including \$1,755,000 from the State Department of Health, which represents approximately 65 percent of the project cost and \$2,302,000 from Job Service North Dakota, which represents the total cost of the project.

¹⁰ The estimated 2003-05 biennium payment on this bond issue based on an estimated interest rate of 5.45 percent is approximately \$739,499. Of the \$739,499, \$139,506 is from the general fund and \$599,993 is from special funds. The bond issuance does not include funding for 2001-03 biennium state facility energy improvement program capital improvements that were recommended to be funded with bond proceeds. Bonds sold to finance projects under this program do not factor in the general fund lease payment limitation, and the debt service on these bonds will be repaid with resulting energy cost savings.

¹¹ North Dakota Century Code (NDCC) Section 54-17.2-21 provided that 10 percent of the equivalent of a one 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 enacted NDCC Section 54-17.2-23 to provide that the maximum lease payments can total for a biennium is 12.5 percent of the equivalent of a one 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 one percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a one 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 one percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a one 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.

¹² The 2001-03 estimated payments of \$17,933,031 is \$23,028 less than the amount appropriated by the Legislative Assembly for 2001-03 lease payments of \$17,956,059. The difference is the result of a change in the estimated bond issuances for the Williston State College Health and Wellness Center addition and the renovation of Old Main at Minot State University.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected general fund portion of the bond payments for the 2001-03 through the 2009-11 bienniums and what the 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax is projected to generate (using the March 2001 revenue forecast and assuming a four percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	Ten Percent of Equivalent of One Percent	Estimated Excess General Fund Resources Available for Bond Payments
2001-03	\$17,933,031	\$2,146,606	\$15,786,425	\$16,444,680	\$658,255
2003-05	\$19,618,684 *	\$2,597,973	\$17,020,711	\$17,102,467	\$81,756
2005-07	\$20,162,792 *	\$2,481,637	\$17,681,155	\$17,786,566	\$105,411
2007-09	\$19,315,878 *	\$2,395,048	\$16,920,830	\$18,498,029	\$1,577,199
2009-11	\$12,409,552 *	\$1,814,439	\$10,595,113	\$19,237,950	\$8,642,837

* The future biennium bond payments reflect estimated payments related to the bonding authorized by the 2001 Legislative Assembly but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies.

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The 2001-03 legislative appropriations provide funding in agency budgets for state employee salary increases averaging three percent of salaries for the first year of the biennium and two percent for the second year of the biennium. Annual increases are to be at a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. Specific language regarding the salary increases is included in Section 6 of House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The legislative appropriations include a \$5 million statewide compensation plan line item in House Bill No. 1015, the appropriations bill for the Office of Management and Budget, to be used for market equity compensation adjustments for classified state employees. Of the \$5 million, \$2.7 million is from the general fund and \$2.3 million is special funds.

Section 5 of the bill provides that agencies may apply to the Central Personnel Division for a transfer of general fund or special funds appropriation authority from this line item to provide market equity increases to their employees whose salaries are furthest from their respective salary range midpoints.

HIGHER EDUCATION

The Legislative Assembly provided a general fund appropriation of \$4,628,824 within Subdivision 2 of Section 1 of Senate Bill No. 2003, the appropriations bill for the University System, for an equity and special needs funding pool to be distributed by the State Board of Higher Education. A portion of the equity and special needs funding pool may be used for salary increases to address equity issues at the institutions of higher education, except the North Dakota University System office.

The Legislative Assembly provided in Section 9 of Senate Bill No. 2003, the higher education appropriations bill, that the State Board of Higher Education may adjust or increase FTE positions for each institution of higher education as needed, subject to the availability of funds. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2003-05 budget request. The number of FTE positions for the University System office may not be increased above the level employed as of April 28, 2001.

The Legislative Assembly provided in Section 4 of Senate Bill No. 2021, the Experiment Station/Extension Service appropriations bill, that the State Board of Higher Education may adjust or increase FTE positions as needed, subject to the availability of funds. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2003-05 budget request.

ELECTED AND APPOINTED OFFICIALS

In addition to salary increases of three percent for the first year of the biennium and two percent for the second year, the Legislative Assembly provided \$178,233, \$142,697 of which is from the general fund for salary equity adjustments for select elected and appointed officials effective January 1, 2002.

JUDICIAL BRANCH

The judicial branch appropriation includes funding to provide salary increases of approximately eight percent for the first year of the biennium and seven percent for the second year of the biennium for Supreme Court justices. The legislative appropriation includes salary increases of approximately seven percent for each year of the biennium for district judges. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or averaging three percent for the first year and two percent for the second year of the biennium, as explained in the **SALARY INCREASE** section.

HEALTH INSURANCE

The legislative appropriation continues funding for the cost of health insurance premiums for state employees. The appropriation provides \$409.09 per month for employee health insurance (an increase of \$59.37 compared to the 1999-2001 premium). A health insurance plan with benefits similar to the plan provided during the 1999-2001 biennium was projected to have required monthly premium payments of approximately \$427 per month. 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

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes in the 2001-03 legislative appropriation:

	General Fund	Special Funds	Total
Salary increase - 3%/2% per year	\$27,043,178	\$12,493,632	\$39,536,810
Health insurance increase	11,182,551	6,001,252	17,183,803
Equity adjustments - Classified employees	2,700,000	2,300,000	5,000,000
Pay grade minimum adjustments - Classified employees	360,797	131,505	492,302
Equity adjustments - Elected and appointed officials	142,697	35,536	178,233
Equity adjustments - Supreme Court and district court judges	724,451		724,451
Equity adjustments - Department of Corrections and Rehabilitation	422,528		422,528
Equity adjustments - Department of Transportation		1,200,000	1,200,000
Total	\$42,576,202	\$22,161,925	\$64,738,127

FTE POSITIONS

The legislative appropriation for the 2001-03 biennium includes a total of 11,616.78 FTE positions, 79.86 FTE positions more than the 1999-2001 authorized level and 14.30 FTE positions fewer than the executive recommendation.

The schedule below lists the authorized FTE positions for each biennium since 1991-93:

Biennium	FTE	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1991-93	12,159.50	51.48	0.4%
1993-95	12,149.98	(9.52)	(0.1%)
1995-97	11,290.53 ¹	(859.45) ¹	(7.1%)
1997-99	11,541.00	250.47	2.2%
1999-2001	11,536.92	(4.08)	(0.0%)
2001-03	11,616.78	79.86	0.7%

¹ Reflects the sale of the UND Rehabilitation Hospital (a reduction of 286.20 FTE positions) and the change in the method of assigning higher education FTE positions due to the conversion to the statewide integrated budget and reporting system (a reduction of 415.85 FTE positions).

**ANALYSIS OF FULL-TIME EQUIVALENT (FTE) POSITIONS AUTHORIZED BY THE 2001 LEGISLATIVE ASSEMBLY
FOR THE 2001-03 BIENNIUM**

Comparison to 1999-2001			Comparison to Executive Recommendation			
1999-2001 FTE Positions	2001-03 FTE Positions	Increase (Decrease)	Agency	Executive Recommendation 2001-03 FTE Positions	2001-03 FTE Positions	Increase (Decrease)
GENERAL GOVERNMENT						
17.00	18.00	1.00	101 - Governor's Office	18.00	18.00	0.00
25.50	26.00	0.50	108 - Secretary of State	26.00	26.00	0.00
152.00	132.00 ^{v4}	(20.00)	110 - Office of Management and Budget	153.00	132.00 ^{v4}	(21.00)
168.00	244.70	76.70	112 - Information Technology Department	212.00	244.70	32.70
55.00	55.00	0.00	117 - State Auditor	53.00	55.00	2.00
7.00	6.00	(1.00)	120 - State Treasurer	7.00	6.00	(1.00)
159.50	160.50	1.00	125 - Attorney General	158.50	160.50	2.00
144.00	143.00	(1.00)	127 - Tax Department	142.00	143.00	1.00
6.00	6.00	0.00	140 - Office of Administrative Hearings	6.00	6.00	0.00
36.00	33.00	(3.00)	160 - Legislative Council	33.00	33.00	0.00
351.00	336.00	(15.00)	180 - Judicial Branch	343.00	336.00	(7.00)
17.00	18.00	1.00	190 - Retirement and Investment Office	18.00	18.00	0.00
26.00	27.00	1.00	192 - Public Employees Retirement System	27.00	27.00	0.00
<u>1,164.00</u>	<u>1,205.20</u>	<u>41.20</u>	TOTAL GENERAL GOVERNMENT	<u>1,196.50</u>	<u>1,205.20</u>	<u>8.70</u>
EDUCATION						
131.95	95.25	(36.70)	201 - Department of Public Instruction	131.95	95.25	(36.70)
20.00 ^{v1}	20.00	0.00	215 - North Dakota University System office	19.00	20.00	1.00
19.00	18.50	(0.50)	226 - Land Department	18.50	18.50	0.00
145.53 ^{v1}	144.78	(0.75)	227 - Bismarck State College	144.78	144.78	0.00
41.34 ^{v1}	41.34	0.00	228 - Lake Region State College	41.34	41.34	0.00
50.23 ^{v1}	50.23	0.00	229 - Williston State College	50.23	50.23	0.00
919.75 ^{v1}	917.17	(2.58)	230 - University of North Dakota	917.17	917.17	0.00

224.79	1/1	227.37	2.58	232 - UND School of Medicine and Health Sciences	227.37	227.37	0.00
798.49	1/1	805.49	7.00	235 - North Dakota State University	805.49	805.49	0.00
229.90	1/1	229.90	0.00	238 - State College of Science	229.90	229.90	0.00
130.15	1/1	130.15	0.00	239 - Dickinson State University	130.15	130.15	0.00
81.47	1/1	81.47	0.00	240 - Mayville State University	81.47	81.47	0.00
266.21	1/1	266.21	0.00	241 - Minot State University	266.21	266.21	0.00
113.34	1/1	109.03	(4.31)	242 - Valley City State University	109.03	109.03	0.00
47.44	1/1	47.44	0.00	243 - Minot State University - Bottineau	47.44	47.44	0.00
17.81	1/1	17.81	0.00	244 - Forest Service	17.81	17.81	0.00
29.00		28.75	(0.25)	250 - State Library	28.75	28.75	0.00
53.93		53.10	(0.83)	252 - School for the Deaf	53.10	53.10	0.00
28.00		29.00	1.00	253 - Vision Services - School for the Blind	28.00	29.00	1.00
28.50		28.50	0.00	270 - State Board for Vocational and Technical Education	29.50	28.50	(1.00)
<u>3,376.83</u>		<u>3,341.49</u>	<u>(35.34)</u>	TOTAL EDUCATION	<u>3,377.19</u>	<u>3,341.49</u>	<u>(35.70)</u>
				HEALTH AND WELFARE			
307.00		316.00	9.00	301 - State Department of Health	316.00	316.00	0.00
84.61		87.01	2.40	313 - Veterans Home	87.01	87.01	0.00
3.00		3.00	0.00	316 - Indian Affairs Commission	3.00	3.00	0.00
5.00		5.00	0.00	321 - Department of Veterans Affairs	5.00	5.00	0.00
1.00		1.00	0.00	324 - Children's Services Coordinating Committee	1.00	1.00	0.00
1,283.65	1/2	1,258.43	(25.22)	325 - Department of Human Services (excluding State Hospital and Developmental Center)	1,270.43	1,258.43	(12.00)
479.30	1/2	471.14	(8.16)	- Developmental Center	471.14	471.14	0.00
523.10	1/2	509.00	(14.10)	- State Hospital	511.00	509.00	(2.00)
<u>2,286.05</u>		<u>2,238.57</u>	<u>(47.48)</u>	- Department of Human Services Subtotal	<u>2,252.57</u>	<u>2,238.57</u>	<u>(14.00)</u>
22.00		24.50	2.50	360 - Protection and Advocacy Project	22.00	24.50	2.50
390.40		389.78	(0.62)	380 - Job Service North Dakota	389.78	389.78	0.00
<u>3,099.06</u>		<u>3,064.86</u>	<u>(34.20)</u>	TOTAL HEALTH AND WELFARE	<u>3,076.36</u>	<u>3,064.86</u>	<u>(11.50)</u>

45.50	45.50	0.00	REGULATORY			
			401 - Insurance Department	44.50	45.50	1.00
64.00	63.00	(1.00)	405 - Industrial Commission	63.00	63.00	0.00
9.00 ¹³	10.00	1.00	406 - Labor Commissioner	10.00	10.00	0.00
42.00	41.00	(1.00)	408 - Public Service Commission	42.00	41.00	(1.00)
6.00	6.00	0.00	412 - Aeronautics Commission	6.00	6.00	0.00
22.00	23.50	1.50	413 - Department of Banking and Financial Institutions	23.00	23.50	0.50
8.00	8.00	0.00	414 - Securities Commissioner	8.00	8.00	0.00
178.50	178.50	0.00	471 - Bank of North Dakota	178.50	178.50	0.00
33.00	38.00	5.00	473 - Housing Finance Agency	38.00	38.00	0.00
124.00	121.00	(3.00)	475 - Mill and Elevator Association	121.00	121.00	0.00
191.00	218.00	27.00	485 - Workers Compensation Bureau	191.00	218.00	27.00
<u>723.00</u>	<u>752.50</u>	<u>29.50</u>	TOTAL REGULATORY	<u>725.00</u>	<u>752.50</u>	<u>27.50</u>
			PUBLIC SAFETY			
198.00	196.00	(2.00)	504 - Highway Patrol	196.00	196.00	0.00
31.00	31.00	0.00	506 - Radio Communications	31.00	31.00	0.00
20.00	20.00	0.00	512 - Division of Emergency Management	20.00	20.00	0.00
572.68	615.18	42.50	530 - Department of Corrections and Rehabilitation	638.68	615.18	(23.50)
133.00	136.00	3.00	540 - Adjutant General	136.00	136.00	0.00
<u>954.68</u>	<u>998.18</u>	<u>43.50</u>	TOTAL PUBLIC SAFETY	<u>1,021.68</u>	<u>998.18</u>	<u>(23.50)</u>
			AGRICULTURE AND ECONOMIC DEVELOPMENT			
23.00	0.00 ¹⁴	(23.00)	601 - Economic Development and Finance	30.00	0.00 ¹⁴	(30.00)
55.50	55.50	0.00	602 - Agriculture Department	55.50	55.50	0.00
0.00	57.00 ¹⁴	57.00	605 - Commerce Department	0.00	57.00 ¹⁴	57.00
33.00	32.00	(1.00)	616 - Seed Department	32.00	32.00	0.00
23.50 ¹⁵	27.75	4.25	627 - Upper Great Plains Transportation Institute	27.75	27.75	0.00
76.36 ¹⁵	76.36	0.00	628 - Branch research centers	76.36	76.36	0.00
282.81 ¹⁵	275.81	(7.00)	630 - NDSU Extension Service	275.81	275.81	0.00
8.00 ¹⁵	8.00	0.00	638 - Northern Crops Institute	8.00	8.00	0.00
351.28 ¹⁵	349.48	(1.80)	640 - Main Research Center	351.28	349.48	(1.80)

2.90 ¹⁵	2.90	0.00	649 - Agronomy Seed Farm	2.90	2.90	0.00
<u>856.35</u>	<u>884.80</u>	<u>28.45</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>859.60</u>	<u>884.80</u>	<u>25.20</u>
			NATURAL RESOURCES AND HIGHWAYS			
54.00	56.00	2.00	701 - State Historical Society	56.00	56.00	0.00
5.00	5.00	0.00	709 - Council on the Arts	5.00	5.00	0.00
131.00	136.00	5.00	720 - Game and Fish Department	136.00	136.00	0.00
11.00	0.00 ¹⁴	(11.00)	740 - Department of Tourism	11.00	0.00 ¹⁴	(11.00)
40.00	42.75	2.75	750 - Department of Parks and Recreation	42.75	42.75	0.00
82.00	89.00	7.00	770 - State Water Commission	83.00	89.00	6.00
<u>1,040.00</u>	<u>1,041.00</u>	<u>1.00</u>	801 - Department of Transportation	<u>1,041.00</u>	<u>1,041.00</u>	<u>0.00</u>
<u>1,363.00</u>	<u>1,369.75</u>	<u>6.75</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>1,374.75</u>	<u>1,369.75</u>	<u>(5.00)</u>
			SUMMARY TOTALS			
1,164.00	1,205.20	41.20	General Government	1,196.50	1,205.20	8.70
3,376.83	3,341.49	(35.34)	Education	3,377.19	3,341.49	(35.70)
3,099.06	3,064.86	(34.20)	Health and Welfare	3,076.36	3,064.86	(11.50)
723.00	752.50	29.50	Regulatory	725.00	752.50	27.50
954.68	998.18	43.50	Public Safety	1,021.68	998.18	(23.50)
856.35	884.80	28.45	Agriculture and Economic Development	859.60	884.80	25.20
<u>1,363.00</u>	<u>1,369.75</u>	<u>6.75</u>	Natural Resources and Highways	<u>1,374.75</u>	<u>1,369.75</u>	<u>(5.00)</u>
<u>11,536.92</u>	<u>11,616.78</u>	<u>79.86</u>	TOTAL ALL DEPARTMENTS	<u>11,631.08</u>	<u>11,616.78</u>	<u>(14.30)</u>

¹¹ The FTE positions listed for Higher Education were adjusted as follows, in accordance with Section 6 of 1999 House Bill No. 1003:

	1999-2001 Legislative Authorization	Adjusted FTE Level	Variance
North Dakota University System office	18.50	20.00	1.50
Bismarck State College	143.44	145.53	2.09
Lake Region State College	41.34	41.34	0.00
Williston State College	46.07	50.23	4.16
University of North Dakota	916.69	919.75	3.06
UND School of Medicine and Health Sciences	224.72 *	224.79	0.07
North Dakota State University	794.98	798.49	3.51
State College of Science	229.90	229.90	0.00
Dickinson State University	129.63	130.15	0.52
Mayville State University	80.47	81.47	1.00
Minot State University	258.93	266.21	7.28
Valley City State University	111.35	113.34	1.99
MSU-Bottineau	46.20	47.44	1.24
Forest Service	17.66	17.81	0.15
Total	3059.88	3,086.45	26.57

* Reflects the elimination of 203.3 FTE positions associated with local funds.

¹² The 1999-2001 FTE positions for the Department of Human Services, the Developmental Center, and the State Hospital have been adjusted based on Section 6 of 1999 Senate Bill No. 2012 that authorizes the department to add FTE positions at the human service centers, State Hospital, and Developmental Center.

Changes made are as follows:

	1999-2001 Legislative Authorized FTE	Adjustments	Adjusted 1999-2001 Authorized FTE
Developmental Center	481.30	(2.00)	479.30
State Hospital	537.10	(14.00)	523.10
Human service centers	883.80	39.25	923.05
Other department programs	360.60		360.60
Total	2,262.80	23.25	2,286.05

¹³ The 1999 Legislative Assembly authorized seven FTE positions. However, pursuant to authority received from the Emergency Hiring Council, the agency hired two additional individuals for the agency's Fair Housing Division.

¹⁴ The Department of Economic Development and Finance, the Division of Community Services of the Office of Management and Budget, and the Department of Tourism were consolidated into the Department of Commerce.

¹⁵ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 7 of 1999 House Bill No. 1021:

	1999-2001 Legislative Authorization	Adjusted FTE Level	Variance
Upper Great Plains Transportation Institute	25.00	23.50	(1.50)
NDSU Extension Service	267.80	282.81	15.01
Northern Crops Institute	8.00	8.00	0.00
Agronomy Seed Farm	3.00	2.90	(0.10)
Branch research centers	72.10	76.36	4.26
Main Research Center	341.25	351.28	10.03
Total	<u>717.15</u>	<u>744.85</u>	<u>27.70</u>

ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

Year	Salary Increase Provided	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 the University of North Dakota and North Dakota State University; 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 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 are to be based on merit and equity	2.2%
2000	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. An additional 1% may be provided to the extent the increase can be paid with existing agency resources.	3.4%
2001 ¹	3% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.9% (projected)
2002 ¹	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.2% (projected)

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

¹ In addition, the Legislative Assembly provided: \$5 million, \$2.7 million of which is from the general fund, for market equity compensation adjustments for classified employees as approved by the Central Personnel Division.

\$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 may be used for salary increases to address equity issues.

\$178,233, \$142,697 of which is from the general fund, for salary equity adjustments for elected and appointed officials.

ANALYSIS OF ELECTED OFFICIALS SALARIES

The Legislative Assembly authorized 2001-03 biennium salary increases of three percent effective July 1, 2001, and two percent effective July 1, 2002, for elected officials. In addition, funding was provided for pay equity adjustments for elected officials that are paid less than similar positions in neighboring states. The schedule below shows for each elected official the salary authorized by the 1999 Legislative Assembly and by the 2001 Legislative Assembly. In addition, a column is added showing the pay equity adjustment provided for each (the pay equity adjustment is included in the annual salary amounts effective January 1, 2002).

State Official	Statutory Annual Salary Authorized by 1999 Legislative Assembly			Statutory Annual Salary Authorized by 2001 Legislative Assembly			Pay Equity Adjustment Included in Annual Salary
	Effective July 1, 1999	Effective July 1, 2000	Effective January 1, 2001	Effective July 1, 2001	Effective January 1, 2002	Effective July 1, 2002	
	Governor	\$76,879	\$78,417	\$83,013	\$85,506	\$85,506 ²	
Lieutenant Governor	\$63,183	\$64,447	\$64,447 ¹	\$66,380	\$66,380 ²	\$67,708	\$0
Secretary of State	\$58,262	\$59,428	\$61,142	\$64,742	\$66,684	\$68,018	\$1,942
Attorney General	\$65,753	\$67,068	\$69,002	\$71,072	\$73,204	\$74,668	\$2,132
Superintendent of Public Instruction	\$59,437	\$60,626	\$67,619	\$69,648	\$75,916	\$77,434	\$6,268
Tax Commissioner	\$58,262	\$59,428	\$66,282	\$68,277	\$72,374	\$73,821	\$4,097
Insurance Commissioner	\$58,262	\$59,428	\$62,855	\$64,742	\$66,684	\$68,018	\$1,942
Public Service Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
Public Service Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
Public Service Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
Agriculture Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
State Auditor	\$58,262	\$59,428	\$62,855	\$64,742	\$66,684	\$68,018	\$1,942
State Treasurer	\$58,262	\$59,428	\$61,142	\$62,974	\$62,974 ²	\$64,233	\$0

The judicial branch appropriation contains the funding needed to provide salary increases for Supreme Court justices of approximately eight percent for the first year of the biennium and seven percent for the second year of the biennium and salary increases for district judges of approximately seven percent for each year of the biennium.

For each judge, the following schedule shows the current salary and the salary authorized by the 2001 Legislative Assembly:

	Statutory Annual Salary Authorized by the 1999 Legislative Assembly		Statutory Annual Salary Authorized by the 2001 Legislative Assembly	
	July 1, 1999	July 1, 2001	July 1, 2001	July 1, 2002
Supreme Court Chief Justice	\$86,172	\$87,895	\$94,858	\$102,021
Other Supreme Court justices	\$83,807	\$85,483	\$92,289	\$99,122
District court presiding judges	\$79,171	\$80,755	\$86,754	\$93,343
Other district court judges	\$77,340	\$78,887	\$84,765	\$90,671

¹ Was not provided a pay equity increase on January 1, 2001.

² Is not provided a pay equity increase on January 1, 2002.

ANALYSIS OF THE STATE BONDING FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$4,589,688	\$4,639,557
Add estimated revenues		
Investment income	\$375,000	\$750,000
State bonding fund claims collections	78,000	80,000
Other income	4,300	5,000
Total estimated revenues	457,300	835,000
Total available	\$5,046,988	\$5,474,557
Less estimated expenditures		
Insurance Department - Administration (1999 SB 2010, 2001 HB 1010)	\$67,431	\$67,431
State bonding claims losses	325,000	335,000
Claims-related payments	15,000	20,000
Total estimated expenditures	407,431	422,431
Estimated ending balance	\$4,639,557	\$5,052,126

NOTE: The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner and the amount of coverage provided to each state agency, department, industry, and institution is determined by the commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09 provides that premiums for bond coverage are to be determined by the Insurance Commissioner but can be waived if the state bonding fund's balance is in excess of \$2.5 million. No premium has been charged possibly since 1953 because the bonding fund's balance has exceeded \$2.5 million.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$419,411	\$60,771
Add estimated revenues		
Investment income	\$12,566	\$11,710
Rentals, royalties, bonuses, and contracts	191,709	161,625
Total estimated revenues	204,275	173,335
Total available	\$623,686	\$234,106
Less estimated expenditures		
Administrative expenses	\$22,354	\$26,086
Income payments to counties	4,651 ¹	5,478 ¹
Facility Management capital improvements (1997 HB 1015)	309,310 ²	
Facility Management Capitol complex master plan (1999 SB 2015)	225,000 ³	
Capitol Grounds Planning Commission operating expenses (1999 SB 2015 - 2001 HB 1015)	1,600 ⁴	25,000
Capitol Grounds Planning Commission - Continuing appropriation	0 ⁵	50,000
Total estimated expenditures	562,915	106,564
Estimated ending balance	\$60,771	\$127,542

¹ North Dakota Century Code (NDCC) Section 15-04-23 requires the Board of University and School Lands to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed five percent of the net revenue generated from the original grant lands in that county during the year preceding the payment. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

² The \$309,310 of Facility Management carryover from the 1997-99 biennium is for the following projects:

New Capitol roofs	\$256,610
Granite paver caulking and repair	20,700
Capitol automation	32,000
Total	\$309,310

³ Senate Bill No. 2015 (1999) appropriates \$225,000 from the Capitol building fund for a Capitol complex master plan.

⁴ The Capitol Grounds Planning Commission anticipates using \$1,600 of the \$25,000 appropriated in Senate Bill No. 2015 (1999) to the commission from the Capitol building fund for operating expenses.

⁵ The Capitol Grounds Planning Commission anticipates using no funds for the 1999-2001 biennium from the Capitol building fund \$50,000 continuing appropriation provided in NDCC Section 48-10-02.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND INVESTMENT
AND INTEREST INCOME FOR THE 1999-2001 AND 2001-03 BIENNIUMS**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance - Investment and interest income	\$0 ¹	\$125,318 ¹
Add estimated revenues		
Investment income	\$2,552,635	\$1,794,274
School construction loan income	1,105,429	1,165,000
Oil, gas, and coal impact loan income	518,314	720,000
Total estimated revenues	4,176,378	3,679,274
Total available	\$4,176,378	\$3,804,592
Less estimated expenditures and transfers		
Administrative expenses	\$22,060	\$26,161
Transfer to the general fund	4,029,000 ²	3,630,000 ³
Total estimated expenditures and transfers	4,051,060	3,656,161
Estimated ending balance - Investment and interest income	\$125,318 ⁴	\$148,431 ⁴

NOTE: North Dakota Century Code (NDCC) Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the state general fund. The amounts shown on the preceding analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

¹ Beginning balance - July 1, 1999, and 2001 - The beginning balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2001, the total value of permanent fund assets was \$55.1 million, of which \$26.3 million was school construction loans receivable, \$4.1 million was coal, oil, and gas impact loans receivable, and \$24.6 million was either invested or was a receivable of investment or other earnings.

² Transfer to the general fund - 1999-2001 biennium - The original legislative general fund revenue estimate for the 1999-2001 biennium included \$3,475,000 from the income of the coal development trust fund. However, the revised revenue forecast for the 1999-2001 biennium, as adopted by the 2001 Legislative Assembly, includes the transfer of \$4,029,000 from the income of the coal development trust fund.

³ Transfer to the general fund - 2001-03 biennium - The amount shown is the amount included in the 2001-03 legislative revenue forecast, which is \$630,000 more than the amount included in the Schafer revenue forecast, no change from the amount included in the Hoeven revenue forecast.

⁴ Estimated ending balance - The estimated ending balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2001, the total value of permanent fund assets was \$55.1 million, of which \$26.3 million was school construction loans receivable, \$4.1 million was coal, oil, and gas impact loans receivable, and \$24.6 million was either invested or was a receivable of investment or other earnings.

FUND HISTORY

The coal development trust fund originated in 1979 with passage of House Bill No. 1257, now codified as various sections of NDCC Chapter 57-62. In 1980 the voters of North Dakota approved constitutional measure No. 5, creating Article X, Section 21, of the Constitution of North Dakota and establishing the coal development trust fund as a constitutional trust fund.

North Dakota Century Code Section 57-62-02 provides that 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides that the Board of University and School Lands shall administer the fund and use moneys in the fund for loans to coal-impacted counties, cities, and school districts and for loans to school districts for school construction. Section 15-60-10 limits to \$40 million the outstanding principal balance of school construction loans from the coal development trust fund.

North Dakota Century Code Section 57-61-01.5 provides that 70 percent of the moneys deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (4.5 percent of total coal severance taxes collected) remain in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	<u>1999-2001 Biennium</u>	<u>2001-03 Biennium</u>
Beginning balance	\$0	\$5,287,951
Add estimated revenues		
Transfers to date from the tobacco settlement trust fund	\$5,287,951 ¹	
Projected transfers from the tobacco settlement trust fund		\$5,307,289
Total estimated revenues	<u>5,287,951 ²</u>	<u>5,307,289 ²</u>
Total available	\$5,287,951	\$10,595,240
Less estimated expenditures		
State Department of Health		
Tobacco prevention and control (2001 Senate Bill No. 2004)		4,700,000 ⁴
Dentists' loan program (2001 Senate Bill No. 2276)		180,000 ⁵
Community health grants (2001 Senate Bill No. 2380)		350,000 ⁶
Department of Human Services		
Breast and cervical cancer assistance (2001 House Bill No. 1472)		114,755 ⁷
Total estimated expenditures	<u>0 ³</u>	<u>5,344,755</u>
Estimated ending balance	<u><u>\$5,287,951</u></u>	<u><u>\$5,250,485</u></u>

¹ As of April 2001, nine transfers have been made from the tobacco settlement trust fund totaling \$5,287,951.

² Estimated revenues - Interest earned on the community health trust fund is deposited in the state general fund.

³ Estimated expenditures - 1999 House Bill No. 1475 provides that moneys 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 emphasis on preventing or reducing tobacco usage in this state. The 1999 Legislative Assembly did not appropriate to the State Department of Health any moneys in the community health trust fund for community-based public health programs. Consequently, no expenditures from the fund are anticipated during the 1999-2001 biennium.

⁴ 2001 Senate Bill No. 2004 provides an appropriation to the State Department of Health for tobacco prevention and control programs.

⁵ 2001 Senate Bill No. 2276 provides an appropriation to the State Health Council for providing for a dentists' loan repayment program which provides loan assistance to certain dentists who start a practice in smaller North Dakota communities in need of a dentist.

- ⁶The community health grant program is established in 2001 Senate Bill No. 2380 with the intent to prevent or reduce tobacco usage in the state. The bill provides an appropriation of \$100,000 for funding the community health grant program advisory committee and \$250,000 to provide grants to cities and counties for tobacco education and cessation programs.
- ⁷2001 House Bill No. 1472 provides an appropriation to the Department of Human Services for providing medical assistance coverage for women screened and found to have breast and cervical cancer.

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 moneys obtained by the state. Moneys in the fund must be transferred as follows, within 30 days of their 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.

**ANALYSIS OF THE CASH BALANCE OF THE DEVELOPMENTALLY DISABLED FACILITY LOAN FUND
PROGRAM NO. 1 FOR THE 1999-2001 AND 2001-03 BIENNIUMS**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$251,443	\$0
Add estimated revenues		
Loan repayments	\$906,789	\$874,423 ³
Investment income	49,246	20,666
Total estimated revenues	956,035	895,089
Total available	\$1,207,478	\$895,089
Less estimated expenditures		
Loans		
Department of Human Services (1999 SB 2012, 2001 HB 1012)	\$1,172,231 ¹	\$870,979 ⁴
Administrative service fees	35,247	24,110
Total estimated expenditures	1,207,478	895,089
Estimated ending balance	\$0 ²	\$0 ⁵

¹ Although the 1999 Legislative Assembly appropriated \$1,192,700 from this fund to the Department of Human Services for the 1999-2001 biennium, based on projected revenues and expenditures, it is estimated only \$1,172,231 of the \$1,192,700 appropriation will be available during the 1999-2001 biennium.

² Section 15 of 1999 Senate Bill No. 2015 authorizes the Department of Human Services to sell, during the last six months of the 1999-2001 biennium, developmental disabilities loans to the Bank of North Dakota to the extent necessary to provide up to \$2,150,000 of proceeds to be transferred to the general fund as requested by the director of the Office of Management and Budget. The director of the Office of Management and Budget may request these loans be sold in order to maintain the legislative ending general fund balance of \$11,318,856. The Office of Management and Budget does not anticipate selling these loans during the 1999-2001 biennium.

³ Collections by the Bank of North Dakota on outstanding loans are approximately \$36,400 per month.

⁴ Although the 2001 Legislative Assembly in House Bill No. 1012 appropriated \$871,765 from this fund to the Department of Human Services for the 2001-03 biennium, based on the projected revenues and expenditures, it is estimated that only \$870,979 of the \$871,765 appropriation will be available during the 2001-03 biennium.

⁵ The 2001 Legislative Assembly authorized the Department of Human Services, at the request of the director of the Office of Management and Budget, to sell the remaining loans in this fund to the Bank of North Dakota at the end of the 2001-03 biennium and to deposit the proceeds estimated at \$2 million in the general fund. As a result, there will no longer be a cash balance in this fund that will be available for appropriation to the Department of Human Services.

The developmentally disabled facility loan fund program (loan No. 1) was established in 1981 by appropriating \$4 million from the lands and minerals trust fund to create the revolving fund to provide loans for intermediate care facilities for developmentally disabled persons and residential facilities for physically disabled persons.

As of March 31, 2001, outstanding loans of the developmentally disabled facility loan fund No. 1 program total \$2,660,112. Developmentally disabled facility loan fund programs Nos. 2 and 3 are authorized by North Dakota Century Code (NDCC) Chapter 6-09.6 to borrow funds from the common schools trust fund to finance the programs. The outstanding loan balance on March 31, 2001, for program No. 2 is \$2,392,306 and for program No. 3 is \$3,011,242.

SUMMARY OF DEVELOPMENTALLY DISABLED FACILITY LOAN FUND PROGRAMS NOS. 1, 2, AND 3

The following provides information regarding the statutory provisions of the developmentally disabled facility loan fund programs.

The first developmentally disabled facility loan fund program (loan No. 1) was established in 1981 by appropriating \$4 million from the lands and minerals trust fund. According to NDCC Section 6-09.6-01, the purpose of the program is to create a revolving loan fund which provides loans for the establishment of facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. The Bank of North Dakota is responsible for maintaining the loan fund. All moneys transferred into the fund, interest earned upon moneys in the fund, and collections of interest and principal on loans made from the fund are appropriated for providing loans in accordance with the intent of the program.

The second developmentally disabled facility loan fund program (loan No. 2) was created in 1983 in accordance with NDCC Section 6-09.6-01.1. The law provides the authorization for the loan fund to borrow up to \$5 million from the common schools trust fund to fulfill its purpose, which is to provide means for the establishment of facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. All payments of principal and interest received by the loan fund and any interest earned by the loan fund must be credited to the lands and minerals trust fund after service fees have been deducted by the Bank of North Dakota for administration of the fund. Moneys in the lands and minerals trust fund are appropriated to repay moneys borrowed by the loan fund from the common schools trust fund.

The third developmentally disabled facility loan fund program (loan No. 3) was established in 1985 by NDCC Section 6-09.6-01.2. The loan fund received authorization by law to borrow up to \$4,951,145 from the common schools trust fund. The purpose of the third loan fund remains consistent with the first two developmentally disabled facility loan funds, which is to provide means for the establishment of facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. All payments of principal and interest received by the loan fund and any interest earned by the loan fund less service fees deducted by the Bank of North Dakota for administration of the fund must be paid to the lands and minerals trust fund. Moneys in the lands and minerals trust fund are appropriated to repay moneys received by the loan fund from the common schools trust fund.

ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$701,250	\$928,352
Add estimated revenues	2,723,000 ¹	2,499,900 ³
Total available	\$3,424,250	\$3,428,252
Less estimated expenditures		
Agriculture Commissioner		
Noxious weed control (1999 SB 2009, 2001 HB 1009)	\$1,068,881	\$1,404,602
Pesticide disposal project (Safe Send) (1999 SB 2009, 2001 HB 1009)	573,907	596,842
Pesticide programs (1999 SB 2009, 2001 HB 1009)	266,467	314,620
Employee compensation package	11,643	25,751
Pesticide Control Board		
Minor use pesticide registration (1999 SB 2009)	285,000 ²	
Crop Protection Product Harmonization and Registration Board		
Crop protection product registration and labeling and grants (2001 HB 1328)		250,000 ⁴
Minor use pesticide registration (2001 HB 1467)		500,000 ⁵
State Department of Health		
Ground water testing (1999 HB 1004, 2001 SB 2004)	200,000	200,000
Agricultural Experiment Station		
Chemical storage expenditures (1999 HB 1021)	90,000	
Total estimated expenditures	\$2,495,898	\$3,291,815
Estimated ending balance	\$928,352	\$136,437

¹ The 1999 Legislative Assembly approved Senate Bill No. 2009, which includes a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350, only for the 1999-2001 biennium. This increase was estimated by the 1999 Legislative Assembly to generate \$400,000, resulting in \$2.4 million total estimated revenues to be deposited in the environment and rangeland protection fund. The increase of \$323,000 as compared to the 1999 Legislative Assembly estimated revenues is due to a higher number of products registered than previously anticipated.

² This amount is transferred to the minor use pesticide fund and appropriated to the Agriculture Commissioner, on behalf of the Pesticide Control Board, on a continuing basis.

³ The 2001 Legislative Assembly approved House Bill No. 1009 which extended the \$350 biennial pesticide registration fee for the 2001-03 biennium. This increase was estimated by the 2001 Legislative Assembly to generate \$416,650, resulting in \$2,499,900 total estimated revenues to be deposited in the environment and rangeland protection fund.

⁴The 2001 Legislative Assembly in House Bill No. 1328 and House Bill No. 1009 created the Crop Protection Product Harmonization and Registration Board. The duties of the board consist of the following:

Identify and prioritize crop protection product labeling needs.

Explore the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.

Identify the data necessary to enable registration of a use to occur in a timely manner.

Determine what research, if any, is necessary to fulfill data requirements for responsibilities of the board.

Request the Agriculture Commissioner to pursue specific research funding options from public and private sources.

Request the Agricultural Experiment Station to pursue specific research to coordinate registration efforts.

Pursue any opportunities to make more crop protection product options available to agriculture producers in this state through any means the board determines advisable.

Administer a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

The members of the Crop Protection Product Harmonization and Registration Board consist of the following:

The Governor or the Governor's designee (chairman).

The Agriculture Commissioner or the commissioner's designee.

The chairman of the House Agriculture Committee or the chairman's designee.

The chairman of the Senate Agriculture Committee or the chairman's designee.

A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee chairman is a member, appointed by the Legislative Council chairman.

A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.

A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.

A representative of the crop protection product manufacturing industry appointed by the chairman of the Legislative Council (nonvoting).

The director of the Agricultural Experiment Station (nonvoting).

⁵ This amount is transferred to the minor use pesticide fund and appropriated to the Crop Protection Product Harmonization and Registration Board on a continuing basis. 2001 House Bill No. 1328 changed the control of the minor use pesticide fund from the Agriculture Commissioner to the Crop Protection Product Harmonization and Registration Board.

North Dakota Century Code Section 19-18-02.1 created by 1991 Senate Bill No. 2451 establishes the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. The biennial fee is \$350 per pesticide product registered in the state for the 1999-2001 biennium and the 2001-03 biennium. Of this amount, \$300 is deposited in the environment and rangeland protection fund and \$50 in the general fund. Beginning July 1, 2003, the fee reverts to \$300 for a two-year period, of which \$250 is deposited in the environment and rangeland protection fund and \$50 in the general fund.

ANALYSIS OF THE FIRE AND TORNADO FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$16,558,658	\$14,751,996
Add estimated revenues		
Premium collections	\$6,630,000	\$6,650,000
Investment income	1,305,000	2,610,000
Boiler inspection fees	275,000	280,000
Insurance recoveries	2,100,000	1,000,000
Loss claims recovery	150,000	250,000
Other	8,000	5,000
Total estimated revenues	10,468,000	10,795,000
Total available	\$27,026,658	\$25,546,996
Less estimated expenditures		
Loss claims payments	\$9,850,000	\$8,500,000
1997 Red River Valley flood loss claims payments	270,000	150,000
Insurance Department - Administration (1999 SB 2010, 2001 HB 1010)	831,145	831,145
State Fire Marshal program (1999 SB 2003, 2001 HB 1003)	385,517	385,143
Firemen's Association grants (1999 SB 2015, 2001 HB 1015)	63,000	126,000
Claims-related payments	875,000	900,000
Total estimated expenditures	12,274,662	10,892,288
Estimated ending balance	\$14,751,996	\$14,654,708

NOTE: The state fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. North Dakota Century Code Section 26.1-22-14 requires that if the fire and tornado reserve balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies.

**ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND
FOR THE 1999-2001 AND 2001-03 BIENNIUMS**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$5,983,091	\$10,630,441
Add estimated revenues		
Oil extraction tax allocations	\$4,647,350	\$4,444,573
Total available	\$10,630,441	\$15,075,014
Less estimated expenditures		
Transfer to foundation aid program	\$0 ¹	\$0 ¹
Estimated ending balance	\$10,630,441	\$15,075,014

¹ Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. No revenue shortfall is currently anticipated for the 1999-2001 or 2001-03 biennium.

FUND HISTORY

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

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the director of the budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by specific fund and all departments and agencies that receive moneys from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota provides that the interest income of the foundation aid stabilization fund must be transferred to the state general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the 1999-2001 biennium, through May 31, 2001, \$606,340 of interest from the foundation aid stabilization fund has been allocated to the state general fund.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$38,632,261
Add estimated revenues		
1998 government nursing facility funding pool payment (April 2000)	\$25,902,739	
1999 government nursing facility funding pool payment (September 2000)	17,340,685	
2000 government nursing facility funding pool payment (July 2001)		\$15,141,604
2001 government nursing facility funding pool payment (July 2002)		11,754,986
Investment earnings	1,949,798	6,758,207
Loan repayments - Principal and interest	27,369	841,967
Total estimated revenues	45,220,591	34,496,764
Total available	\$45,220,591	\$73,129,025
Less estimated expenditures		
Department of Human Services		
Grants and loans - 1999-2001 biennium (1999 SB 2168)	\$1,463,853	
Grants 1999-2001 commitments (2001 HB 1196)		\$100,226
Loans 1999-2001 commitments (2001 HB 1196)		4,960,000
Loans - 2001-03 biennium (2001 HB 1196)		7,040,000
Additional 1999-2001 biennium transaction fee - Dunseith and McVillev (2001 HB 1196)	800,000	
Service payments for elderly and disabled (SPED) (1999 SB 2012, 2001 HB 1196)	4,262,410	6,898,302
Health Insurance Portability and Accountability Act (HIPAA) computer project - State matching and other technology projects (2001 HB 1196)		3,000,000
Nursing home bed reduction incentive (2001 HB 1196)		4,000,000
Nursing facility employee compensation enhancement (2001 HB 1196)		8,189,054
Basic care employee compensation enhancement (2001 HB 1196)		202,080
Nursing facility rate limit increases resulting from rebasing (2001 HB 1196)		681,846
Nursing facility and intermediate care facility for the mentally retarded personal care allowance increase (2001 HB 1196)		309,600
Basic care facility personal care allowance increase (2001 HB 1196)		180,000
Qualified service provider training grants (2001 HB 1196)		140,000
Senior citizen mill levy match (2001 HB 1196)		250,000
Medical assistance - Targeted case management (2001 HB 1196)		338,530
Independent living center grants (2001 HB 1196)		100,000

State Department of Health			
Quick-response unit pilot project (2001 HB 1202)		225,000	
Scholarship and nurses student loan repayment grant program (2001 HB 1196)		489,500	
Statewide long-term care needs assessment (2001 HB 1196)		241,006	
Administrative costs (1999 SB 2012, 2001 HB 1196)	60,382	71,158	
Bank of North Dakota administrative fee (continuing appropriation)	<u>1,685</u>	<u>79,615</u>	
Total estimated expenditures		<u>\$6,588,330</u>	<u>\$37,495,917</u>
Estimated ending balance		<u>\$38,632,261</u>	<u>\$35,633,108¹</u>

NOTE: 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 moneys 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. Moneys are 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 are made based on the average amount Medicare rates exceed 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 are available for these payments and require a state match. Payments are made to the two government nursing facilities and are 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 is returned to its source, and the federal funds are deposited in the health care trust fund. Moneys in the fund are invested by the State Investment Board and any investment earnings are retained in the fund. The federal government has adopted rules to eliminate this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment will be made in July 2004.

¹ Section 39 of House Bill No. 1196 provides that the State Treasurer may not approve payments from the fund that would reduce the fund's unobligated balance below \$13 million except for payments to repay the federal government for disputed claims until the Department of Human Services certifies to the State Treasurer that the federal Health Care Financing Administration's claim for the return of \$13 million of the state's first year (FY 2000) payment has been resolved.

**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND
FOR THE 1999-2001 AND 2001-03 BIENNIUMS**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$1,939,481	\$1,780,651
Add estimated revenues		
Production royalties	\$2,629,011	\$2,174,944
Mineral leases	126,556	120,000
Oil and gas bonuses	219,919	109,960
Investment earnings	361,013	163,113
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,399,218	1,496,000
	<hr/>	<hr/>
Total estimated revenues	<u>4,735,717</u>	<u>4,064,017</u>
Total available	\$6,675,198	\$5,844,668
Less estimated expenditures and transfers		
Payments to common schools trust fund - DD loan fund Nos. 2 and 3 (1999 SB 2012; 2001 HB 1012)	\$1,489,745 ^{\1}	\$2,077,969 ^{\2}
Industrial Commission - Oil and Gas Division	237,515	
Transfer to the general fund (1999 SB 2015; 2001 HB 1015)	3,000,000	3,545,102
Administrative costs/other fees	167,287	167,084
	<hr/>	<hr/>
Total estimated expenditures and transfers	<u>4,894,547</u>	<u>5,790,155</u>
Estimated ending balance	<u><u>\$1,780,651</u></u>	<u><u>\$54,513</u></u>

^{\1} Payments to common schools trust fund - 1999-2001 biennium - Senate Bill No. 2012 (1999) provided an appropriation of \$1,840,956 from the lands and minerals trust fund to the Department of Human Services for the purpose of making payments of principal and interest to the common schools trust fund for loans made to the developmentally disabled loan fund program Nos. 2 and 3. However, because the department in 2001 will be making the payment in July rather than June, only

three rather than four payments will be made during the 1999-2001 biennium. As a result, the Land Department estimates that for the 1999-2001 biennium only \$1,489,745 will be required to make the loan payments to the common schools trust fund.

- 12 Payments to common schools trust fund - 2001-03 biennium - Senate Bill No. 1012 (2001) provides an appropriation of \$2,261,556 from the lands and minerals trust fund to the Department of Human Services for the purpose of making payments of principal and interest to the common schools trust fund for loans made to the developmentally disabled loan fund program Nos. 2 and 3. However, the Land Department estimates that for the 2001-03 biennium only \$2,077,969 will be required to make the loan payments to the common schools trust fund.

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 North Dakota Century Code 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 LIGNITE RESEARCH FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$9,739,857	\$11,622,382
Add estimated revenues		
Separate two-cent coal severance tax	\$1,239,148	\$1,200,000
Fifty percent of coal severance taxes deposited in the coal development trust fund (result of passage of measure No. 3 in June 1990)	3,485,164	3,375,000
Twenty percent of coal severance taxes deposited in the coal development trust fund (committed to clean coal projects) (result of passage of constitutional amendment passed by voters in June 1994)	1,393,980	1,350,000
Investment income on Dakota Gasification Company ammonia plant project	316,260	1,000,000
Interest income	789,669	360,000
Total estimated revenues	7,224,221	7,285,000
Total available	\$16,964,078	\$18,907,382
Less estimated expenditures		
Lignite marketing feasibility study	\$795,800	\$1,300,000
Administration and development of the lignite research, development, and marketing program (includes funding for clean coal demonstration projects and bond payments)	4,545,896 ¹	15,150,000 ^{1,2}
Total estimated expenditures	5,341,696	16,450,000 ³
Ending balance	\$11,622,382	\$2,457,382

NOTE: North Dakota Century Code Section 57-61-01.5(2) and Article X, Section 21, of the Constitution of North Dakota provide for 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.

¹ The Industrial Commission has a policy stating that 45 percent of lignite research fund income will be used for small research projects and 55 percent for large demonstration research projects. The commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

² The Industrial Commission has waived the fund allocation policy and has committed \$20 million through the 2007-09 biennium with \$5,931,210 anticipated to be spent during the 2001-03 biennium for the Lignite Vision 21 project. The object of the Lignite Vision 21 project is to construct new lignite-fired power plants in North Dakota.

³ The 2001 Legislative Assembly appropriated \$16,450,000 for lignite research grants; however, at the present time the Industrial Commission anticipates spending approximately \$12.6 million for lignite research grants during the 2001-03 biennium. If the level of spending is \$12.6 million, the ending balance may be \$6.3 million.

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0 ¹	\$12,335,840
Add estimated revenues		
Oil and gas production tax and oil extraction tax collections	\$12,335,840	\$9,152,595
Total estimated revenues	12,335,840 ²	9,152,595 ⁴
Total available	\$12,335,840	\$21,488,435
Less estimated expenditures	0 ³	0 ³
Estimated ending balance	\$12,335,840	\$21,488,435

NOTE: North Dakota Century Code (NDCC) Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that at the end of each biennium beginning after June 30, 1997, all revenues deposited in the general fund during that biennium and 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 \$62 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.

¹ Beginning balance - July 1, 1999 - The general fund revenues derived from oil and gas production taxes and oil extraction taxes totaled \$43,676,727 for the 1997-99 biennium. Since revenues did not exceed the \$62 million statutory limit, no funds were transferred into the permanent oil tax trust fund on June 30, 1999.

² Estimated revenues - 1999-2001 - The revised revenue estimate for the 1999-2001 biennium projects oil and gas production tax and oil extraction tax revenues deposited in the general fund to exceed \$62 million by \$12,335,840. Therefore, there is a projected transfer of \$12,335,840 to the permanent oil tax trust fund at the end of the biennium.

³ Estimated expenditures - Pursuant to NDCC Section 57-51.1-07.2, 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.

⁴ Estimated revenues - 2001-03 - The revenue forecast for the 2001-03 biennium projects sufficient oil and gas production tax and oil extraction tax revenues to transfer \$9,152,595 into the permanent oil tax trust fund.

ANALYSIS OF THE RESOURCES TRUST FUND 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$6,733,283	\$14,300,000
Add estimated revenues		
Oil extraction tax collections	\$9,263,686	\$8,846,808
Repayments and reimbursements	2,365,903	1,804,439
Investment earnings/miscellaneous	936,289	368,356
Total estimated revenues	12,565,878	11,019,603
Total available	\$19,299,161	\$25,319,603
Less estimated expenditures		
State Water Commission		
Grants and administration (2001 HB 1023)	2,699,161	21,718,031 ³
Capital construction carryover from the 1997-99 biennium	2,300,000 ¹	
Total estimated expenditures	4,999,161	21,718,031
Ending balance	\$14,300,000 ²	\$3,601,572

NOTE: 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 state general fund.

¹ Capital construction carryover - 1999-2001 - The State Water Commission had \$2.3 million of unexpended 1997-99 biennium appropriation authority carried over to the 1999-2001 biennium for various water projects.

² Ending balance - 1999-2001 - The estimated June 30, 2001, ending balance is anticipated to include approximately \$10.3 million of obligations for the following projects:

Maple River Dam	\$3,500,000
Nesson Valley irrigation	1,300,000
Elk Charbon irrigation	1,000,000
Miscellaneous water projects	<u>4,500,000</u>
Total	<u>\$10,300,000</u>

³ Estimated expenditures - 2001-03 - House Bill No. 1023 (2001) provides that any 2001-03 resources trust fund revenues in excess of \$21,718,031 are appropriated to the State Water Commission, subject to Emergency Commission approval.

ANALYSIS OF THE RISK MANAGEMENT FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$6,653,971	\$2,154,397
Add estimated revenues		
Premiums	\$0 ¹	\$3,746,984 ²
Investment income	275,000	212,206
Total estimated revenues	275,000	3,959,190
Total available	\$6,928,971	\$6,113,587
Less estimated expenditures		
Administration - 1999 SB 2015, 2001 HB 1015	\$967,077	\$1,041,067
Claims-related expenses - Continuing appropriation	1,921,497	2,189,772
Claims and litigation	1,886,000	2,331,000
Total estimated expenditures	4,774,574	5,561,839
Estimated ending balance	\$2,154,397	\$551,748

NOTE: In September 1994 the North Dakota Supreme Court abolished the doctrine of sovereign immunity. As a result of this court decision, the 1995 Legislative Assembly passed the Tort Claims Act (1995 Senate Bill No. 2080) contained in North Dakota Century Code Section 32-12.2-07, which created a risk management fund and assigned the responsibility of administering a risk management program to the Office of Management and Budget.

¹ No risk management premiums were assessed to agencies and institutions due to a 1998 actuarial review of the fund which determined that fund reserves were sufficient to administer and pay claims anticipated in the 1999-2001 biennium.

² In response to an actuarial review completed by Aon Risk Services during 2000, the Risk Management Division has determined to assess a total of \$3,746,984 in risk management premiums to state agencies, boards and commissions, and the North Dakota University System for the 2001-03 biennium.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$0
Add estimated receipts		
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)	63,203,392	65,846,609
Total available	\$63,203,392	\$65,846,609
Less estimated expenditures		
Payments to political subdivisions		
County share (53.7%)	\$33,940,222	\$35,359,629
City share (46.3%)	29,263,170	30,486,980
Total estimated expenditures	63,203,392	65,846,609
Ending balance	\$0	\$0

NOTE: The amounts shown above reflect the 1999-2001 revenue forecast and the 2001-03 revenue forecast as approved by the 2001 Legislative Assembly.

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 1, 1999, for the deposit of a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate that was in effect when the sales were collected times the net sales, use, and motor vehicle excise tax allocations by the State Treasurer in the state aid distribution fund. The State 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 one percent of the net sales, use, and motor vehicle excise tax collections instead of an amount equal to 60 percent of one percent of the net sales, use, and motor vehicle excise tax collections. 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.

State revenue sharing funding was allocated to political subdivisions based on population and mill levies, and personal property tax funding was allocated to political subdivisions based on the historic real property taxes levied. The new allocation provides for 53.7 percent of the revenues to be distributed to counties and 46.3 percent to be distributed to cities. The distribution to the counties and cities is based on population categories. Each population category receives a percentage

of the county or city share of the total and is then allocated to the counties or cities within the categories based on population. The following chart shows the allocation of the fund to the various county and city population categories:

Population Category			
Counties		Cities	
	Percentage		Percentage
100,000 or more	10.4	20,000 or more	53.9
40,000 or more but less than 100,000	18.0	10,000 or more but less than 20,000	16.0
20,000 or more but less than 40,000	12.0	5,000 or more but less than 10,000	4.9
10,000 or more but less than 20,000	14.0	1,000 or more but less than 5,000	13.1
5,000 or more but less than 10,000	23.2	500 or more but less than 1,000	6.4
2,500 or more but less than 5,000	18.3	200 or more but less than 500	3.5
Less than 2,500	4.1	Less than 200	2.2
Total	100.0	Total	100.0

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$0
Add estimated revenues		
Tobacco settlement revenues collected to date	\$52,879,507 ¹	
Projected tobacco settlement revenues		\$53,072,885
Total estimated revenues	52,879,507 ²	53,072,885 ²
Total available	\$52,879,507	\$53,072,885
Less estimated expenditures and transfers		
Transfers to the community health trust fund (10%)	\$5,287,951	\$5,307,289
Transfers to the common schools trust fund (45%)	23,795,778	23,882,798
Transfers to the water development trust fund (45%)	23,795,778	23,882,798
Total estimated expenditures and transfers	52,879,507 ³	53,072,885
Estimated ending balance	\$0	\$0

¹ As of April 2001, nine tobacco settlement payments have been received by the state totaling \$52,879,507.

² Estimated revenues - 1999 House Bill No. 1475 (North Dakota Century Code (NDCC) Section 54-27-25) provides that interest on the moneys 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 moneys 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 were transferred immediately to the proper trust funds; therefore, no interest has been earned by the tobacco settlement trust fund to date.

³ The tobacco settlement proceeds for the 1999-2001 biennium were estimated to be \$57,593,770 at the end of the 1999 legislative session. The decrease in the estimated amount of tobacco settlement revenues for the biennium of \$4,714,263 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales.

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 moneys obtained by the state. Moneys in the fund, including interest, must be transferred as follows, within 30 days of their 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.

North Dakota Century Code Section 54-27-25 requires transfers that would otherwise be made to the common schools trust fund during the biennium must be made to the water development trust fund until the amount in the water development trust fund is sufficient to make required bond payments for bonds issued for water projects authorized by NDCC Section 61-02.1-04. Once the amount required for the biennium is transferred to the water development trust fund, an equal amount must be

transferred to the common schools trust fund, if available, from the moneys deposited in the tobacco settlement trust fund during the biennium. Once an equal amount has been deposited in each fund, transfers from the tobacco settlement trust fund will be allocated equally for the remainder of the biennium--45 percent to the water development trust fund and 45 percent to the common schools trust fund. The State Engineer has stated that the deposit of 45 percent of the tobacco settlement trust fund into the water development trust fund would be adequate during the 1999-2001 biennium. Therefore, transfers to date for the common schools trust fund have not been redirected to the water development trust fund.

ANALYSIS OF THE STATE TUITION FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$912,842 ¹	\$630,000 ¹
Add estimated revenues		
Fines for violation of state laws	\$8,656,756 ²	\$9,446,025 ²
Transfers from the common schools trust fund	47,550,000	57,793,000
Total estimated revenues	56,206,756	67,239,025
Total available	\$57,119,598	\$67,869,025
Less estimated expenditures		
Tuition payments to schools	56,489,598 ³	67,081,850 ³
Estimated ending balance	\$630,000 ¹	\$787,175 ¹

¹ Beginning/ending balance - North Dakota Century Code (NDCC) Section 15.1-28-03 provides for the distribution of moneys in the state tuition fund in August, October, December, February, and April of each fiscal year. Fines proceeds deposited in the tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

² Fines for violation of state laws - The amount of state tuition fund distributions from fines proceeds has increased significantly in recent years. However, as shown below, the estimates used for fiscal years 2002 and 2003 are approximately \$500,000 per year higher than actual fiscal year 2001 distributions.

Fiscal Year	Fines Revenue Distributions	Percentage Increase From Previous Year
1998	\$3,104,108 (actual)	
1999	\$3,796,889 (actual)	22.3%
2000	\$4,723,312 (actual)	24.4%
2001	\$4,216,285 (actual)	(10.7%)
2002	\$4,723,000 (estimate) ^a	12.0%
2003	\$4,723,025 (estimate) ^a	0.0%

^a The estimated amounts were calculated by the Office of Management and Budget and used in developing the executive recommendation for 2001-03 biennium distributions from the state tuition fund. The 2001 Legislative Assembly did not change the executive recommendation.

³ Tuition payments - Tuition fund payments for the 1999-2001 biennium are currently estimated to be approximately \$3 million more than the amount appropriated. Section 2 of 1999 Senate Bill No. 2013 appropriates to the Department of Public Instruction any additional moneys that become available in the state tuition fund. Pursuant to NDCC Section 15.1-28-03, payments are made on the basis of census units, which is the number of school-age children in each district as determined by the last census. Actual and estimated census unit payments are shown below for fiscal years 1998 through 2003:

Fiscal year	Tuition Fund Payments Per Census Unit	Percentage Increase From Previous Year
1998	\$216 (actual)	
1999	\$223 (actual)	3.2%
2000	\$248 (actual)	11.2%
2001	\$244 (actual)	(1.6%)
2002	\$300 (estimate)	23.0%
2003	\$300 (estimate)	0.0%

FUND HISTORY

The state tuition fund originated in 1889 with enactment of the Constitution of North Dakota. The original constitutional provisions have changed little since enactment and are currently contained in Article IX, Section 2, of the Constitution of North Dakota, which provides that payments to the common schools of the state include:

- Interest and income from the common schools trust fund.
- All fines for violation of state laws.
- All other amounts provided by law.

North Dakota Century Code Section 15.1-28-01 provides that the state tuition fund consist of the net proceeds from all fines for violation of state laws and leasing of school lands (included in transfers from the common schools trust fund) and the interest income from the state common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in February, April, August, October, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. The Superintendent of Public Instruction then apportions the moneys in the fund among the school districts in the state.

ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$4,388,548	\$4,259,533
Add estimated revenues		
Investment income	\$390,253	\$372,800
Total estimated revenues	390,253	372,800
Total available	\$4,778,801	\$4,632,333
Less estimated expenditures		
Department of Veterans Affairs - Anticipated expenditures pursuant to continuing appropriation authority contained in Article X of the North Dakota Constitution as approved by the voters in November 1996		
Grants	\$200,000	\$200,000
Veterans Cemetery	105,000	
Salaries and rent	59,003	60,051
Veterans' World War II memorial	15,790	
Veterans' Women in Military memorial	5,000	
Veterans Home gazebo	48,400	
Veterans Home activities	15,000	
Vehicles - Vans	49,000	
Other veterans' programs	15,075	6,000
Board travel	7,000	7,000
Total estimated expenditures	519,268	273,051
Estimated ending balance	\$4,259,533	\$4,359,282

NOTE: The principal balance of the fund is \$4,101,849, leaving an estimated available investment income balance of \$157,684 as of June 30, 2001, and \$257,433 as of June 30, 2003.

FUND HISTORY Established

The fund was created by Section 6 of 1981 Senate Bill No. 2271:

SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND. All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

1988 Initiated Measure No. 4

Initiated measure No. 4, approved by the voters in the November 1988 general election, provided the following:

1. Established the veterans' postwar trust fund as a permanent fund.
2. Required the State Treasurer to transfer \$740,000 per year for five years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total \$3,700,000.
3. Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans Affairs to be spent for veterans' programs as authorized by law.
4. Required the State Treasurer to invest the fund in legal investments as provided by North Dakota Century Code Section 21-10-07.

The principal balance in the fund on December 8, 1988, was \$401,849.

Senate Bill No. 2009 (1989) transferred \$1,480,000, \$740,000 on July 1, 1989, and \$740,000 on July 1, 1990, from the state general fund to the veterans' postwar trust fund. The bill also appropriated up to \$274,000 of investment income earned on the veterans' postwar trust fund balance to the Veterans Home for its operating costs. Because of net budget reductions during the 1989-91 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1989-91 biennium was reduced by \$95,005, from \$740,000 to \$644,995.

Senate Bill No. 2001 (1991) transferred \$1,575,005 from the general fund to the veterans' postwar trust fund during the 1991-93 biennium. This amount restored the \$95,005, which was not transferred during the 1989-91 biennium because of net budget reductions. Because of budget allotments ordered by the Governor during the 1991-93 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1991-93 biennium was reduced by \$5,670, from \$740,000 to \$734,330.

House Bill No. 1001 (1993) transferred \$745,670 from the general fund to the veterans' postwar trust fund during the 1993-95 biennium. This was the final transfer required by the initiated measure and includes \$5,670 to restore the reduction made during 1991-93 because of budget reductions.

1996 Initiated Constitutional Measure No. 4

Initiated constitutional measure No. 4, approved by the voters in the November 1996 general election, created the following new section to Article X of the North Dakota Constitution:

The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the administrative committee on veterans' affairs.

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$23,795,778
Add estimated revenues		
Transfers to date from tobacco settlement trust fund	\$23,795,778 ¹	
Projected transfers from tobacco settlement trust fund		\$23,882,798
	23,795,778 ²	23,882,798 ²
Total estimated revenues		
Total available	\$23,795,778	\$47,678,576
Less estimated expenditures		
Transfer to the general fund (2001 HB 1023)		\$9,733,820 ⁴
State Water Commission		
Bond payments (2001 HB 1023)		8,636,398
Water development projects (2001 HB 1023)		28,995,286 ⁵
Section 404 of the Clean Water Act (2001 SB 2285)		800,000
State Department of Health		
Total maximum daily load and pollution control plans (2001 SB 2004)		99,756
	0 ³	48,265,260 ⁶
Total estimated expenditures		
Estimated ending balance	\$23,795,778	(\$586,684) ⁷

¹ As of April 2001, nine transfers have been made from the tobacco settlement trust fund totaling \$23,795,778.

² Estimated revenues - Interest earned on the water development trust fund is not retained in the fund but deposited in the state general fund.

³ Estimated expenditures - House Bill No. 1475 (1999) provides that moneys in the water development trust fund are to be used to address the long-term water development and management needs of the state. Senate Bill No. 2188 (1999) provides that bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake are to be repaid from moneys in the water development trust fund, as appropriated by the Legislative Assembly. The 1999 Legislative Assembly did not appropriate any funds from the water development trust fund for repayment of bond principal and interest; however, the Legislative Assembly did appropriate \$84.8 million from the water development trust fund for the purpose of repaying the line of credit extended by the Bank of North Dakota for interim financing. Approximately \$1.1 million for the Southwest Pipeline Project was drawn on the \$84.8 million line of credit. The funds were repaid with proceeds from the March 2000 bond sales, which will provide \$23 million for the flood control project in Grand Forks and \$4.5 million for the Southwest Pipeline Project. If necessary, a portion of the Grand Forks allocation may be used for the Wahpeton flood control project, depending on timing. The first payment of principal and interest accrued for the bonds is scheduled to be made in the 2001-03 biennium.

⁴ Transfer to general fund - House Bill No. 1023 (2001) transfers \$9,733,820, the amount for the State Water Commission administrative expenses, from the water development trust fund to the general fund. A general fund appropriation was then provided by the 2001 Legislative Assembly for the administrative expenses.

⁵ The authorization for water projects includes the \$28,572,333 included in the water projects line item in Section 1 of the bill and \$422,953 of additional operating costs relating to water projects.

⁶ The State Water Commission is authorized to spend up to \$67.8 million from the water development trust fund, resources trust fund, and bond proceeds on water development projects for the 2001-03 biennium. This includes \$31.5 million of carryover projects from 1999 Senate Bill No. 2188. Section 14 of 2001 House Bill No. 1023 limits the bonding authority for the new projects to \$20 million plus the cost of issuing bonds. Contracts for water projects to be paid from the water development trust fund may initially be issued up to an amount equal to 75 percent of the amount appropriated from that fund. Contracts for the remaining 25 percent appropriated may only be issued to the extent uncommitted funds are available in the water development trust fund. The State Water Commission is also authorized in 2001 House Bill No. 1015 to spend up to \$5 million from the resources trust fund or bond proceeds for levees at Devils Lake, which increases the bonding cap to \$25 million and the water project cap to \$72.8 million.

⁷ If adequate moneys are not available in the fund to provide for the appropriations and transfers as current projections indicate, expenditures will need to be reduced to maintain a positive ending balance.

FUND HISTORY

North Dakota Century Code (NDCC) 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 moneys obtained by the state. Moneys in the fund must be transferred as follows, within 30 days of their 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.

North Dakota Century Code Section 54-27-25 also provides that transfers that would otherwise be made to the common schools trust fund during the biennium must be made to the water development trust fund until the amount in the water development trust fund is sufficient to make required bond payments for bonds issued for water projects authorized by NDCC Section 61-02.1-04. Once the amount required for the biennium is transferred to the water development trust fund, an equal amount must be transferred to the common schools trust fund, if available, from the moneys deposited in the tobacco settlement trust fund during the biennium. Once an equal amount has been deposited in each fund, transfers from the tobacco settlement trust fund will be allocated equally for the remainder of the biennium--45 percent to the water development trust fund and 45 percent to the common schools trust fund. The State Engineer has stated that deposit of 45 percent of the tobacco settlement trust fund into the water development trust fund would be adequate during the 1999-2001 biennium. Therefore, transfers to date for the common schools trust fund have not been redirected to the water development trust fund.

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 moneys appropriated from the water development trust fund.

GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers.

	Actual		Estimated	
	1995-97	1997-99	1999-2001	2001-03
Beginning balance	\$31,151,278	\$65,000,000	\$61,114,425	\$52,662,700
Revenues	1,290,637,334	1,413,062,305	1,528,202,455	1,614,373,393
Transfers to general fund	<u>90,731,642</u>	<u>70,442,745</u>	<u>59,523,467</u>	<u>91,942,314</u>
Total available	<u>\$1,412,520,254</u>	<u>\$1,548,505,050</u>	<u>\$1,648,840,347</u>	<u>\$1,758,978,407</u>
Expenditures	(1,330,403,964)	(1,487,390,625)	(1,596,177,647)	(1,746,983,713)
Transfers from general fund	<u>(17,116,290) ¹</u>			
Ending balance	<u><u>\$65,000,000</u> ¹</u>	<u><u>\$61,114,425</u></u>	<u><u>\$52,662,700</u></u>	<u><u>\$11,994,694</u></u>

¹ This amount reflects the transfer of \$17.1 million to the Bank of North Dakota, pursuant to 1997 House Bill No. 1015, which provided that any amount in excess of \$65 million be transferred to the Bank of North Dakota.

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2001-03 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2001-03 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 1985-87 biennium and the lowest percentage occurring in the 1973-75 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1991-93 biennium and the lowest percentage in the 1973-75 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated but authorized to be spent by Emergency Commission action or continuing appropriations.

TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2001-03 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations ¹	Total Special Funds Appropriations ¹	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,326,700,000 ²	4.38%	10.55%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,869,200,000 ²	4.75%	11.51%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,840,000,000 ³	4.67%	10.21%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$7,620,000,000 ³	3.91%	8.58%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,700,000,000 ³	5.75%	11.41%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,800,000,000 ³	6.53%	12.96%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,900,000,000 ³	6.24%	13.33%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$14,450,000,000 ³	6.30%	14.64%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$16,600,000,000 ³	6.13%	13.05%
1985-87	\$1,134,183,661 ⁴	\$1,339,411,840	\$2,473,595,501	\$16,800,000,000 ³	6.75%	14.72%
1987-89	\$1,058,708,224 ⁵	\$1,440,445,277	\$2,499,153,501	\$16,900,000,000 ⁸	6.26%	14.79%
1989-91	\$1,061,507,822 ⁶	\$1,760,553,694 ⁷	\$2,822,061,516	\$18,600,000,000 ⁸	5.71%	15.17%
1991-93	\$1,202,891,103 ⁹	\$2,028,208,088	\$3,231,099,191	\$20,900,000,000 ⁸	5.76%	15.46%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$22,500,000,000 ¹⁰	5.56%	15.18%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$24,800,000,000 ¹⁰	5.45%	14.50%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$26,400,000,000 ¹⁰	5.72%	15.14%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$31,720,000,000 ¹¹	5.09%	15.39%
2001-03	\$1,746,983,713	\$3,022,696,983	\$4,769,680,696	\$34,283,000,000 ¹¹	5.10%	13.91%

- ¹ Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.
- ² Source: *Personal Income and State Expenditures*, a report to the Legislative Council's Budget "B" Committee, June 11, 1975.
- ³ Source: Chase Econometrics Associates, Inc., Regional Forecasting Service.
- ⁴ In addition, changes made to general fund appropriations were (a) reductions of \$12,965,250 as a result of 1987 Legislative Assembly action; (b) a \$44,125,917 reduction as of May 1987 as a result of a four percent allotment reduction made by the Governor; and (c) an increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.
- ⁵ In addition, changes made to general fund appropriations were reductions of \$3,175,000 required because of the cable television sales tax referral and \$21,000,000 budget allotment mandated by the Governor in September 1988.
- ⁶ This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990 two percent unallotment.
- ⁷ This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.
- ⁸ Estimated amount from Wharton Econometric Forecasting Associates (WEFA), Inc., Regional Forecasting Service.
- ⁹ In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.
- ¹⁰ Source: WEFA, Inc. - *Regional Economic Service - State Summary, Spring 1999*.
- ¹¹ Source: Economy.com, Inc. - Economic Service.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2001-03 BIENNIUMS¹**

	General Fund Appropriations	Special Fund Appropriations	Total All Appropriations	General Fund Revenues ²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	<u>\$145,638,671</u>	<u>\$205,351,205</u>	<u>\$350,989,876</u>	<u>\$165,249,822</u>
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	<u>\$183,686,131</u>	<u>\$261,745,459</u>	<u>\$445,431,590</u>	<u>\$203,092,623</u>
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	<u>\$226,255,732</u>	<u>\$267,845,499</u>	<u>\$494,101,231</u>	<u>\$243,609,348</u>
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	<u>\$274,685,237</u>	<u>\$352,959,590</u>	<u>\$627,644,827</u>	<u>\$301,369,508</u>
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	<u>\$297,820,935</u>	<u>\$356,127,664</u>	<u>\$653,948,599</u>	<u>\$301,369,508</u>
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	<u>\$442,529,561</u>	<u>\$436,181,752</u>	<u>\$878,711,313</u>	<u>\$512,971,280</u>
1977-79				
Executive budget	\$538,440,978	\$477,421,009	\$1,015,861,987	\$647,900,000
Legislative increase (decrease)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	<u>\$573,817,411</u>	<u>\$564,689,165</u>	<u>\$1,138,506,576</u>	<u>\$648,271,650</u>

Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	<u>\$575,067,852</u>	<u>\$565,096,709</u>	<u>\$1,140,164,561</u>	<u>\$648,271,650</u>
1979-81				
Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	<u>\$654,719,450</u>	<u>\$768,387,797</u>	<u>\$1,423,107,247</u>	<u>\$703,245,691</u>
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	<u>\$680,417,154</u>	<u>\$772,341,770</u>	<u>\$1,452,758,924</u>	<u>\$703,245,691</u>
1981-83				
Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	<u>\$903,596,232</u>	<u>\$1,177,517,161</u>	<u>\$2,081,113,393</u>	<u>\$1,026,732,695</u>
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	<u>\$910,249,232</u>	<u>\$1,205,292,293</u>	<u>\$2,115,541,525</u>	<u>\$1,026,732,695</u>
1983-85				
Executive budget	\$924,455,265 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	<u>\$1,005,111,046</u>	<u>\$1,139,498,982</u>	<u>\$2,144,610,028</u>	<u>\$1,042,505,250</u>
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>
1985-87				
Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	<u>\$1,125,546,007</u>	<u>\$1,334,612,417</u>	<u>\$2,460,158,424</u>	<u>\$1,157,413,862</u>
Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	

49th Legislative Assembly personal property tax replacement deficiency appropriation not spent until 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				(75,126,740)
Legislative budget as restated	<u>\$1,134,183,661</u> ⁵	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
1987-89				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224</u> ⁶	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
1989-91				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
Two percent unallotment (August 1990)	<u>22,395,712</u>		<u>22,395,712</u>	
Legislative budget as restated	<u>\$1,061,507,822</u>	<u>\$1,760,553,694</u>	<u>\$2,822,061,516</u>	<u>\$1,028,079,292</u>
1991-93				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	<u>32,041,733</u>	<u>125,939,720</u>	<u>157,981,453</u>	<u>36,936,959</u>
Legislative budget	\$1,198,630,674 ⁷	\$2,027,082,913	\$3,225,713,587 ⁷	\$1,222,392,959
Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	<u>\$1,202,891,103</u>	<u>\$2,028,208,088</u>	<u>\$3,231,099,191</u>	<u>\$1,222,392,959</u>

1993-95

Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	<u>22,940,773</u>	<u>(88,551,589)</u>	<u>(65,610,816)</u>	<u>7,099,865</u>
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	<u>\$1,251,925,967</u>	<u>\$2,162,505,820</u>	<u>\$3,414,431,787</u>	<u>\$1,260,153,865</u>

1995-97

Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	<u>1,284,129</u>	<u>34,396,992</u>	<u>35,681,121</u>	<u>2,668,581</u>
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>

1997-99

Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
Legislative budget	\$1,489,240,087	\$2,485,367,317	\$3,974,607,404	\$1,500,096,023
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	<u>\$1,510,747,421</u>	<u>\$2,485,617,317</u>	<u>\$3,996,364,738</u>	<u>\$1,500,096,023</u>

1999-2001

Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	<u>(21,280,878)</u>	<u>504,237,505⁸</u>	<u>482,956,627</u>	<u>(20,209,113)</u>
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394
Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	\$20,843,672	\$49,972,043	\$70,815,715	
Legislative budget as restated	<u>\$1,614,882,210</u>	<u>\$3,265,271,344</u>	<u>\$4,880,153,554</u>	<u>\$1,605,357,394</u>

2001-03

Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	<u>40,684,605</u>	<u>52,604,631</u>	<u>93,289,236</u>	<u>38,009,116</u>
Legislative budget	\$1,746,983,713	\$3,022,696,983 ⁹	\$4,769,680,696	\$1,758,978,407

¹ This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

² The general fund revenues include estimated general fund balances at the beginning of a biennium, which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

The 1967 Legislative Assembly increased the sales tax from 2.25 percent to three percent.

The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from three percent to four percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.

The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition, revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.

The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition, a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the state general fund.

The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from four percent to three percent.

The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.

The 1981 Legislative Assembly reduced estimated income tax collections by \$51,700,000 as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 percent to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas production tax to the highway tax distribution fund and townships resulting in a reduction of \$32,000,000 to general fund revenues, and added \$21,500,000 due to a March 19, 1981, Executive Budget Office revision of revenue estimates.

The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the Executive Budget Office; increased revenues by \$86,030,000 to change the percentage of oil extraction tax going to the general fund from 30 percent to 90 percent; and provided major tax increases of \$102,750,000 for personal and corporate income taxes, \$41,590,000 in accelerated tax collections, \$8,200,000 in coal conversion taxes, \$9,500,000 in cigarette taxes, and \$4,200,000 in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from three percent to four percent.

The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the Executive Budget Office; and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5,320,000 to remove the sales tax exemption from candy and selected carbonated beverages, and by \$7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.

Revenues for the 1985-87 biennium were reduced by \$75,126,740 after the 1985 legislative session consisting of a reduction of \$110,386,758 due to revised revenue estimates of the Executive Budget Office, primarily a result of significant oil tax revenue shortfalls; an increase of \$18,984,018 due to a

higher than estimated July 1, 1985, general fund balance; and increases totaling \$16,276,000 as a result of the 1986 special session action, of which \$13,276,000 relates to a one-cent sales and use tax increase for the last six months of the 1985-87 biennium, and a \$3,000,000 increase relating to increasing the individual income tax from 10.5 percent to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase was defeated in March 1987).

The 1987 Legislative Assembly increased general fund revenues by \$9,220,000 due to revised revenue estimates of the Executive Budget Office, by \$46,140,000 due to a temporary .5 percent sales, use, and aircraft excise tax increase from five to 5.5 percent and to include cable television, by \$8,300,000 due to a one-year 10 percent individual income tax surtax by \$9,724,000 due to a nine-cent per package cigarette tax increase, and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 percent to four percent for new wells.

The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the Executive Budget Office, by \$87,241,000 due to a one-cent sales and use tax increase from five percent to six percent (the actual increase was from 5.5 percent to six percent; however, .5 percent was a temporary tax and the rate would have reverted to five percent), by \$4,714,200 for a six percent sales tax on bingo, by \$42,600,000 to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates, and by \$4,600,000 to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 percent to 1.75 percent.

The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.

The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund which received a portion of the sales, use, and motor vehicle excise tax, by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 percent to 28 percent of the wholesale price, and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from two percent to 4.5 percent.

The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.

The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.

The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special fund transfers, and additional court filing fee revenue.

The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.

³ This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The

Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

- ⁴ This is the amount of general fund appropriations recommended by Governor Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.
- ⁵ In addition to adjustments for deficiency appropriations, the Governor mandated a four percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover, which resulted in a 1985-87 general fund spending level of \$1,081,481,356.
- ⁶ Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by the Governor because of an anticipated reduction in general fund revenues.
- ⁷ In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to \$9.5 million from the general fund for rural development if 1991-93 revenues were more than the 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.
- ⁸ The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.
- ⁹ The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

**COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS,
AND LEGISLATIVE APPROPRIATIONS FOR STATE SCHOOL AID
FOR THE 1967-69 THROUGH 2001-03 BIENNIUMS**

Biennium	Department of Public Instruction Request	Executive Recommendation	Legislative Appropriation	Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment	Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment
1967-69					
General fund state school aid appropriation	\$48,200,000	\$38,450,000	\$45,500,000	\$9,650,000	26.9%
First year per student payments	NA	\$220	\$220	\$44	25.0%
Second year per student payments	NA	\$220	\$220	\$0	0.0%
1969-71					
General fund state school aid appropriation	\$51,750,000	\$48,700,000	\$50,200,000	\$4,700,000	10.3%
First year per student payments	NA	\$230	\$230	\$10	4.5%
Second year per student payments	NA	\$230	\$240	\$10	4.3%
1971-73					
General fund state school aid appropriation	\$67,200,000	\$51,135,000	\$54,385,000	\$4,185,000	8.3%
First year per student payments	NA	Not specified	\$250	\$10	4.2%
Second year per student payments	NA	Not specified	\$260	\$10	4.0%
1973-75					
Total state school aid appropriation	\$77,025,000	\$67,000,000	\$118,200,000	\$63,815,000	117.3%
Less federal revenue sharing	_____	_____	25,300,000	25,300,000	
General fund appropriation	<u>\$77,025,000</u>	<u>\$67,000,000</u>	<u>\$92,900,000</u>	<u>\$38,515,000</u>	70.8%
First year per student payments	NA	Not specified	\$540	\$280	107.7%
Second year per student payments	NA	Not specified	\$540	\$0	0.0%
1975-77					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	12,000,000	12,000,000	12,000,000	(13,300,000)	
General fund appropriation	<u>\$144,600,000</u>	<u>\$144,600,000</u>	<u>\$141,378,805</u>	<u>\$48,478,805</u>	52.2%
First year per student payments	\$620	\$620	\$640	\$100	18.5%

Second year per student payments	\$680	\$680	\$690	\$50	7.8%
1977-79					
Total state school aid appropriation	\$187,000,000	\$185,000,000	\$186,752,000	\$33,373,195	21.8%
Less federal revenue sharing	11,000,000	11,000,000	11,000,000	(1,000,000)	
General fund appropriation	<u>\$176,000,000</u>	<u>\$174,000,000</u>	<u>\$175,752,000</u>	<u>\$34,373,195</u>	24.3%
First year per student payments	\$765	\$765	\$775	\$85	12.3%
Second year per student payments	\$840	\$840	\$850	\$75	9.7%
1979-81					
State school aid					
Per student payments	\$255,943,625	\$243,074,830	\$256,252,000	NA	
Less: 20-mill district and 21-mill county deducts	61,080,000	61,080,000	63,631,500	NA	
Net per student payments	<u>\$194,863,625</u>	<u>\$181,994,830</u>	<u>\$192,620,500</u>	NA	
Tuition fund distributions			16,500,000 ¹	NA	
Textbooks	6,000,000	5,000,000			
Transportation aid	21,910,000	21,910,000	22,073,500	NA	
Total state school aid appropriation	\$222,773,625	\$208,904,830	\$231,194,000	\$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			16,500,000 ¹	16,500,000	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000</u> ²	<u>\$16,842,000</u>	9.6%
First year per student payments	\$875	\$875	\$903	\$53	6.2%
First year tuition fund payments			Not specified	NA	NA
Total first year payments	<u>\$875</u>	<u>\$875</u>	<u>\$903</u>	<u>\$53</u>	6.2%
Second year per student payments	\$970	\$922	\$970	\$67	7.4%
Second year tuition fund payments			Not specified	NA	NA
Total second year payments	<u>\$970</u>	<u>\$922</u>	<u>\$970</u>	<u>\$67</u>	7.4%
1981-83					
State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	69,300,000	71,972,000	34,972,000 ³	(28,659,500)	
Net per student payments	<u>\$359,950,044</u>	<u>\$357,278,044</u>	<u>\$350,989,408</u>	<u>\$158,368,908</u>	
Appropriation for 21-mill levy replacement		34,000,000			
Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	40,053,500	40,053,500	37,715,468	15,641,968	
Total state school aid appropriation	\$400,003,544	\$431,331,544	\$418,582,276	\$187,388,276	81.1%

Less					
Oil extraction tax		128,000,000	169,266,667 ⁴	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	<u>\$400,003,544</u>	<u>\$303,331,544</u>	<u>\$202,738,209</u>	<u>\$10,144,209</u>	5.3%
First year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
First year tuition fund payments			Not specified	NA	NA
Total first year payments	<u>\$1,569</u>	<u>\$1,569</u>	<u>\$1,425</u>	<u>\$455</u>	46.9%
Second year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
Second year tuition fund payments			Not specified	NA	NA
Total second year payments	<u>\$1,777</u>	<u>\$1,777</u>	<u>\$1,591</u>	<u>\$166</u>	11.6%
1983-85					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	<u>\$372,716,564</u>	<u>\$283,223,600</u>	<u>\$313,139,250</u>	<u>(\$37,850,158)</u>	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	<u>\$444,351,616</u>	<u>\$359,158,652</u>	<u>\$389,766,802</u>	<u>(\$28,815,474)</u>	-6.9%
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667) ⁶	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	<u>32,000,000</u>	<u>36,300,000</u>	<u>37,100,000⁵</u>	<u>7,222,600</u>	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802⁷</u>	<u>\$149,928,593</u>	74.0%
First year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	-12.0%
First year tuition fund payments	NA ⁸	NA ⁸	120 ⁵	120	NA
Total first year payments	<u>\$1,526⁸</u>	<u>\$1,400⁸</u>	<u>\$1,520</u>	<u>(\$71)</u>	-4.5%
Second year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	-3.6%
Second year tuition fund payments	NA ⁸	NA ⁸	170 ⁵	50	41.7%
Total second year payments	<u>\$1,648⁸</u>	<u>\$1,400⁸</u>	<u>\$1,520</u>	<u>\$0</u>	0.0%
1985-87					
State school aid					
Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475	
Less: 20-mill deduct	42,432,000	42,432,000	39,709,423	1,709,423	
Net per student payments	<u>\$350,086,482</u>	<u>\$336,313,728</u>	<u>\$330,018,302</u>	<u>\$16,879,052</u>	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Transportation aid	41,511,724	41,511,724	40,068,810	541,258	
Total state school aid appropriation	<u>\$439,493,206</u>	<u>\$425,720,452</u>	<u>\$417,982,112</u>	<u>\$28,215,310</u>	7.2%

Less					
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Federal revenue sharing		187,000	187,000	187,000	
General fund appropriation	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u> ¹⁰	<u>\$17,233,310</u>	4.9%
First year per student payments	\$1,470	\$1,406	\$1,425 ¹⁰	\$75	5.6%
First year tuition fund payments	190	190	195 ⁹	25	14.7%
Total first year payments	<u>\$1,660</u>	<u>\$1,596</u>	<u>\$1,620</u>	<u>\$100</u>	6.6%
Second year per student payments	\$1,544	\$1,502	\$1,455 ¹⁰	\$30	2.1%
Second year tuition fund payments	190	190	195 ⁹		0.0%
Total second year payments	<u>\$1,734</u>	<u>\$1,692</u>	<u>\$1,650</u>	<u>\$30</u>	1.9%
1987-89					
State school aid					
Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	39,204,350	39,204,350	39,070,442	(638,981)	
Net per student payments	<u>\$416,060,376</u>	<u>\$321,552,316</u>	<u>\$316,500,022</u>	<u>(\$13,518,280)</u>	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 ¹¹	(4,795,000)	
Transportation aid	40,068,810	40,068,810	38,109,386	(1,959,424)	
Total state school aid appropriation	\$504,024,186	\$404,721,126	\$397,709,408	(\$20,272,704)	-4.9%
Less					
Federal revenue sharing				(187,000)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 ¹¹	(4,795,000)	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u> ¹²	<u>(\$15,290,704)</u>	-4.1%
First year per student payments	\$1,729	\$1,413	\$1,400 ¹²	(\$55)	-3.8%
First year tuition fund payments	195	177	177 ¹¹	(18)	-9.2%
Total first year payments	<u>\$1,924</u>	<u>\$1,590</u>	<u>\$1,577</u>	<u>(\$73)</u>	-4.4%
Second year per student payments	\$1,806	\$1,440	\$1,412 ¹²	\$12	0.9%
Second year tuition fund payments	195	177	177 ¹¹		0.0%
Total second year payments	<u>\$2,001</u>	<u>\$1,617</u>	<u>\$1,589</u>	<u>\$12</u>	0.8%
1989-91					
State school aid					
Per student payments	\$458,214,936	\$402,575,604	\$378,769,140	\$23,198,676	
Less: mill deduct					
40 mills	77,400,055	77,400,055			
21 mills first year, 22 mills second year			41,207,625	2,137,183	
Net per student payments	<u>\$380,814,881</u>	<u>\$325,175,549</u>	<u>\$337,561,515</u>	<u>\$21,061,493</u>	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%

Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
General fund appropriation	<u>\$420,814,881</u>	<u>\$359,375,549</u>	<u>\$374,198,588</u> ¹³	<u>\$19,589,180</u>	5.5%
First year per student payments	\$1,850	\$1,641	\$1,525 ¹³	\$113	8.0%
First year tuition fund payments	169	169	200	23	13.0%
Total first year payments	<u>\$2,019</u>	<u>\$1,810</u>	<u>\$1,725</u>	<u>\$136</u>	8.6%
Second year per student payments	\$1,942	\$1,690	\$1,545 ¹³	\$20	1.3%
Second year tuition fund payments	169	169	200		0.0%
Total second year payments	<u>\$2,111</u>	<u>\$1,859</u>	<u>\$1,745</u>	<u>\$20</u>	1.2%
1991-93					
State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	<u>\$358,798,796</u>	<u>\$339,598,795</u>	<u>\$344,707,785</u>	<u>\$7,146,270</u>	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	36,274,714	36,274,714	36,306,549	(330,524)	
Total state school aid appropriation	<u>\$442,473,510</u>	<u>\$423,098,965</u>	<u>\$428,239,790</u>	<u>\$5,841,202</u>	1.4%
Less					
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
General fund appropriation	<u>\$395,073,510</u>	<u>\$375,873,509</u>	<u>\$381,014,334</u> ¹⁴	<u>\$6,815,746</u>	1.8%
First year per student payments	\$1,750	\$1,531	\$1,552 ¹⁴	\$7	0.5%
First year tuition fund payments	198	197	197	(3)	-1.5%
Total first year payments	<u>\$1,948</u>	<u>\$1,728</u>	<u>\$1,749</u>	<u>\$4</u>	0.2%
Second year per student payments	\$1,825	\$1,587	\$1,608 ¹⁴	\$56	3.6%
Second year tuition fund payments	198	198	198	1	0.5%
Total second year payments	<u>\$2,023</u>	<u>\$1,785</u>	<u>\$1,806</u>	<u>\$57</u>	3.3%
1993-95					
State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: mill deduct					
40 mills	74,254,832				
50 mills first year, 60 mills second year		103,271,462			
23 mills first year, 24 mills second year			43,920,035	1,843,795	
Net per student payments	<u>\$383,577,488</u>	<u>\$368,841,336</u>	<u>\$360,919,892</u>	<u>\$16,212,107</u>	
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
Transportation aid	35,538,279	31,521,432	35,600,000	(706,549)	
Total state school aid appropriation	<u>\$466,341,223</u>	<u>\$446,379,768</u>	<u>\$442,536,892</u>	<u>\$14,297,102</u>	3.3%

Less					
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
General fund appropriation	<u>\$419,115,767</u>	<u>\$400,362,768</u> ¹⁵	<u>\$396,519,892</u> ¹⁶	<u>\$15,505,558</u>	4.1%
First year per student payments	\$1,860	Not specified	\$1,570	(\$38)	-2.4%
First year tuition fund payments	197	\$192	192	(6)	-3.0%
Total first year payments	<u>\$2,057</u>	<u>\$192</u>	<u>\$1,762</u>	<u>(\$44)</u>	-2.4%
Second year per student payments	\$1,900	Not specified	\$1,636	\$66	4.2%
Second year tuition fund payments	197	\$192	192		0.0%
Total second year payments	<u>\$2,097</u>	<u>\$192</u>	<u>\$1,828</u>	<u>\$66</u>	3.7%
1995-97					
State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: mill deduct					
24 mills	46,010,284	46,010,284			
28 mills first year, 32 mills second year			59,709,197	15,789,162	
Net per student payments	<u>\$380,523,570</u>	<u>\$371,039,864</u>	<u>\$396,506,035</u>	<u>\$35,586,143</u>	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	36,000,798	36,000,798	36,000,798	400,798	
Total state school aid appropriation	<u>\$462,541,368</u>	<u>\$453,057,662</u>	<u>\$478,523,833</u>	<u>\$35,986,941</u>	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000	880,000	
General fund appropriation	<u>\$416,524,368</u>	<u>\$407,040,662</u>	<u>\$431,626,833</u> ¹⁸	<u>\$35,106,941</u>	8.9%
First year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
First year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹	(2)	-1.0%
Total first year payments	<u>\$1,873</u>	<u>\$1,842</u>	<u>\$1,947</u>	<u>\$119</u>	6.5%
Second year per student payments	\$1,734	\$1,668	\$1,862	\$105	6.0%
Second year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹		0.0%
Total second year payments	<u>\$1,945</u>	<u>\$1,858</u>	<u>\$2,052</u>	<u>\$105</u>	5.4%
1997-99					
State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: mill deduct					
36.05 mills first year, 39.91 mills second year	78,727,193				
32.42 mills first year, 33.34 mills second year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	<u>\$440,590,211</u>	<u>\$410,369,353</u>	<u>\$429,287,939</u>	<u>\$32,781,904</u>	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
Limited English proficient student payments			300,000	300,000	
Equity payments		20,000,000 ²⁰			
Transportation aid	37,671,610	37,128,220	36,768,320	767,522	

Total state school aid appropriation	\$527,534,965	\$516,770,717	\$515,629,403	\$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
General fund appropriation	<u>\$478,261,821</u>	<u>\$467,497,573</u>	<u>\$466,356,259</u> ²¹	<u>\$34,729,426</u>	8.0%
First year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
First year tuition fund payments	225 ²²	204 ²²	204 ²²	14	7.4%
Total first year payments	<u>\$2,235</u>	<u>\$2,103</u>	<u>\$2,158</u>	<u>\$106</u>	5.2%
Second year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
Second year tuition fund payments	225 ²²	204 ²²	204 ²²		0.0%
Total second year payments	<u>\$2,346</u>	<u>\$2,139</u>	<u>\$2,236</u>	<u>\$78</u>	3.6%
1999-2001					
State school aid					
Per student payments	\$546,659,759	\$517,678,909	\$520,678,909	\$19,092,369	
Less: 32-mill deduct	78,072,650	78,072,650	78,072,650	5,774,049	
Net per student payments	<u>\$468,587,109</u>	<u>\$439,606,259</u>	<u>\$442,606,259</u>	<u>\$13,318,320</u>	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	36,400,000	36,000,000	36,000,000	(768,320)	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
General fund appropriation	<u>\$505,287,109</u>	<u>\$475,906,259</u>	<u>\$479,006,259</u>	<u>\$12,650,000</u>	2.7%
First year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
First year tuition fund payments	234 ²³	220 ²³	220 ²³	16	7.8%
Total first year payments	<u>\$2,429</u>	<u>\$2,349</u>	<u>\$2,365</u>	<u>\$129</u>	5.8%
Second year per student payments	\$2,371	\$2,221	\$2,230	\$85	4.0%
Second year tuition fund payments	234 ²³	220 ²³	220 ²³		0.0%
Total second year payments	<u>\$2,605</u>	<u>\$2,441</u>	<u>\$2,450</u>	<u>\$85</u>	3.6%
2001-03					
State school aid					
Per student payments	\$555,110,467	\$532,704,091	\$522,264,541	\$1,585,632	
Less: 32-mill deduct	83,611,330	83,611,330	84,942,893	6,870,243	
Net per student payments	<u>\$471,499,137</u>	<u>\$449,092,761</u>	<u>\$437,321,648</u>	<u>(\$5,284,611)</u>	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	
Teacher compensation payments			35,036,000 ²⁴	35,036,000	
Transportation aid	36,600,000	36,000,000	36,000,000		
Total state school aid appropriation	\$569,895,162	\$552,781,786	\$576,246,673	\$43,712,197	8.2%

Less					
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
General fund appropriation	<u>\$508,549,137</u>	<u>\$485,542,761</u>	<u>\$509,007,648</u>	<u>\$30,001,389</u>	6.3%
First year per student payments	\$2,364	\$2,323	\$2,287	\$57	2.6%
First year tuition fund payments	266	300	300	80	36.4%
Total first year payments	<u>\$2,630</u>	<u>\$2,623</u>	<u>\$2,587</u>	<u>\$137</u>	5.6%
Second year per student payments	\$2,506	\$2,420	\$2,347	\$60	2.6%
Second year tuition fund payments	266	300	300		
Total second year payments	<u>\$2,772</u>	<u>\$2,720</u>	<u>\$2,647</u>	<u>\$60</u>	2.3%

NA - Not available or not applicable

- 1 Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.
- 2 Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated \$12 million from the state general fund as a deficiency appropriation for the 1979-81 biennium.
- 3 Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.
- 4 Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated \$25 million from the lands and minerals trust fund and \$6 million from the state general fund for foundation aid to be distributed during the 1981-83 biennium.
- 5 Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were \$45,792,952, which resulted in payments of \$176 per census unit in 1984 and \$202 per census unit in 1985.
- 6 Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.
- 7 State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$347,425, 231.
- 8 Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of moneys in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.
- 9 Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were \$51,575,818, which resulted in payments of \$209 per census unit in 1986 and \$216 per census unit in 1987.
- 10 Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to \$348,731,488. The actual per student payments were \$1,425 and \$1,367 for 1986 and 1987, respectively.
- 11 Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were \$50,603,504, which resulted in payments of \$215 per census unit in 1988 and \$206 per census unit in 1989.
- 12 Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to \$347,212,599. The actual per student payments were \$1,400 and \$1,385 for 1988 and 1989, respectively.

- 13 Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a \$7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to \$358,302,784. The actual per student payments were \$1,411 and \$1,537 in 1990 and 1991, respectively.
- 14 Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to \$380,310,085. The actual per student payments were \$1,552 and \$1,542 in 1992 and 1993, respectively.
- 15 Executive recommendation - 1993-95 - The amounts shown were included in Governor Sinner's budget recommendation. Governor Schafer's budget recommendation included a general fund appropriation of \$381,014,334 for foundation aid.
- 16 State school aid - 1993-95 - The amount distributed for state school aid was increased to \$397,794,664 to reflect approximately \$600,000 available from the transportation aid appropriation and approximately \$1.3 million available from the amount appropriated for school district restructuring, resulting in an additional payment of \$46 per student the second year of the biennium.
- 17 Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated \$880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund (\$250,000) and the public transportation fund (\$630,000).
- 18 State school aid - 1995-97 - The actual number of students was less than anticipated, and consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$429,307,277.
- 19 Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund moneys on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 20 Equity payments - 1997-99 - The executive recommendation for the 1997-99 biennium included \$20 million for equity payments to school districts.
- 21 State school aid - 1997-99 - The actual number of students was less than anticipated, and consequently, the statutory formula will not provide for the distribution of the entire appropriation. The department estimates that approximately \$12.3 million of the amount appropriated will not be distributed during the 1997-99 biennium.
- 22 Tuition fund payments - 1997-99 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund moneys on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units. The department estimates that 1997-99 biennium tuition fund distributions will be \$53.3 million, which will result in payments of \$216 per census unit in 1998 and \$222 per census unit in 1999.
- 23 Tuition fund payments - 1999-2001 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund moneys on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continue the distribution on the basis of census units.
- 24 Teacher compensation payments - 2001-03 - The Schafer executive recommendation did not include an appropriation for teacher compensation payments; however, the Hoeven budget recommendation included \$50,009,575 for teacher compensation payments of \$2,000 the first year of the biennium and an additional \$1,500 the second year for school district instructional and administrative personnel. The legislative appropriation excludes administrative personnel and provides for payments of \$1,000 the first year of the biennium and an additional \$2,000 the second year.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT
ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 1991-93 THROUGH 2001-03 BIENNIUMS**

	1991-93	1993-95	1995-97	1997-99	1999-2001	2001-03
General fund appropriations						
Foundation aid (including transportation aid)	\$381,014,334	\$396,519,892	\$431,626,833	\$466,356,259	\$479,006,259	\$473,971,648
Teacher compensation payments to school districts						35,036,000
School district reorganization	5,900,000	3,266,375				1,665,000
Educational Technology Council grants	5,050,295	3,000,000	993,750	1,000,000	6,000,000	1,200,000
Special education	29,164,376	33,500,000	36,850,000	40,550,000	46,600,000	49,898,695
Revenue supplement payments to school districts			2,225,000	3,100,000	3,100,000	2,200,000
Average daily membership and declining enrollment payments					3,500,000	
Technology reimbursement payment to schools				5,000,000		
Vocational education	12,785,520	12,283,543	8,453,197	8,922,014	9,520,929	9,573,929
School lunch program	1,112,652	1,112,652	1,037,000	1,100,000	1,080,000	1,080,000
Adult education	800,000	900,000	900,000	900,000	900,000	900,000
Grants to public libraries	1,000,000	893,000	880,000	935,521	888,745	888,745
Homestead tax credit	4,879,163	3,875,000	4,681,250	4,540,813	4,540,813	4,540,813
Aid to health districts	975,000	1,000,000	950,000	990,000	1,100,000	1,100,000
Matching funds to counties and cities for senior citizen programs	720,000	1,332,000	1,620,000	1,770,000	1,982,945 ¹	2,132,945 ¹
Indian welfare assistance to counties	440,222	440,222	440,222	1,059,000 ²	121,766 ²	456,993 ²
Boys and girls clubwork					53,000	53,000
Gaming enforcement grants		1,224,000	1,045,216	1,014,152	419,591	
Soil conservation district grants	745,386	745,386	500,000	580,000	580,000	580,000
Noxious weed control	458,368	458,368	396,950	364,950	288,341	184,141
Payments in lieu of taxes on carbon dioxide pipeline property					783,413	1,932,419
Clerk of court					1,000,000	10,154,353
Grants to airports	202,216	214,355	503,425	503,425	550,000	550,000
Statewide information technology network costs						4,148,765 ³
Total general fund	\$445,247,532	\$460,764,793	\$493,102,843	\$538,686,134	\$562,015,802	\$602,247,446
Percentage of total general fund appropriations	37.2%	36.8%	36.6%	36.2%	34.8%	34.5%
Special funds appropriations and revenue allocations						
State tuition fund distributions	\$47,225,456	\$46,017,000	\$46,017,000	\$49,273,144	\$53,528,217	\$67,239,025
Grants for adult education programs (displaced homemaker fund)					237,500	240,000
School transportation aid (abandoned motor vehicle fund)			250,000			
School transportation aid (public transportation fund)			630,000			
Clerk of court						750,000
Homestead tax credit (Housing Finance Agency reserves)		1,500,000	500,000	250,000		
Noxious weed control					910,555	1,162,695
State aid distribution funds to cities and counties ⁴	56,750,000	51,500,000	51,500,000	53,978,600	63,203,392	65,846,609
Public transportation services (public transportation fund)	1,340,000	1,500,000	1,500,000	1,500,000	2,848,000	3,000,000
Insurance tax to fire departments						
Fire and tornado fund	5,720,000					
Insurance tax distribution fund		5,262,700	5,200,000	5,200,000	5,200,000	5,200,000
Gaming enforcement grants						629,000
Community health grant program (community health trust fund)						4,700,000
Tobacco education and cessation program grants (community health trust fund)						250,000

Matching funds to counties and cities for senior citizen programs							
State aid distribution fund	900,000	288,000					
Health care trust fund						250,000	
Energy development impact grants (oil and gas impact grant fund)	5,000,000	5,000,000	4,995,467	4,896,536	4,888,100	4,888,100	4,888,100
Grants to airports (Aeronautics Commission special funds collections)	937,784	1,151,461	1,368,476	1,370,000	1,570,000	1,820,000	1,820,000
Indian welfare assistance to counties (Department of Human Services "retained" funds)					1,654,654 ¹²		2,068,007 ¹²
Motor vehicle fuel tax and registration fee allocations ⁵	84,915,801	90,915,512	102,561,812	109,158,411	112,600,000	116,600,000	116,600,000
Coal severance tax allocations ⁵	16,268,889	16,679,981	15,602,794	15,816,453	15,235,854	15,913,000	15,913,000
Coal conversion tax allocations ⁵	5,673,192	5,836,054	5,714,519	5,598,165	5,491,282	6,306,000	6,306,000
Oil and gas gross production tax allocations ⁵	24,403,879	19,326,376	24,378,026	20,544,237	36,028,096	37,128,000	37,128,000
Cigarette tax allocations ⁵	2,900,767	3,030,599	3,047,659	3,003,298	2,813,712	2,543,000	2,543,000
Total special fund appropriations and revenue allocations	<u>\$252,035,768</u>	<u>\$248,007,683</u>	<u>\$263,265,753</u>	<u>\$270,588,844</u>	<u>\$306,209,362</u>	<u>\$336,533,436</u>	<u>\$336,533,436</u>
Total major direct assistance to political subdivisions	<u>\$697,283,300</u>	<u>\$708,772,476</u>	<u>\$756,368,596</u>	<u>\$809,274,978</u>	<u>\$868,225,164</u>	<u>\$938,780,882</u>	<u>\$938,780,882</u>

¹¹ Consists of \$720,000 of state funding to providers for matching federal Title III funds and \$1,262,945 for senior mill levy match for the 1999-2001 biennium and \$720,000 of state funding to providers for matching Title III funds and \$1,662,945 for senior mill levy match for the 2001-03 biennium. Of the 2001-03 biennium total, \$1,412,945 is from the general fund and \$250,000 is from the health care trust fund.

¹² The 1997 Legislative Assembly appropriated an additional \$619,000, for a total of \$1,059,000 from the general fund, to reduce the impact on Indian counties of House Bill No. 1041, which provided for a "swap" of state and county human services financial responsibilities. For the 1999-2001 biennium, the Legislative Assembly appropriated \$121,766 from the general fund and \$1,654,654 of "retained" funds for a total of \$1,776,420. For the 2001-03 biennium, the Legislative Assembly appropriated a total of \$2,525,000, of which \$456,993 is from the general fund and \$2,068,007 is from "retained" funds.

¹³ The 2001 Legislative Assembly provided funding of \$4,148,765 for implementation of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of \$3,700,000.

¹⁴ The 1987 Legislative Assembly in House Bill No. 1590 provided that six-tenths of an equivalent of one percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989.

The 1997 Legislative Assembly in House Bill No. 1019 reduced the six-tenths to four-tenths of an equivalent of one percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent be distributed to cities.

¹⁵ The 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 moneys in the highway distribution fund is allocated to counties and cities.

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

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

The oil and gas gross production tax allocation is based on a formula which provides for a varying percentage of revenue to go to the producing county, based on the total amount of production tax revenue generated by the county. The total a county may receive is capped based on the population of the county.

The cigarette tax allocation is based on the provision that three cents per regular package and 3.75 cents per larger package are distributed to cities based on population.