

ANALYSIS OF 2011-13 EXECUTIVE BUDGET

Supplement to the Report of the Legislative Management Budget Section

62nd Legislative Assembly

January 2011

LEGISLATIVE ANALYSIS OF 2011-13 EXECUTIVE BUDGET SUPPLEMENT TO THE REPORT OF THE LEGISLATIVE MANAGEMENT'S BUDGET SECTION

North Dakota Century Code (NDCC) Section 54-44.1-07 directs the Director of the Budget to present the budget and revenue proposals recommended by the Governor to the Legislative Assembly at the organizational session. On December 8, 2010, the Legislative Assembly met in joint session to receive from Governor Jack Dalrymple the executive budget and revenue proposals. After adjournment of the organizational session, the Budget Section, chaired by Senator Ray Holmberg, heard the detailed presentation of the Governor's budget on December 8, 2010. The Governor's proposed budget is for the period July 1, 2011, through June 30, 2013, or the 2011-13 biennium.

An analysis of the recommended appropriations and estimated revenues contained in the 2011-13 Governor's budget are included in this supplement to the Budget Section report.

The narrative and schedules in this report are prepared to assist members of the Legislative Assembly in analyzing the executive recommendations. Please refer to the index on the following pages for a listing of information included in the report.

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SECTION A - EXECUTIVE SUMMARY

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SUMMARY OF KEY RECOMMENDATIONS

GENERAL FUND BUDGET SUMMARY

| | |
|---|----------------------------|
| Estimated unobligated general fund balance - July 1, 2011 | \$79,627,542 ¹ |
| Add estimated 2011-13 general fund revenues and transfers | 3,271,678,675 |
| Total resources available | \$3,351,306,217 |
| Less recommended 2011-13 general fund appropriations | 3,295,569,541 ² |
| Estimated general fund balance - June 30, 2013 | \$55,736,676 ³ |

¹This amount reflects a transfer of \$4,620,406 from the June 30, 2011, general fund balance to the budget stabilization fund, \$1,868,902 of recommended 2009-11 deficiency appropriations, and \$5 million of estimated 2009-11 unspent general fund appropriation authority.

²This amount consists of \$3,185,078,234 of ongoing general fund appropriations and \$110,491,307 of one-time general fund appropriations.

³In addition, the budget stabilization fund is projected to have a June 30, 2011, balance of \$329.6 million, the permanent oil tax trust fund is projected to have a June 30, 2011, balance of \$232.4 million, and the legacy fund is projected to have a June 30, 2013, balance of \$618.6 million.

TOTAL APPROPRIATIONS SUMMARY

| | 2009-11 Legislative Appropriations | Increase (Decrease) | 2011-13 Executive Budget |
|------------------|--|------------------------|-----------------------------|
| General fund | \$3,259,365,481 ¹ | \$36,204,060 | \$3,295,569,541 |
| Estimated income | 5,598,909,384 | 399,096,448 | 5,998,005,832 |
| Total all funds | \$8,858,274,865 ¹ | \$435,300,508 | \$9,293,575,373 |

¹Includes a \$5 million contingent general fund transfer to the centers of excellence fund and a \$5 million contingent general fund appropriation for supplemental transportation aid payments to school districts.

2011-13 GENERAL FUND REVENUES

- Includes **general fund revenues** of \$2.73 billion, \$251.8 million, or 10.1 percent, more than the 2009-11 biennium revenues as projected at the close of the 2009 Legislative Assembly.
- Includes an **estimated beginning general fund balance** of \$79.6 million after making the recommended transfer of \$4.6 million to the budget stabilization fund. The projected July 1, 2011, balance made at the close of the 2009 Legislative Assembly was \$29.5 million.
- Projects state agency **general fund turnback** of \$5 million at the end of the 2009-11 biennium. This amount does not include funding authorized by the executive budget to continue and be utilized in the 2011-13 biennium, including Department of Human Services (\$12.8 million), Department of Commerce (\$5 million) and School for the Deaf (\$825,000).

- Major areas of **revenue growth** compared to the **original** 2009-11 forecast include:
 - Sales and use taxes increasing by \$278.4 million, or 25.1 percent.
 - Motor vehicle excise taxes increasing by \$52 million, or 59.8 percent.
 - Interest income increasing by \$15.7 million, or 58 percent.
- Recommends **reducing individual income tax** brackets by .21 percent in all brackets, decreasing general fund collections by an estimated \$50 million for the 2011-13 biennium.
- Increases **transfers from special funds** by \$62 million, from \$477 million in 2009-11 to \$539 million in 2011-13. Major transfers and changes include:
 - Transfers \$60 million from the Bank of North Dakota, an increase of \$59 million from the amount authorized for the 2009-11 biennium.
 - Transfers \$6.65 million from the Mill and Elevator, \$1.9 million more than the amount transferred for the 2009-11 biennium.
 - Transfers \$232 million from the permanent oil tax trust fund, \$203 million less than the amount authorized for the 2009-11 biennium.
 - Increases the transfer from the lands and minerals trust fund by \$204 million, from \$35 million in 2009-11 to \$239 million in 2011-13.
- Anticipates **oil prices** to average \$72 per barrel during the first year of the 2011-13 biennium and \$75 per barrel by the end of the biennium. The average oil price in November 2010 for North Dakota crude oil was \$75.60 per barrel, and the price on December 17, 2010, was \$79.75.
- Oil production** for September 2010 averaged 342,094 barrels per day and is anticipated to increase to 366,250 barrels per day by the end of the 2009-11 biennium. Oil production is anticipated to increase to 395,500 barrels per day during fiscal year 2012 and continue to increase to approximately 413,750 barrels per day by the end of fiscal year 2013. The preliminary reported average oil production for October 2010 was 342,247 barrels per day.
- Increases the maximum amount of oil and gas tax collections that may be deposited in the oil and gas impact grant fund from the current level of \$8 million to \$100 million per biennium. This change is estimated to reduce permanent oil tax trust fund revenues by \$92 million for the 2009-11 biennium.

PROPERTY TAX RELIEF

- Provides for a transfer of \$4.23 million from the permanent oil tax trust fund to the property tax relief sustainability fund for supplemental appropriations for mill levy reduction grants for the 2009-11 biennium. This amount is in addition to the \$295 million appropriated from the general fund for these grants during the 2009-11 biennium.

- Provides for a distribution of \$341.8 million from the property tax relief sustainability fund through the school funding formula for mill levy reduction and property tax relief for the 2011-13 biennium. These distributions are to reduce the amount of money school districts need to raise locally through property taxes. Districts will be required to provide a dollar-for-dollar reduction in local taxes for each dollar received.
- Transfers \$388.58 million from the permanent oil tax trust fund to the property tax relief sustainability fund during the 2011-13 biennium. This amount provides an additional \$46.8 million for mill levy reduction grants for the 2011-13 biennium, making available \$341.8 million, and makes available \$341.8 million for mill levy reduction grants during the 2013-15 biennium.

2011-13 GENERAL FUND APPROPRIATIONS

| | 2009-11 Legislative Appropriations | Increase (Decrease) | 2011-13 Executive Budget |
|-------------------------|--|------------------------|-----------------------------|
| Ongoing appropriations | \$2,978,993,264 | \$206,084,970 | \$3,185,078,234 |
| One-time appropriations | 280,372,217 | (169,880,910) | 110,491,307 |
| Total | \$3,259,365,481 | \$36,204,060 | \$3,295,569,541 |

- Includes general fund appropriations of \$3.3 billion, \$36.2 million more than the 2009-11 legislative appropriations.
- Major general fund appropriations increases (decreases) relate to:
 - Property tax relief - Education - (\$295 million).
 - Department of Human Services - \$264.9 million.
 - Department of Public Instruction - \$82.4 million.
 - Higher education - \$54.9 million.
 - State Historical Society - (\$39.8 million).
 - Department of Commerce - (\$17.8 million).

2011-13 SPECIAL FUNDS APPROPRIATIONS

- Includes special funds (estimated income) appropriations of \$6 billion, \$399.1 million more than the 2009-11 legislative appropriations.
- Major special funds appropriations increases (decreases) relate to:
 - American Recovery and Reinvestment Act of 2009 funding - (\$685.9million).
 - Regular federal funding - \$260.2 million.
 - Department of Transportation - \$369.4 million.
 - Property tax relief - Education - \$341.8 million.
 - State Water Commission - \$145 million.
 - Land Department - \$91.8 million.

2011-13 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

- Projects "ongoing" general fund taxes and fees of \$2,732.5 million and recommends \$3,185.1 million of "ongoing" general fund appropriations,

resulting in an estimated shortfall of \$452.6 million. The executive budget includes \$464.2 million of transfers identified as "ongoing" to provide the additional funding needed for ongoing programs.

- Recommends \$110.5 million of "one-time" general fund appropriations from the estimated \$154.6 million of "one-time" resources available in the general fund for the 2011-13 biennium.
- Retains an estimated \$1,236.2 million at the end of the 2011-13 biennium, \$55.7 million in the general fund, \$232.4 million in the permanent oil tax trust fund, \$329.6 million in the budget stabilization fund, and \$618.5 million in the legacy fund.

HIGHER EDUCATION

- Increases total **general fund** support by \$54,918,263 from the 2009-11 legislative appropriations. Ongoing general fund support is increased by \$71.7 million, from \$534.1 million to \$605.8 million, while one-time general fund appropriations are reduced by \$16.8 million, from \$59.2 million to \$42.4 million.
- Decreases support from special funds by \$113,527,160, or 56 percent. Special funds support relates primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
- Adjusts the authorized number of full-time equivalent (FTE) positions from 2,131.42 to 2,245.51 to reflect the number of FTE positions supported by the general fund.
- Provides \$32.6 million from the general fund for campus parity to continue the fiscal year 2011 salary increases, 3 percent per year salary increases for the 2011-13 biennium, health insurance premium increases, and estimated utility cost increases.
- Includes \$2.4 million from the general fund for employee retirement contribution increases.
- Provides \$10 million from the general fund for campus equity payments.
- Provides \$6,640,563 from the general fund to limit tuition rate increases to 2.5 percent per year at four-year institutions and to provide for no tuition rate increases at two-year institutions.
- Includes \$5 million from the general fund for distributions to campuses based on student completion rates.
- Includes \$1 million from the general fund for a startup fund available to campuses for **initiating or expanding academic and technical programs**.
- Removes \$3 million from the general fund provided by the 2009 Legislative Assembly for the **career and technical education and academic scholarship program** and provides the program with a continuing appropriation from the lands and minerals trust fund. Total program funding required for the 2011-13 biennium is estimated to be \$10 million.

ELEMENTARY AND SECONDARY EDUCATION

- Provides \$1.347 billion, of which \$882.4 million is from the general fund, \$21.2 million is from federal funds, \$341.8 million is from the property tax relief sustainability fund, and \$101.6 million is from the state tuition fund, for the **state school aid program**. State school aid program funding changes are summarized in the following schedule:

| | 2009-11 Legislative Appropriations (Millions) | Increase (Decrease) (Millions) | 2011-13 Executive Budget (Millions) |
|---|--|--------------------------------------|--|
| State school aid | \$808.4 | \$111.1 | \$919.5 |
| Education jobs fund | | 21.2 | 21.2 |
| Transportation aid payments | 43.5 | 5.0 | 48.5 |
| Contingent supplemental transportation aid payments | 5.0 | (5.0) | |
| Special education - Contracts | 15.5 | .5 | 16.0 |
| Supplemental operations grants | 16.8 | (16.8) | |
| Supplemental one-time grants | 85.6 | (85.6) | |
| Mill levy reduction grants | 295.0 | 46.8 | 341.8 |
| Total | \$1,269.8 | \$77.2 | \$1,347.0 |
| General fund | \$1,097.9 | (\$215.5) | \$882.4 |
| Federal funds | 85.6 | (64.4) | 21.2 |
| Property tax relief sustainability fund | | 341.8 | 341.8 |
| State tuition fund | 86.3 | 15.3 | 101.6 |
| Total | \$1,269.8 | \$77.2 | \$1,347.0 |

- Provides that the Department of Public Instruction continue estimated unspent 2009-11 biennium general fund appropriation authority of \$9 million (\$8 million from state school aid and \$1 million from transportation aid payments) and utilize the funding in the 2011-13 biennium for per student payments. Under current law, these funds would have been distributed to school districts as additional per student payments at the end of the 2009-11 biennium.
- Provides \$584,000 of **one-time general fund appropriations** for an Education Standards and Practices Board approval and accreditation mainframe rewrite (\$200,000) and for one-time programming changes to the department's state automated reporting system computer application used to gather school district information (\$384,000).
- Continues the \$2.3 million of funding from the general fund for a mentorship grant program to provide training to new teachers and adds \$461,500 of funding from the general fund to establish a **mentoring program for new principals**.
- Provides for an **alternative teacher compensation system** factor in the main school funding formula for alternative compensation plans approved by an Alternative Teacher Compensation System Review Panel and provides \$300,000 from the general fund for costs associated with the review panel and a contracted program adviser.

HUMAN SERVICES

- Provides a total general fund appropriation for the Department of Human Services of \$927.4 million, \$275.2 million, or 42.2 percent, more than the \$652.1 million appropriated for the 2009-11 biennium.
- Adds \$104.9 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 60.35 percent in the last quarter of federal fiscal year 2011 to 55.40 percent in federal fiscal year 2012. The department estimates North Dakota's FMAP to remain at 55.40 percent for federal fiscal year 2013.
- Provides \$54.3 million, of which \$25.5 million is from the general fund, for 3 percent per year **inflationary increases** for human service providers. The 2009 Legislative Assembly approved a 6 percent inflationary increase for rebased services (hospitals, physicians, chiropractors, and ambulances) and dentists and a 6 percent per year inflationary increase for providers of other services.
- Adds \$280.5 million, of which \$61.7 million is from the general fund, for **cost, caseload, and utilization changes** for major grant programs, including Medicaid, long-term care, developmental disabilities, basic care, foster care, child care, subsidized adoption, food stamps, etc.
- Provides \$28 million, of which \$8.7 million is from the general fund, for **Healthy Steps** (children's health insurance program), an increase of \$6.4 million, \$3.1 million of which is from the general fund, compared to the 2009-11 biennium appropriation.
- Adds \$3,431,017 from the general fund for increasing **psychiatric inpatient hospital rates**.
- Provides \$1.8 million of **one-time funding** from the general fund for State Hospital capital projects.

CAPITAL CONSTRUCTION

- Includes \$1,406,171,011 for the following capital projects and payments:

| | General Fund | Special Funds | Total Funds |
|--|-----------------|------------------|-------------------------|
| Major capital projects | \$57,018,128 | \$112,972,481 | \$169,990,609 |
| Extraordinary repairs | 21,434,618 | 15,348,312 | \$36,782,930 |
| Department of Transportation bond payments | | 1,189,239 | 1,189,239 |
| Department of Transportation contractor payments | 5,850,000 | 1,057,510,826 | 1,063,360,826 |
| State Water Commission bond payments | | 16,881,750 | 16,881,750 |
| Water projects | | 88,711,828 | 88,711,828 ¹ |
| Higher education special assessments | 4,302,624 | | 4,302,624 |
| State agency special assessments | 72,146 | 20,000 | 92,146 |
| Payments in lieu of taxes | 35,000 | 1,000,000 | 1,035,000 ² |
| ConnectND bond payments | | 5,406,666 | 5,406,666 |
| State Fair bond payment | 210,000 | | 210,000 |
| Other bond payments | 17,037,380 | 1,170,013 | 18,207,393 |
| Total | \$105,959,896 | \$1,300,211,115 | \$1,406,171,011 |

¹This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project. In addition, the executive budget includes \$314.6 million for local cost-share and water project grants.

²This amount does not include payments in lieu of taxes of approximately \$405,000 estimated to be paid by Workforce Safety and Insurance in the 2011-13 biennium under the agency's continuing appropriation for building maintenance.

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

STATE EMPLOYEES

1. Provides funding for **state employee salary increases** equal to 3 percent of salaries, effective July 1, 2011, and 3 percent of salaries effective July 1, 2012.
2. Provides funding for Supreme Court **justices'** and district court **judges'** salary increase of 5 percent for each year of the biennium.
3. Continues funding for the cost of **health insurance** premiums for state employees. The executive budget provides \$886.62 per month for state employee health insurance premiums, an increase of \$60.96, or 7.4 percent, compared to the 2009-11 premium of \$825.66 per month.
4. Provides \$1.6 million, of which \$518,112 is from the general fund, for **market equity compensation adjustments** for selected agencies, including the Attorney General's office (\$192,293), State Department of Health (\$70,000), Industrial Commission (\$255,819), and the Department of Transportation (\$1,100,000).
5. Includes a total of 11,257.07 FTE positions, 81.43 FTE positions more than the 2009-11 authorized level.

CORRECTIONS

1. Provides a total general fund appropriation for the Department of Corrections and Rehabilitation of \$161.6 million, \$6.5 million, or 3.85 percent, less than the \$168.1 million appropriated for the 2009-11 biennium. The 2009-11 general fund appropriation included \$19.5 million for the prison expansion and renovation project.
2. Adds \$3.2 million from the general fund for operating expenses and 66 **new FTE** positions relating to the prison expansion. Funding provided for a majority of the positions to be filled for the last nine months of the 2011-13 biennium.
3. Adds \$400,000 from the general fund to provide a total of \$8.6 million for **female contract housing**.
4. Adds \$1.6 million from the general fund for a total of \$28.4 million to **house inmates in transitional facilities**, including the Missouri River Correctional Center.

INFORMATION TECHNOLOGY

1. Recommends \$30.1 million, of which \$5.9 million is from the general fund, for state agency **large information technology projects** for the 2011-13 biennium.
2. Increases funding from the general fund for the **Statewide Longitudinal Data System Initiative** by \$3,202,895, including \$1,445,271 of ongoing

funding for staffing, hosting, and maintenance and \$1,757,624 of one-time funding for establishing the system.

3. Increases funding from the general fund for the **Center for Distance Education** by \$1,375,891, including \$395,242 for a tuition subsidy program.
4. Provides **health information technology** funding of \$19,059,238, of which \$362,972 is from the general fund, \$5 million is from federal funds, \$8 million is from Bank of North Dakota profits, and \$5,596,266 is from health care providers for using the health information exchange.

ECONOMIC DEVELOPMENT

1. Provides a general fund appropriation for the Department of Commerce of \$619,690 to establish a new **Division of Energy** which will be responsible for promoting energy development within the state, addressing energy infrastructure issues, and managing renewable energy programs. The funding provides for 2 new FTE positions, a division director and program manager; contracted professional services; and other operating expenses.
2. Provides \$2.5 million from the general fund for the North Dakota **Trade Office**, \$489,000 more than the \$2,064,000 general fund appropriation for the 2009-11 biennium.
3. Provides \$150,000 from the general fund for grants to individuals who obtain a child development associate credential and \$920,338 from the general fund for the child care facility grant and loan program. The 2009 Legislative Assembly provided one-time funding of \$1,820,000 from the general fund to the North Dakota Development Fund, Inc., for providing financing to early childhood facilities (\$1,250,000); providing funding for early childhood facility grants for technical assistance, a business plan, or infrastructure (\$500,000); and funding for administration of the programs (\$70,000).
4. Provides \$100,000 from the general fund for four **Jobs for America's Graduates** programs for the 2011-13 biennium.
5. Provides \$200,000 from the general fund, of which \$100,000 is one-time funding, for the **American Indian Business Office**. This is an increase of \$100,000 from the 2009-11 legislative appropriation for the office.
6. Recommends \$125,000 from the general fund to develop a statewide marketing effort to educate employers on the **WorkKeys** program and create demand for its use as an assessment and recruitment tool for businesses and individuals.

CENTERS OF EXCELLENCE

1. Recommends a transfer of \$13 million from the general fund to the centers of excellence fund for centers of research excellence grants, centers of research infrastructure grants, and centers of entrepreneurship excellence grants.
2. Recommends a transfer of \$2 million from the general fund to a newly created centers of workforce excellence fund. The 2009 Legislative Assembly provided for a \$1 million transfer to the workforce enhancement

fund in the 2009-11 biennium. The Governor is recommending converting the workforce enhancement fund to the centers of workforce excellence fund.

3. Authorizes the Department of Commerce to continue the unspent 2009-11 biennium \$5 million general fund appropriation for the Great Plains Applied Energy Research Center into the 2011-13 biennium for deposit into the centers of excellence fund.

TRANSPORTATION

1. Anticipates **federal highway construction funds** of \$569.5 million for the 2011-13 biennium compared to \$500.9 million for the 2009-11 biennium.
2. Anticipates funding for **federal emergency relief projects** of \$56.2 million for the 2011-13 biennium.
3. Provides \$226.6 million of one-time funding from the permanent oil tax trust fund for **state roadway projects** in areas affected by **oil and gas development**.
4. Provides \$142 million of one-time funding from the permanent oil tax trust fund for **county and township road projects** in areas affected by **oil and gas development**.

5. Adds 12 **new FTE positions** and \$1.1 million of special funds for additional motor vehicle licensing specialists, driver's license examiners, and heavy equipment operators.
6. Includes \$5.9 million from the **general fund** to match federal funding for Devils Lake area roadway projects.

MILITARY-RELATED PROGRAMS

1. Recommends funding of \$905,000 from the general fund for maintenance and repair of the 41 state-supported National Guard facilities.
2. Provides funding of \$1,550,149 from the general fund to enhance the **reintegration program** to support National Guard members and their families. Included in this recommendation is \$150,000 from the general fund to establish a military service center in eastern North Dakota.
3. Recommends unexpended funds for the **veterans' bonus program** from the 2009-11 biennium of approximately \$449,514 be continued and utilized for similar bonuses during the 2011-13 biennium.

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2011-13 EXECUTIVE BUDGET

Ongoing General Fund Revenues, Transfers, and Appropriations

| | |
|---|--------------------------------|
| Recommended ongoing general fund taxes and fees | \$2,732,543,675 |
| Less recommended ongoing appropriations | (3,185,078,234) ^{1,2} |
| Excess (shortfall) | (\$452,534,559) |
| Plus transfers identified as "ongoing" in the executive budget | 464,135,000 ³ |
| Excess | \$11,600,441 |
| ¹ In addition, the executive budget includes \$110,491,307 of recommended "one-time" general fund appropriations. | |
| ² In addition, the executive budget includes \$374,590,000 of other ongoing appropriations from selected special funds, including: | |
| Career and technical education and academic scholarship program (lands and minerals trust fund) | \$10,000,000 |
| Mill levy reduction grants (property tax relief) (property tax relief sustainability fund) | 341,790,000 |
| Grants to tribal colleges (permanent oil tax trust fund) | 1,000,000 |
| State school aid funding (authorized general fund carryover from 2009-11) | 9,000,000 |
| Department of Human Services long-term care program funding (authorized general fund carryover from 2009-11) | 12,800,000 |
| Total | \$374,590,000 |
| ³ This amount includes recommended transfers from: | |
| Bank of North Dakota | \$60,000,000 |
| Mill and Elevator | 6,650,000 |
| Lands and minerals trust fund | 164,000,000 |
| Permanent oil tax trust fund | 232,000,000 |
| Gas tax administration | 1,485,000 |
| Total | \$464,135,000 |

Identified One-Time General Fund Resources and Related Appropriations

| | |
|---|------------------------------|
| One-time resources | |
| Estimated beginning balance - General fund | \$79,627,544 |
| Transfer from the lands and minerals trust fund | 75,000,000 |
| Total estimated one-time resources | \$154,627,544 |
| Recommended one-time general fund appropriations | (110,491,307) ^{1,2} |
| Excess of one-time revenues over recommended appropriations | \$44,136,237 |
| ¹ Recommended one-time general fund appropriations as identified in the executive budget include amounts for economic development, technology systems, equipment, capital projects, extraordinary repairs, and deferred maintenance as follows: | |

| Agency/Description | Bill No. | General Fund Appropriation |
|---|----------|----------------------------|
| Governor's office (101) | | |
| Governor's transition funding | SB 2001 | \$65,000 |
| Secretary of State (108) | SB 2002 | |
| Database and processing platform migration project | | 3,500,000 |
| Online public meeting notice system | | 43,039 |
| Office of Management and Budget (110) | SB 2015 | |
| Repairs as identified in the Capitol building envelope study | | 2,800,000 |
| North Dakota 125 th anniversary coordinator | | 50,000 |
| Information Technology Department (112) | HB 1021 | |
| Criminal Justice Information System Initiative projects | | 200,000 |
| Statewide Longitudinal Data System Initiative | | 1,757,624 |
| State Treasurer (120) | SB 2005 | |
| Information technology development costs | | 235,000 |
| Attorney General (125) | SB 2003 | |
| Equipment and vehicle purchases | | 312,400 |
| Tax Department (127) | SB 2006 | |
| GenTax software version upgrade | | 1,000,000 |
| Legislative Assembly (150) | HB 1001 | |
| Redistricting special session | | 272,018 |
| Information technology projects | | 159,938 |
| Computer equipment replacement | | 510,750 |
| Legislative wing equipment and improvements | | 1,300,000 |
| Legislative Council (160) | HB 1001 | |
| Information technology projects | | 483,807 |
| Computer equipment replacement | | 76,000 |
| Office equipment replacement | | 25,000 |
| Office improvements | | 50,000 |
| Judicial branch (180) | HB 1002 | |
| Disaster recovery study | | 100,000 |
| Equipment over \$5,000 | | 187,500 |
| Information technology equipment over \$5,000 | | 534,480 |
| Work Assessment Policy Committee and weighted caseload studies | | 300,000 |
| Department of Public Instruction (201) | SB 2013 | |
| Education Standards and Practices Board database project | | 200,000 |
| State automated reporting system computer application maintenance | | 384,000 |
| North Dakota University System office (215) | HB 1003 | |
| Student mental health services | | 156,000 |
| Bismarck State College (227) | HB 1003 | |
| Plant Services Building | | 1,500,000 |
| Special assessments payoff | | 900,000 |

| Agency/Description | Bill No. | General Fund Appropriation |
|--|----------|-------------------------------|
| University of North Dakota (230) | HB 1003 | |
| Joint information technology facility | | 11,200,000 |
| Special assessments payoff | | 281,013 |
| North Dakota State University (235) | HB 1003 | |
| Special assessments payoff | | 2,319,700 |
| State College of Science (238) | HB 1003 | |
| Old Main renovation | | 8,180,000 |
| Special assessments payoff | | 125,851 |
| Dickinson State University (239) | HB 1003 | |
| Stoxen Library | | 8,800,000 |
| Mayville State University (240) | HB 1003 | |
| Special assessments payoff | | 392,493 |
| Valley City State University (242) | HB 1003 | |
| Rhoades Science Center addition and renovation | | 7,971,000 |
| Special assessments payoff | | 283,567 |
| Forest Service (244) | HB 1003 | |
| Emerald ash borer mitigation | | 250,000 |
| School for the Deaf (252) | SB 2013 | |
| Extraordinary repairs | | 103,800 |
| North Dakota Vision Services - School for the Blind (253) | SB 2013 | |
| Contingency | | 300,000 |
| Equipment over \$5,000 | | 8,500 |
| Facility master plan | | 20,000 |
| Instructional equipment | | 24,500 |
| Department of Career and Technical Education (270) | HB 1019 | |
| STOP the Violence program | | 10,000 |
| State Department of Health (301) | HB 1004 | |
| Regional health network incentives | | 275,000 |
| Veterans' Home (313) | HB 1007 | |
| New Veterans' Home landscaping | | 25,000 |
| Repair irrigation system | | 55,000 |
| Reshape and grade oxbow | | 46,500 |
| Department of Veterans' Affairs (321) | HB 1007 | |
| Discharge project | | 22,000 |
| Website | | 15,593 |
| Department of Human Services (325) | SB 2012 | |
| State Hospital capital projects | | 1,800,000 |
| Industrial Commission (405) | HB 1014 | |
| Analysis of oil-bearing rocks | | 40,000 |

| Agency/Description | Bill No. | General Fund Appropriation |
|---|----------|----------------------------|
| Paleontologic preparation work | | 62,400 |
| Renewable energy development program | | 3,000,000 |
| Sand deposit study | | 50,000 |
| Shallow gas study | | 25,000 |
| Highway Patrol (504) | HB 1011 | |
| Law Enforcement Training Academy project | | 3,558,300 |
| Radio equipment replacement | | 1,076,000 |
| Department of Corrections and Rehabilitation (530) | HB 1015 | |
| Capital projects | | 617,968 |
| Equipment over \$5,000 | | 462,800 |
| Extraordinary repairs | | 984,740 |
| Adjutant General (540) | SB 2016 | |
| Central electronics bank dispatch system | | 1,100,000 |
| Message switch upgrades | | 235,000 |
| Military service center | | 72,700 |
| State building extraordinary repairs | | 385,381 |
| State Radio tower package | | 2,100,000 |
| Statewide seamless base map | | 400,000 |
| Equipment | | 1,577,347 |
| Department of Commerce (601) | HB 1018 | |
| American Indian Business Office | | 100,000 |
| Centers of excellence | | 15,000,000 |
| Child care facility grants and loans | | 920,338 |
| Child care development grants | | 150,000 |
| Statewide marketing effort of the WorkKeys program | | 125,000 |
| Branch research centers (628) | HB 1020 | |
| Capital bond payments | | 149,600 |
| Main Research Center (640) | HB 1020 | |
| Capital projects | | 6,991,650 |
| Capital bond payments | | 421,690 |
| State Historical Society (701) | SB 2018 | |
| Extraordinary repairs | | 125,000 |
| Database migration | | 30,900 |
| Enhanced marketing | | 75,000 |
| Fort Abercrombie bank stabilization | | 350,000 |
| Historic sites exhibits | | 90,000 |
| Information technology business analysis | | 145,410 |
| North Dakota 125 th anniversary celebration planning | | 50,000 |
| Temporary staff for expansion | | 59,800 |
| Council on the Arts (709) | HB 1010 | |
| Culture pulse web marketing initiative | | 15,000 |

| Agency/Description | Bill No. | General Fund Appropriation |
|---|----------|-------------------------------|
| Parks and Recreation Department (750) | SB 2019 | |
| Equipment | | 58,000 |
| Capital projects | | 4,299,210 |
| Little Missouri State Park trail leases | | 85,000 |
| Statewide comprehensive outdoor recreation plan | | 40,000 |
| Department of Transportation (801) | HB 1012 | |
| Devils Lake highway project | | 5,850,000 |
| Total | | \$110,491,307 |

²In addition, the executive budget includes \$378,755,000 of other one-time appropriations from selected special funds, including:

| | |
|--|----------------------|
| Higher education capital projects (permanent oil tax trust fund) | \$2,320,000 |
| State road projects (permanent oil tax trust fund) | 228,600,000 |
| County and township road projects (permanent oil tax trust fund) | 142,000,000 |
| Centers of excellence (authorized general fund carryover from 2009-11) | 5,000,000 |
| School for the Deaf capital project (authorized general fund carryover from 2009-11) | 835,000 |
| Total | \$378,755,000 |

EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations, elected officials' salary increases, and any capital construction bonding proposals, the following recommendations included in the executive budget require statutory changes or other action by the 2011 Legislative Assembly to implement:

REVENUES

- Amends North Dakota Century Code Section 57-51-15 to increase the maximum amount of oil and gas gross production tax collections that may be deposited in the oil and gas impact grant fund from \$8 million to \$100 million (Section 7 of House Bill No. 1013 (2011)).
- Reduces individual income tax rates by .21 percent adjusting the top rate from 4.86 percent to 4.65 percent and the lowest rate from 1.84 percent to 1.63 percent. This results in an estimated decrease in individual income tax collections of \$50 million for the 2011-13 biennium. This reduction is in addition to the \$100 million of individual and corporate income tax reductions enacted by the 2009 Legislative Assembly for the 2009-11 biennium. (The bill containing the proposed changes is pending introduction.)
- Provides for the transfer of 25 percent of motor vehicle excise tax collections, after distribution to the state aid distribution fund, to the highway tax distribution fund rather than the general fund. (For the 2009-11 biennium, 25 percent of motor vehicle excise tax collections, after distribution to the state aid distribution fund, are deposited in the highway fund rather than the general fund, pursuant to Section 21 of Senate Bill No. 2012 (2009).) (Section 5 of House Bill No. 1012 (2011)).

FUNDING TRANSFERS TO THE GENERAL FUND

- Provides for transfers from Bank of North Dakota profits to the general fund of \$60 million, an increase of \$59 million from the 2009-11 biennium. The 2009-11 transfer may not reduce the Bank's capital below \$225 million (Section 10 of Senate Bill No. 2014 (2009)). The 2011-13 executive budget does not include any restrictions regarding the transfer to the general fund from the Bank of North Dakota. Based on the executive budget recommendations that anticipate a \$60 million transfer from the Bank of North Dakota during the 2011-13 biennium, the Bank's capital at the end of the 2011-13 biennium is projected to be \$420 million.
- Provides for a transfer from the lands and minerals trust fund to the general fund of \$239 million, \$204 million more than the \$35 million transfer authorized for the 2009-11 biennium (Section 3 of Senate Bill No. 2015 (2011)).
- Provides for a transfer from the permanent oil tax trust fund to the general fund of \$232 million, a decrease of \$203 million from the 2009-11

biennium. The 2009 Legislative Assembly transferred \$435 million from the permanent oil tax trust fund to the general fund for the 2009-11 biennium, \$295 million of which was for property tax relief (Section 4 of Senate Bill No. 2015 (2011)).

PROPERTY TAX RELIEF

- Provides for a transfer from the permanent oil tax trust fund to the property tax relief sustainability fund of \$4.233 million prior to June 30, 2009. The funding is to be used to increase mill levy reduction grants from \$295 million to \$299,233,000 for the 2009-11 biennium (Section 2 of Senate Bill No. 2023 (2011)).
- Provides for a transfer from the permanent oil tax trust fund to the property tax relief sustainability fund of \$388,580,000. Of the \$388,580,000, \$46,800,000 is for providing additional funding for mill levy reduction grants in the 2011-13 biennium (a total of \$341,790,000) and \$341,790,000 is for making funds available for mill levy reduction grants in the 2013-15 biennium (Section 5 of Senate Bill No. 2015 (2011)).

ELEMENTARY EDUCATION

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

HIGHER EDUCATION

- Continues provisions approved by the 2009 Legislative Assembly allowing for the continuation of higher education institutions' special funds, including tuition; the carryover at the end of each biennium of unspent general fund appropriations; and block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding (House Bill Nos. 1033, 1034, and 1035 (2011)).
- Provides a continuing appropriation from the lands and minerals trust fund for career and technical education and academic scholarships estimated to total \$10 million for the 2011-13 biennium. (The bill containing the statutory provisions is pending introduction.)

ADJUTANT GENERAL

- Appropriates, subject to Emergency Commission approval, any additional funds in the state disaster relief fund to the Adjutant General for defraying expenses of state disasters pursuant to Section 37-17.1-27 (Section 4 of Senate Bill No. 2016 (2011)).

DEPARTMENT OF COMMERCE

- Continues the statutory provisions allowing moneys in the Development Fund to be used to provide financing to early childhood facilities until July 31, 2013 (Section 3 of House Bill No. 1018 (2011)).
- Continues the centers for excellence statutory provisions contained in Sections 15-69-01 through 15-69-05 through July 31, 2021. The provisions were to expire on July 31, 2011 (Sections 4 through 8 of House Bill No. 1018 (2011)).
- Restructures the centers of excellence program by type to include centers of entrepreneurship excellence, centers of research excellence, and centers of workforce excellence and provides a continuing appropriation for the centers of excellence program (Sections 9, 11, 14, 15, 16, and 17 of House Bill No. 1018 (2011)).
- Creates, as an emergency clause, a new chapter to Title 17 relating to a biofuel blender pump incentive program (Section 10 of House Bill No. 1018 (2011)).

- Establishes an internship fund in the state treasury. All funds in the internship fund are appropriated on a continuing basis to the department for implementing and administering Section 54-60-17 (Section 13 of House Bill No. 1018 (2011)).

TRANSPORTATION

- Provides for a transfer from the permanent oil tax trust fund to the highway fund of \$370.6 million (Section 6 of Senate Bill No. 2015 (2011)). The \$370.6 million is to be used for state road construction and maintenance in oil and gas-producing counties (\$228.6 million) and county and township roads in oil country (\$142 million).

RETIREMENT CONTRIBUTIONS

- Provides for an increase in retirement contributions of 2 percent on January 1, 2012, and 2 percent January 1, 2013. Employees will pay 1 percent of each increase, and the state will pay the remaining 1 percent. (The bill containing the statutory changes is pending introduction.)

CONTINUATION OF APPROPRIATION AUTHORITY

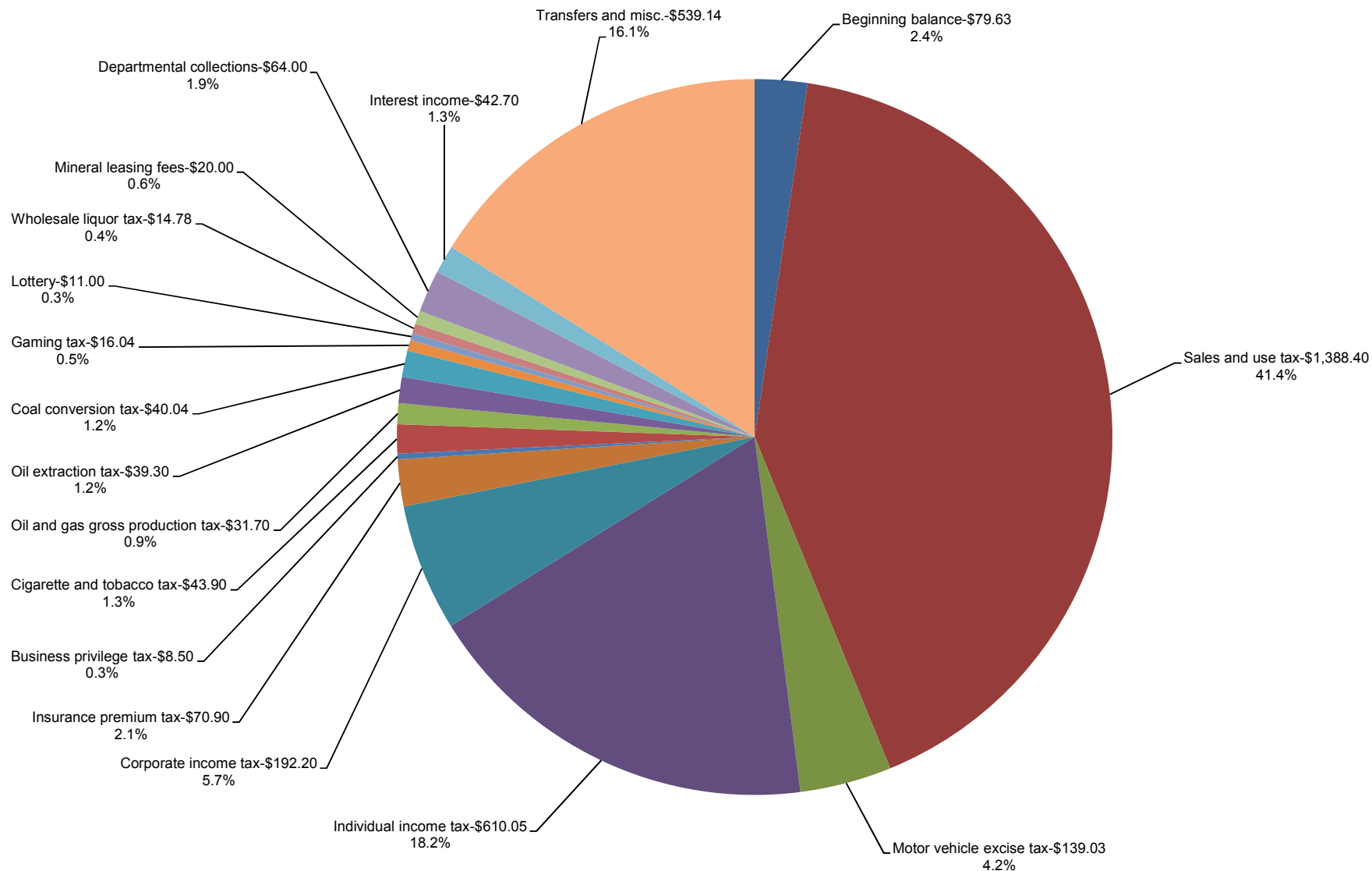
| Bill No. | Agency | Description |
|----------|--|--|
| HB 1001 | Legislative Assembly and Legislative Council | Provides that the unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2009-11 biennium be continued |
| HB 1012 | Department of Transportation | Provides that the funds appropriated for county and township reconstruction for the 2011-13 biennium be continued and any unexpended funds be utilized in the 2013-15 biennium for county and township paved and unpaved road rehabilitation and reconstruction projects (Section 6) Provides that the funds appropriated for extraordinary state highway maintenance for the 2011-13 biennium be continued and any unexpended funds be utilized in the 2013-15 biennium for extraordinary state highway maintenance (Section 7) |
| HB 1013 | Land Department | Provides that the funds appropriated for oil and gas impact grants for the 2011-13 biennium be continued in the 2013-15 biennium (Section 2) |
| HB 1015 | Department of Corrections and Rehabilitation | Provides that the general fund appropriation for the department for the 2009-11 biennium be continued and any unexpended funds be transferred to the State Penitentiary land fund during the 2011-13 biennium (Section 4) |
| HB 1018 | Department of Commerce | Provides that the funds appropriated for the Agricultural Products Utilization Commission for the 2009-11 biennium be continued and any unexpended funds may be utilized in the 2013-15 biennium (Section 18) Provides that the funds appropriated for discretionary funds for the 2009-11 biennium be continued and any unexpended funds may be utilized in the 2011-13 biennium (Section 19) Provides for the continuation of the 2009-11 appropriation for internships and provides that the Office of Management and Budget transfer any unexpended funds from the appropriation to a newly created internship fund (Section 20) Provides that the funds appropriated for a grant for the construction of the Great Plains Applied Energy Research Center in the 2009-11 biennium be continued, deposited in the centers of excellence fund, and used during the 2011-13 biennium for centers of research excellence and centers of entrepreneurship excellence projects (Section 21) Provides that the funds appropriated for the technology-based entrepreneurship grant program for the 2009-11 biennium be continued and any unexpended funds may be utilized in the 2011-13 biennium (Section 22) |

| Bill No. | Agency | Description |
|----------|--|--|
| HB 1020 | Main Research Center and branch research centers | <p>Provides that the funds appropriated for early childhood facility grants for the 2009-11 biennium be continued and any unexpended funds may be utilized in the 2011-13 biennium (Section 23)</p> <p>Provides that the funds appropriated for the biofuel blender pump incentive program for the 2009-11 biennium be continued and any unexpended funds be utilized in the 2011-13 biennium (Section 24)</p> <p>Provides that 2011-13 general fund appropriations for the entities and any excess income received by entities during the 2011-13 biennium be continued and any unexpended funds may be utilized in the 2013-15 biennium (Section 6)</p> <p>Provides that the funds appropriated for the research greenhouse complex in the 2005-07 biennium and for the branch center renovations and research greenhouse complex projects in the 2009-11 biennium be continued and utilized in the 2011-13 biennium (Section 7)</p> |
| HB 1021 | Information Technology Department | Amends Senate Bill No. 2021 (2009) to provide for the continuation of the \$8 million transfer from Bank of North Dakota profits for health information technology (Section 8) |
| SB 2002 | Secretary of State | Provides that any unexpended and unobligated balance remaining in the agency's general services operating fund on June 30, 2011, may be continued and expended by the agency during the 2011-13 biennium for the database and processing platform migration project (Section 4) |
| SB 2012 | Department of Human Services | <p>Provides for the continuation of the legislative appropriation for the Medicaid management information system replacement project in the 2011-13 biennium (Section 4)</p> <p>Provides for the continuation of the department's unexpended 2009-11 general fund appropriation authority to the 2011-13 biennium. The continued funding is to be used for medical assistance grants during the 2011-13 biennium. (Section 5)</p> |
| SB 2013 | Department of Public Instruction | Amends two sections of House Bill No. 1400 (2009) to provide that the first \$9 million of unexpended state school aid and transportation aid funding appropriated for the 2009-11 biennium is to be continued to the 2011-13 biennium and used to provide per student payments during the 2011-13 biennium (Section 15) |
| | School for the Deaf | Provides that funds appropriated for the school's Trades Building remodeling project for the 2009-11 biennium be continued and utilized in the 2011-13 biennium (Section 13) |
| SB 2015 | Office of Management and Budget | Provides that funds appropriated for the Fiscal Management Division that are unexpended as of June 30, 2011, be continued and utilized for continued development and operating costs of the accounting, management, and payroll systems during the 2011-13 biennium (Section 8) |
| SB 2016 | Adjutant General | <p>Provides that funds appropriated for the veterans' bonus program that are unexpended as of June 30, 2011, be continued and utilized for similar bonuses during the 2011-13 biennium (Section 6)</p> <p>Provides that funds appropriated in the 2009-11 biennium for the Next Generation 911 study and State Radio tower study be continued and utilized for conducting the studies during the 2011-13 biennium (Section 7)</p> |
| SB 2020 | State Water Commission | <p>Provides that funds appropriated for grants or water-related projects in the 2011-13 biennium be continued and any unexpended funds may be utilized in the 2013-15 biennium</p> <p>Provides that funds appropriated for Fargo flood control projects for the 2011-13 biennium be continued and any unexpended funds may be utilized in the 2013-15 biennium or future bienniums for Fargo flood control projects. The funds may be used only for land purchases and construction and may not be used for administration, legal, planning, or other similar purposes.</p> |
| SB 2022 | Public Employees Retirement System | Provides that funds appropriated for the PERSLINK information technology project in the 2007-09 biennium and continued in the 2009-11 biennium be continued and utilized for completion of the project in the 2011-13 biennium (Section 4) |

2011-13 ESTIMATED GENERAL FUND REVENUES

Total 2011-13 Estimated General Fund Revenues - \$3,351.31

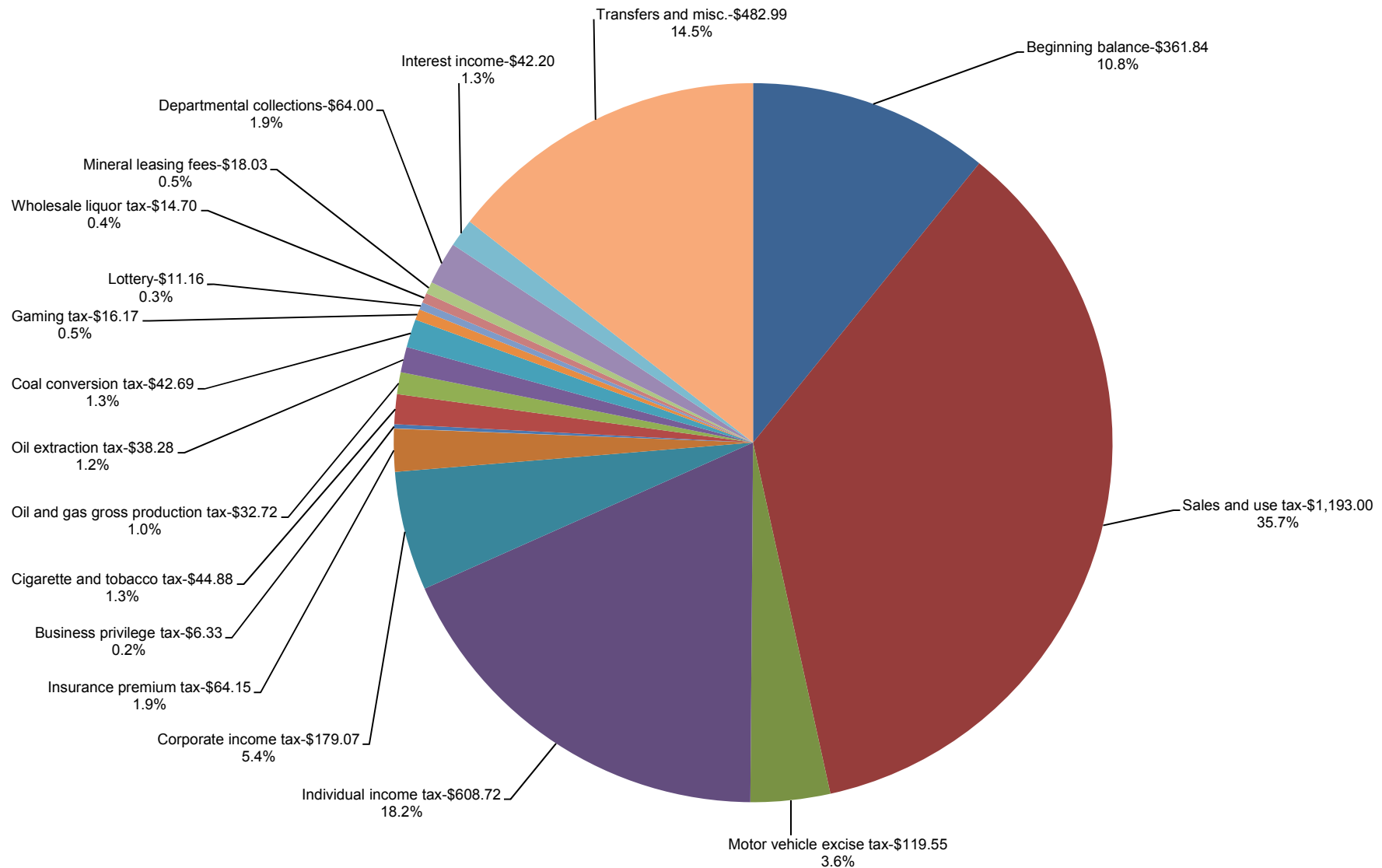
(Amounts Shown in Millions)



2009-11 ESTIMATED GENERAL FUND REVENUES

Total 2009-11 Estimated General Fund Revenues - \$3,340.48

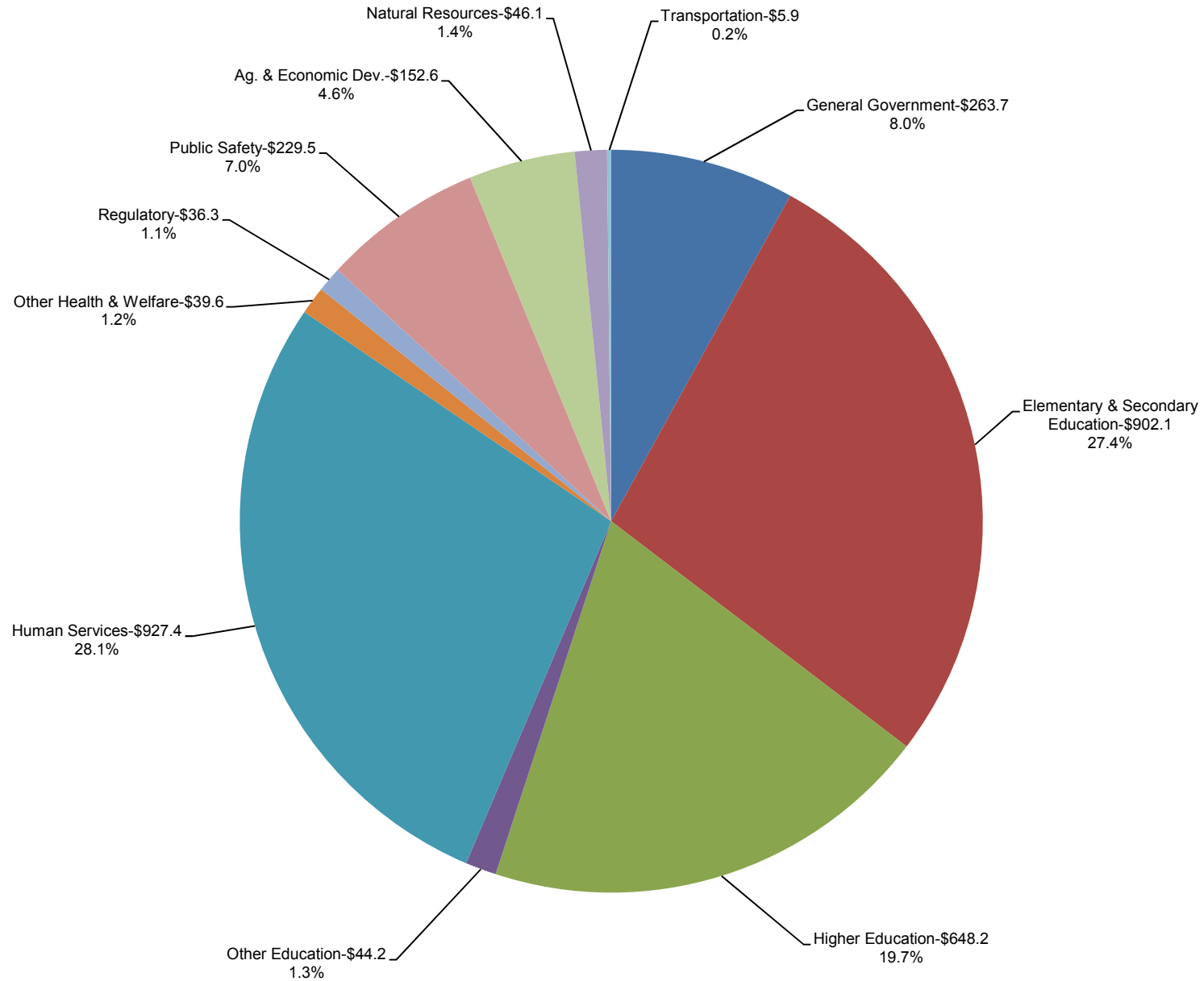
(Amounts Shown in Millions)



2011-13 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

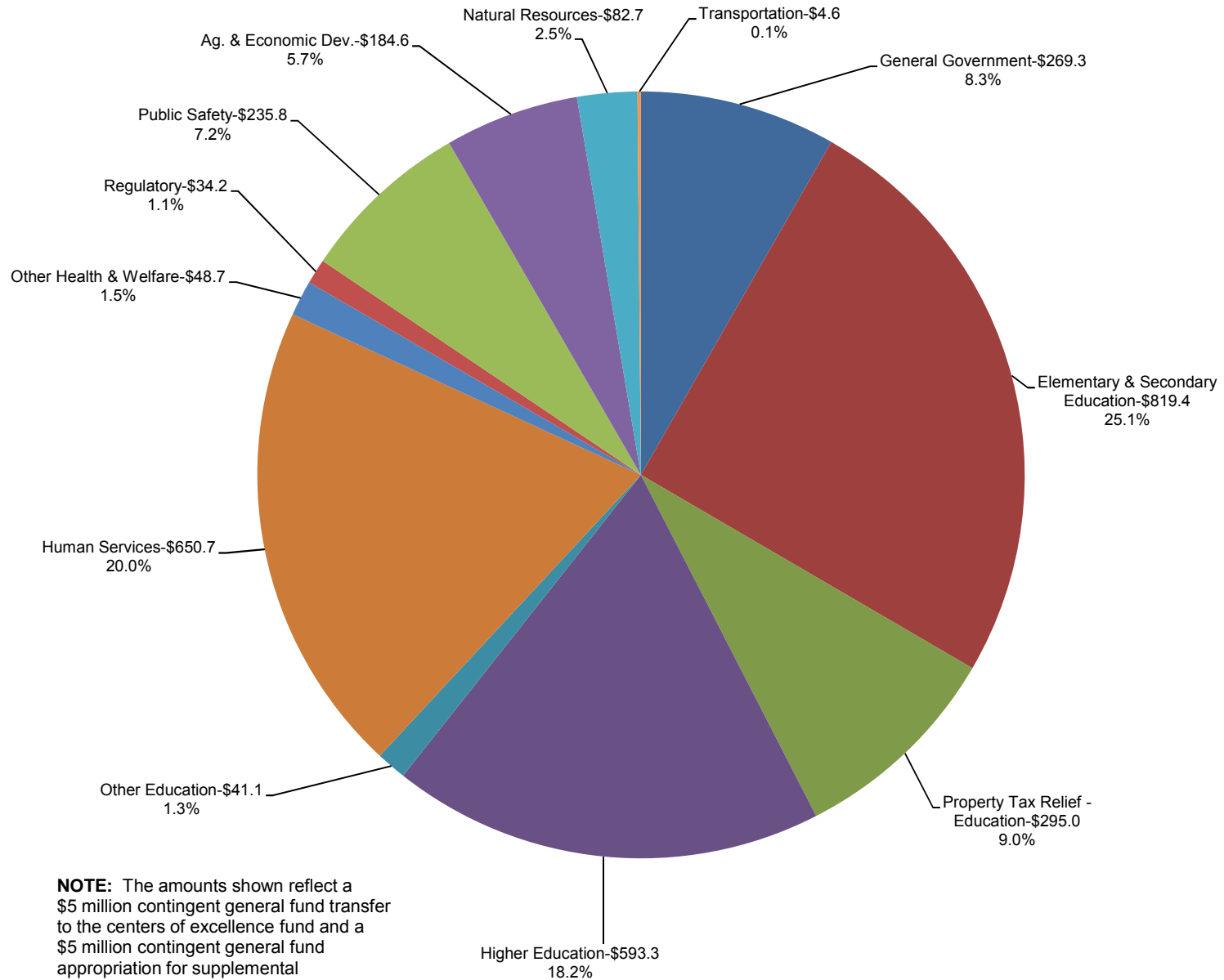
Total 2011-13 Executive Budget General Fund Recommendation - \$3,295.6



2009-11 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

Total 2009-11 General Fund Appropriations - \$3,259.4

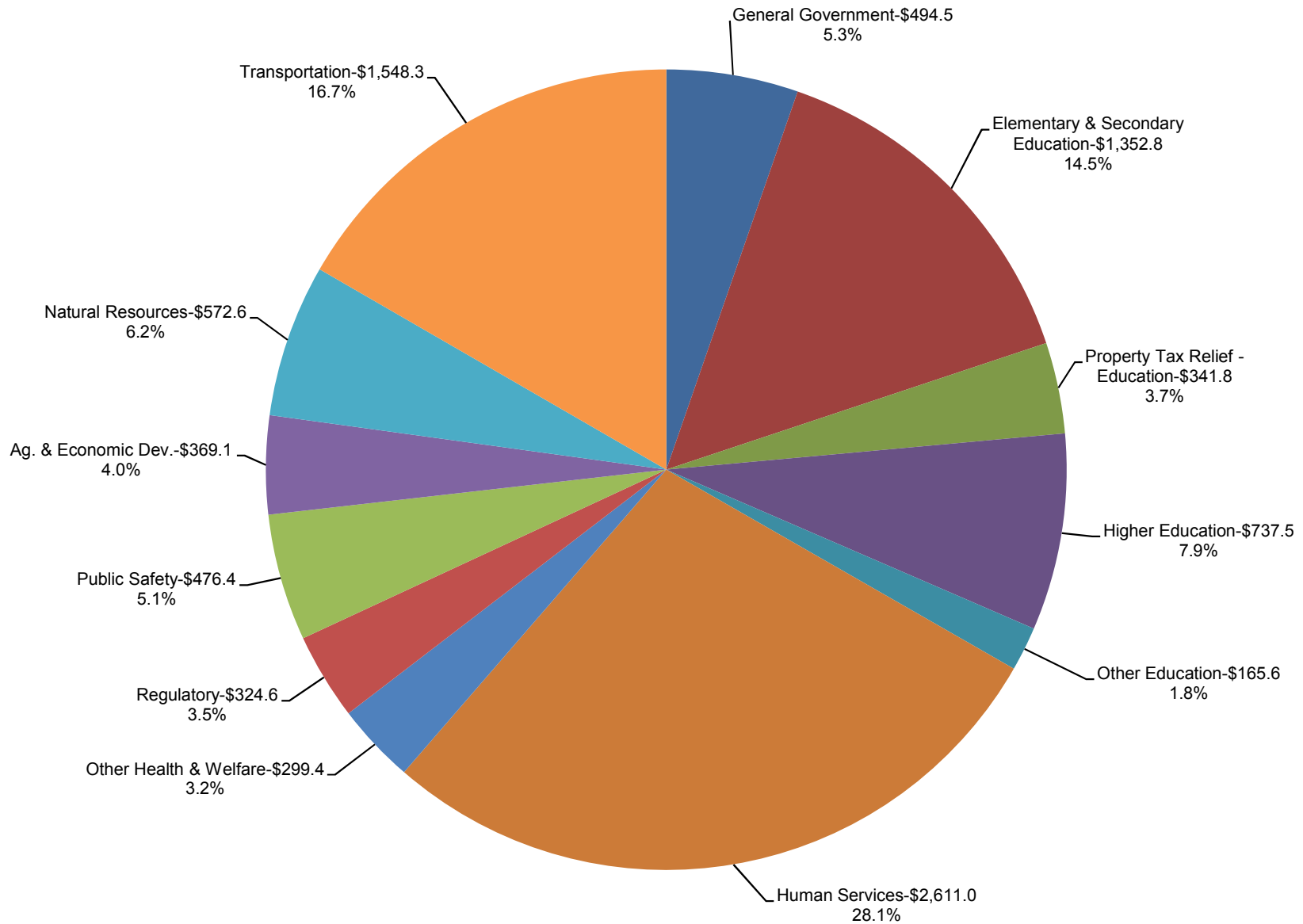


NOTE: The amounts shown reflect a \$5 million contingent general fund transfer to the centers of excellence fund and a \$5 million contingent general fund appropriation for supplemental transportation aid payments to school districts.

2011-13 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

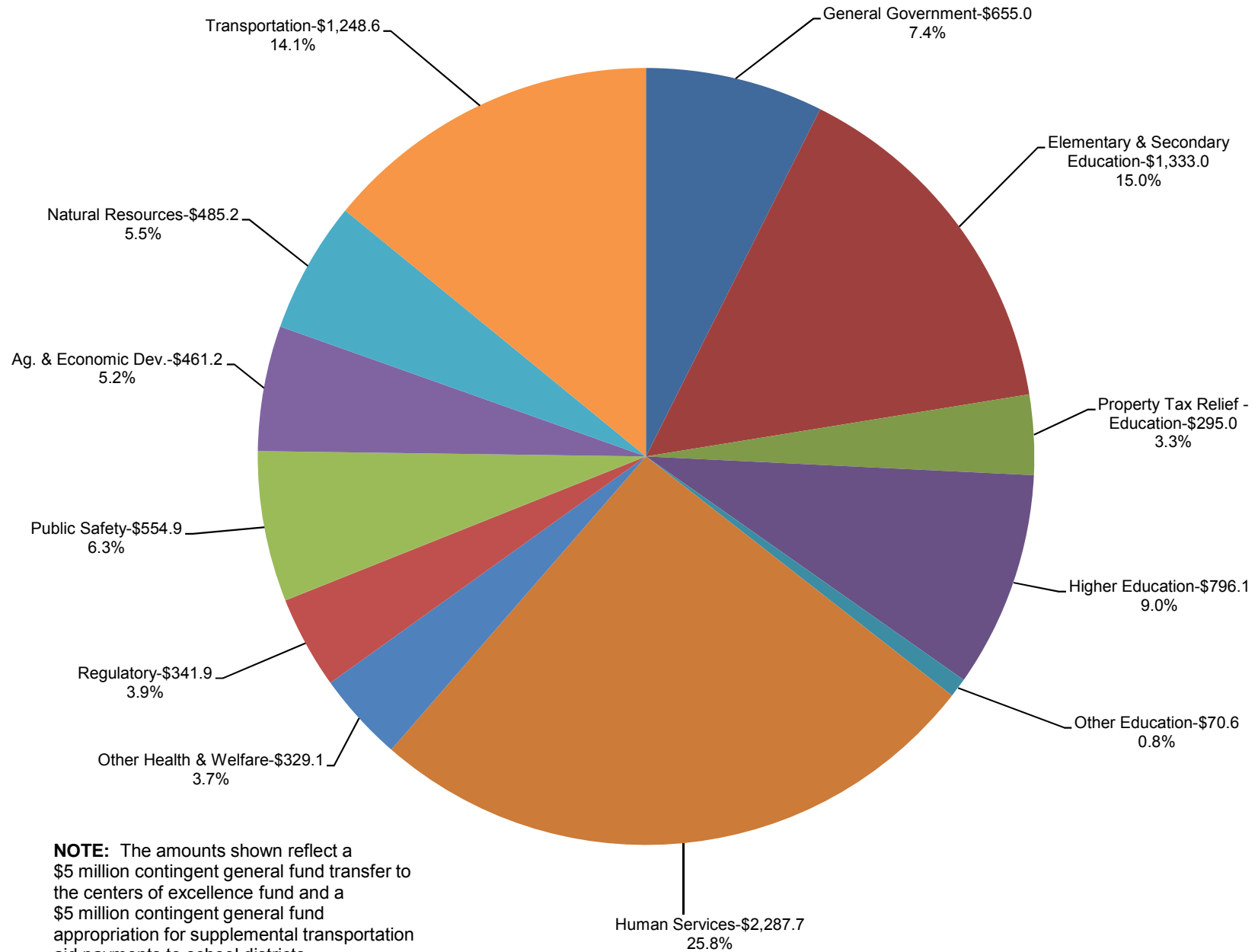
Total 2011-13 Executive Budget All Funds Recommendation - \$9,293.6



2009-11 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

Total 2009-11 All Funds Appropriations - \$8,858.3



HISTORIC GENERAL FUND APPROPRIATIONS AND END-OF-BIENNIUM BALANCES

| Biennium | General Fund Appropriations (In Millions) ¹ | End-of-Biennium General Fund Balance (In Millions) | General Fund Balance as a Percentage of Appropriations |
|-----------|---|---|--|
| 1969-71 | \$183.69 | \$25.90 ² | 14.1% |
| 1971-73 | \$226.26 | \$52.50 ² | 23.2% |
| 1973-75 | \$297.82 | \$150.50 ³ | 50.5% |
| 1975-77 | \$442.53 | \$208.30 ³ | 47.1% |
| 1977-79 | \$575.07 | \$151.00 ³ | 26.3% |
| 1979-81 | \$680.42 | \$174.50 ³ | 25.6% |
| 1981-83 | \$910.25 | \$43.40 ³ | 4.8% |
| 1983-85 | \$1,017.86 | \$150.41 ³ | 14.8% |
| 1985-87 | \$1,134.18 | \$18.66 ³ | 1.6% |
| 1987-89 | \$1,058.71 | \$40.00 ^{3,4} | 3.8% |
| 1989-91 | \$1,061.51 | \$105.67 ³ | 10.0% |
| 1991-93 | \$1,202.89 | \$19.76 ³ | 1.6% |
| 1993-95 | \$1,251.93 | \$31.15 ³ | 2.5% |
| 1995-97 | \$1,352.47 | \$65.00 ^{3,5} | 4.8% |
| 1997-99 | \$1,510.75 | \$61.11 ³ | 4.0% |
| 1999-2001 | \$1,614.88 | \$62.24 ³ | 3.9% |
| 2001-03 | \$1,727.97 ⁶ | \$14.79 ^{3,7} | 0.9% |
| 2003-05 | \$1,816.89 | \$68.02 ^{3,8} | 3.7% |
| 2005-07 | \$2,000.54 | \$295.54 ^{3,9} | 14.8% |
| 2007-09 | \$2,579.31 | \$361.84 ^{3,10} | 14.0% |
| 2009-11 | \$3,259.37 | \$79.63 ¹¹ (estimate) | 2.4% |
| 2011-13 | \$3,295.57 ¹² | \$55.74 (estimate) | 1.7% |

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

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

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

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

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

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

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

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

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

¹⁰In addition to the amount shown, \$124.9 million was transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 10 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

¹¹In addition to the amount shown, the executive budget anticipates transferring \$4.6 million to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 10 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

¹²The amount shown reflects recommended general fund appropriations for the 2011-13 biennium.

SECTION B - GENERAL FUND REVENUES

| | |
|--|-----|
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GENERAL FUND REVENUES - KEY RECOMMENDATIONS AND ECONOMIC ASSUMPTIONS

General fund revenue growth - General fund revenues, **excluding transfers** and beginning balance, for the 2011-13 biennium are anticipated to increase by 9.5 percent, or \$236.9 million, from the revised 2009-11 revenue forecast and by 10.1 percent, or \$251.8 million, from the original 2009-11 revenue forecast.

Taxable sales and purchases - Sales and use tax collections are estimated to increase by \$195.4 million, or 16.4 percent, during the 2011-13 biennium, resulting in additional general fund revenues of \$195.4 million compared to the revised 2009-11 forecast.

Motor vehicle excise tax - Motor vehicle excise tax collections are expected to total \$139 million in 2011-13, an increase of \$19.5 million from the revised 2009-11 forecast of \$119.5 million. For the 2009-11 biennium, 25 percent of motor vehicle excise tax collections, after distribution to the state aid distribution fund, are deposited in the highway fund rather than the general fund pursuant to Section 21 of Senate Bill No. 2012 (2009). This allocation is effective only for the 2009-11 biennium. The executive budget recommendation includes provisions that will transfer 25 percent of motor vehicle tax collections, after distribution to the state aid distribution fund, to the highway tax distribution fund rather than the general fund only for the 2011-13 biennium.

Individual income tax - Individual income tax collections are expected to increase by .2 percent, or \$1.3 million, for an anticipated total of \$610 million during the 2011-13 biennium. This amount reflects an additional revenue reduction of \$50 million relating to income tax relief. The executive budget recommendation provides for a .21 percent rate reduction in each tax bracket resulting in tax brackets being reduced from 1.84 percent to 1.65 percent at the lowest bracket and from 4.86 percent to 4.65 percent in the highest bracket. This compares to the revised forecast for 2009-11 of \$608.7 million and the original 2009-11 forecast of \$655.5 million. The original and revised forecast amounts for the 2009-11 biennium reflect revenue reductions of \$90 million, relating to income tax relief as approved by the 2009 Legislative Assembly.

Corporate income tax - Corporate income tax collections are expected to increase by 7.3 percent, or \$13.1 million, for an anticipated total of \$192.2 million during the 2011-13 biennium. Corporate income tax collections are currently projected to total \$179.1 million during the 2009-11 biennium, compared to the original 2009-11 forecast of \$239.1 million. The amounts for the 2009-11 biennium reflect a revenue reduction of \$10 million relating to income tax relief as approved by the 2009 Legislative Assembly.

Oil and gas tax collections - Total state oil and gas tax collections are expected to decrease from \$961.2 million in 2009-11 to \$679.3 million in

2011-13. The decrease is due to the passage of constitutional measure No. 1 in the November 2010 general election which resulted in the creation of the legacy fund. The legacy fund will receive 30 percent of oil and gas gross production and oil extraction taxes beginning July 1, 2011, resulting in an estimated \$612.5 million being deposited in the legacy fund rather than the permanent oil tax trust fund. North Dakota Century Code Section 57-51.1-07.2 provides that if oil and gas gross production and oil extraction tax collections during a biennium exceed \$71 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. An estimated \$890.2 million will be transferred to the permanent oil tax trust fund for the 2009-11 biennium. The executive budget anticipates \$607.3 million will be transferred to the permanent oil tax trust fund for the 2011-13 biennium.

Oil prices - North Dakota crude oil prices averaged \$75.60 per barrel in November 2010. Oil prices are anticipated to be \$67 per barrel during fiscal year 2011, \$72 during fiscal year 2012, and \$75 during fiscal year 2013.

Oil production - Oil production for September 2010 averaged 341,684 barrels per day and is anticipated to increase to 390,000 barrels per day by the end of the 2009-11 biennium. Oil production is anticipated to increase to 405,000 barrels per day during fiscal year 2012 and continue to increase to approximately 425,000 barrels per day by the end of fiscal year 2013.

Coal conversion - Coal conversion tax collections are expected to total \$40 million in 2011-13, a decrease of \$2.65 million from 2009-11. The decrease is primarily due to lower-than-anticipated natural gas prices and tax credits granted against coal conversion privilege taxes for facilities that achieve a required level of carbon dioxide capture as approved by the 2009 Legislative Assembly in Senate Bill No. 2221.

Permanent oil tax trust fund transfer - The 2009 Legislative Assembly transferred \$435 million from the permanent oil tax trust fund to the general fund during the 2009-11 biennium, of which \$295 million was for property tax relief. The executive budget recommends a transfer of \$232 million from the permanent oil tax trust fund for the 2011-13 biennium.

Mill and Elevator transfers - In Section 12 of Senate Bill No. 2014, the 2009 Legislative Assembly created a new section to Chapter 54-18 requiring the Industrial Commission to transfer to the general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agriculture-related programs. The transfer for the 2009-11 biennium is expected to total \$9.6 million and the transfer for the 2011-13 biennium is expected to total \$6.65 million.

Lands and minerals transfers - The Governor recommends general fund transfers from the lands and minerals trust fund of \$239 million in 2011-13, an increase of \$204 million from the \$35 million transfer approved by the Legislative Assembly for the 2009-11 biennium. The executive budget transfer for the 2011-13 biennium includes an ongoing transfer of \$164 million and a one-time transfer of \$75 million. Additional funds are available in the lands and minerals trust fund due to increased oil activity on state-owned lands.

**MAJOR GENERAL FUND REVENUE CHANGES - 2011-13 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO 2009-11 ORIGINAL AND REVISED REVENUE FORECASTS**

| General Fund Revenue Sources and Beginning Balance | 2009-11 Original Legislative Revenue Forecast | Increase (Decrease) 2009-11 Revised Forecast Compared to 2009-11 Original Forecast | 2009-11 Revised Revenue Forecast | Increase (Decrease) 2011-13 Executive Budget Forecast Compared to 2009-11 Revised Forecast | 2011-13 Percentage Increase (Decrease) Compared to 2009-11 Revised Forecast | 2011-13 Executive Budget Revenue Forecast | Total Increase (Decrease) 2011-13 Executive Budget Forecast Compared to 2009-11 Original Forecast | 2011-13 Percentage Increase (Decrease) Compared to 2009-11 Original Forecast |
|--|---|--|---|---|--|---|---|---|
| | | | | | | | | |
| Beginning balance | \$321,091,738 ¹ | \$40,751,776 | \$361,843,514 ² | (\$282,215,970) | (78.0%) | \$79,627,544 ³ | (\$241,464,194) | (75.2%) |
| Revenues | | | | | | | | |
| Sales and use tax | 1,109,974,800 | 83,029,526 | 1,193,004,326 | 195,400,674 | 16.4% | 1,388,405,000 | 278,430,200 | 25.1% |
| Motor vehicle excise tax | 86,978,250 | 32,571,649 | 119,549,899 | 19,481,101 | 16.3% | 139,031,000 | 52,052,750 | 59.8% |
| Individual income tax | 655,508,000 ⁴ | (46,790,665) | 608,717,335 ⁴ | 1,330,665 | 0.2% | 610,048,000 ⁴ | (45,460,000) | (6.9%) |
| Corporate income tax | 239,110,000 ⁵ | (60,035,408) | 179,074,592 ⁵ | 13,130,408 | 7.3% | 192,205,000 | (46,905,000) | (19.6%) |
| Insurance premium tax | 66,000,000 | (1,847,685) | 64,152,315 | 6,747,685 | 10.5% | 70,900,000 | 4,900,000 | 7.4% |
| Cigarette and tobacco tax | 45,428,000 | (546,685) | 44,881,315 | (979,315) | (2.2%) | 43,902,000 | (1,526,000) | (3.4%) |
| Oil and gas gross production tax | 39,309,315 | (6,590,982) | 32,718,333 | (1,018,333) | (3.1%) | 31,700,000 | (7,609,315) | (19.4%) |
| Oil extraction tax | 31,690,685 | 6,590,982 | 38,281,667 | 1,018,333 | 2.7% | 39,300,000 | 7,609,315 | 24.0% |
| Coal conversion tax | 45,005,000 | (2,317,131) | 42,687,869 | (2,649,869) | (6.2%) | 40,038,000 | (4,967,000) | (11.0%) |
| Departmental collections | 60,961,920 | 3,030,028 | 63,991,948 | 8,052 | 0.0% | 64,000,000 | 3,038,080 | 5.0% |
| Other revenues | 100,813,316 | 7,772,769 | 108,586,085 | 4,428,590 | 4.1% | 113,014,675 | 12,201,359 | 12.1% |
| Total revenues | \$2,480,779,286 | \$14,866,398 | \$2,495,645,684 | \$236,897,991 | 9.5% | \$2,732,543,675 | \$251,764,389 | 10.1% |
| Total transfers and other sources | | | | | | | | |
| Transfer - Bank of North Dakota | \$1,000,000 | \$0 | \$1,000,000 | \$59,000,000 | 5,900.0% | \$60,000,000 | \$59,000,000 | 5,900.0% |
| Transfer - Mill and Elevator | 4,735,836 | 4,849,621 | 9,585,457 | (2,935,457) | (30.6%) | 6,650,000 | 1,914,164 | 40.4% |
| Transfer - Lands and minerals | 35,000,000 | 0 | 35,000,000 | 204,000,000 | 582.9% | 239,000,000 | 204,000,000 | 582.9% |
| Transfer - Permanent oil tax trust fund | 435,000,000 | 0 | 435,000,000 | (203,000,000) | (46.7%) | 232,000,000 | (203,000,000) | (46.7%) |
| Other transfers | 1,288,000 | 1,119,678 | 2,407,678 | (922,678) | (38.3%) | 1,485,000 | 197,000 | 15.3% |
| Total transfers and other sources | \$477,023,836 | \$5,969,299 | \$482,993,135 | \$56,141,865 | 11.6% | \$539,135,000 | \$62,111,164 | 13.0% |
| Total general fund revenues, transfers, and beginning balance | \$3,278,894,860 | \$61,587,473 | \$3,340,482,333 | \$10,823,886 | 0.3% | \$3,351,306,219 | \$72,411,359 | 2.2% |

¹ Original estimate for the July 1, 2009, balance.

² Actual July 1, 2009, balance.

³ Estimated July 1, 2011, balance - The executive budget recommendation projects a July 1, 2011, general fund balance of \$79,627,544, based on the 2009-11 revised general fund revenue forecast of \$2,978,638,819 and appropriation authority of \$3,256,234,383 (general fund appropriations of \$3,259,365,481 plus proposed deficiency appropriations of \$1,868,902 and less estimated general fund turnback of \$5 million). In addition, it is estimated that \$4,620,406 will be transferred to the budget stabilization fund. Pursuant to North Dakota Century Code Section 54-27.2-02, any amount in the state general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 6 percent of the current biennial general fund appropriations.

⁴ The amount shown for the 2009-11 biennium reflects a revenue reduction of \$90 million relating to income tax relief as approved by the 2009 Legislative Assembly. The amount shown for the 2011-13 biennium reflects an additional revenue reduction of \$50 million relating to income tax relief as recommended by the Governor.

⁵ The amounts shown for the 2009-11 biennium reflect a revenue reduction of \$10 million relating to income tax relief as approved by the 2009 Legislative Assembly.

**GENERAL FUND REVENUE ESTIMATES FOR THE 2009-11 AND 2011-13 BIENNIUMS
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS
(Excludes Beginning General Fund Balances)**

| | Actual | | Estimated | | 2011-13 Increase (Decrease) Compared to 2009-11 | 2011-13 Percentage Increase (Decrease) Compared to 2009-11 |
|--|-----------------------------|-----------------------------|---|---|--|---|
| Revenue source | 2005-07 Biennium | 2007-09 Biennium | 2009-11 Biennium¹ | 2011-13 Biennium² | | |
| Sales and use tax | \$841,930,866 | \$1,046,485,684 | \$1,193,004,326 | \$1,388,405,000 | \$195,400,674 | 16.4% |
| Motor vehicle excise tax | 125,722,268 | 130,151,534 ³ | 119,549,899 ³ | 139,031,000 ³ | 19,481,101 | 16.3% |
| Individual income tax | 587,659,377 | 681,703,888 ⁴ | 608,717,335 ⁴ | 610,048,000 ⁴ | 1,330,665 | 0.2% |
| Corporate income tax | 232,294,310 | 239,695,937 ⁵ | 179,074,592 ⁵ | 192,205,000 | 13,130,408 | 7.3% |
| Insurance premium tax | 52,873,010 | 64,388,601 | 64,152,315 | 70,900,000 | 6,747,685 | 10.5% |
| Business privilege tax | 9,702,362 | 10,486,495 | 6,330,665 | 8,500,000 | 2,169,335 | 34.3% |
| Cigarette and tobacco tax | 44,683,370 | 45,230,771 | 44,881,315 | 43,902,000 | (979,315) | (2.2%) |
| Oil and gas gross production tax | 45,970,447 ⁶ | 39,309,315 ⁶ | 32,718,333 ⁶ | 31,700,000 ⁶ | (1,018,333) | (3.1%) |
| Oil extraction tax | 25,029,553 ⁶ | 31,690,685 ⁶ | 38,281,667 ⁶ | 39,300,000 ⁶ | 1,018,333 | 2.7% |
| Coal conversion tax | 49,217,864 | 49,438,952 | 42,687,869 | 40,038,000 | (2,649,869) | (6.2%) |
| Gaming tax | 17,986,019 | 20,042,392 | 16,165,195 | 16,038,675 | (126,520) | (0.8%) |
| Lottery | 12,600,000 | 11,055,000 | 11,155,000 | 11,000,000 | (155,000) | (1.4%) |
| Wholesale liquor tax | 12,787,869 | 14,076,919 | 14,700,872 | 14,776,000 | 75,128 | 0.5% |
| Mineral leasing fees | 13,960,279 | 25,306,589 | 18,033,905 | 20,000,000 | 1,966,095 | 10.9% |
| Interest income | 36,507,217 | 49,506,190 | 42,200,448 | 42,700,000 | 499,552 | 1.2% |
| Departmental collections | 53,781,397 | 62,143,185 | 63,991,948 | 64,000,000 | 8,052 | 0.0% |
| Total revenues | \$2,162,706,208 | \$2,520,712,137 | \$2,495,645,684 | \$2,732,543,675 | \$236,897,991 | 9.5% |
| Transfers and other sources | | | | | | |
| Transfer - Bank of North Dakota | \$60,000,000 | \$60,000,000 | \$1,000,000 | \$60,000,000 | \$59,000,000 | 5900.0% |
| Transfer - Student loan trust | 9,000,000 | 3,100,000 | 0 | 0 | 0 | 0.0% |
| Transfer - Mill and Elevator Association | 5,000,000 | 0 ⁷ | 9,585,457 | 6,650,000 | (2,935,457) | (30.6%) |
| Transfer - Gas tax administration | 1,400,000 | 1,274,056 | 1,288,000 | 1,485,000 | 197,000 | 15.3% |
| Transfer - Lands and minerals trust fund | 6,800,000 | 15,000,000 | 35,000,000 | 239,000,000 | 204,000,000 | 582.9% |
| Transfer - Permanent oil tax trust fund | 55,300,000 | 115,000,000 | 435,000,000 | 232,000,000 | (203,000,000) | (46.7%) |
| Transfer - State bonding fund | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Transfer - Water development trust fund | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Transfer - Health care trust fund | 16,900,000 | 0 | 0 | 0 | 0 | 0.0% |
| Transfers - Other | 310,132 | 177,186 | 1,119,678 | 0 | (1,119,678) | 0.0% |
| Total transfers and other sources | \$154,710,132 | \$194,551,242 | \$482,993,135 | \$539,135,000 | \$56,141,865 | 11.6% |
| Total general fund revenues and transfers | \$2,317,416,340 | \$2,715,263,379 | \$2,978,638,819 | \$3,271,678,675 | \$293,039,856 | 9.8% |

¹ Revised 2009-11 revenue forecast (December 2010).

² Executive budget revenue forecast for the 2011-13 biennium.

³ Sections 13 and 15 of House Bill No. 1012 (2007) provided for 10 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund during the 2007-09 biennium. Originally, this bill was anticipated to reduce general fund motor vehicle excise tax collections by \$12.6 million for the 2007-09 biennium. Based on actual 2007-09 motor vehicle excise tax collections, \$14.4 million was deposited in the highway fund rather than the general fund during the 2007-09 biennium. Senate Bill No. 2012 (2009) provides for 25 percent of motor vehicle excise taxes to be deposited in the highway fund rather than the general fund for the 2009-11 biennium. Originally, this bill was anticipated to reduce general fund motor vehicle excise tax collections by \$30.5 million for the 2009-11 biennium. Based on the 2009-11 revised forecast, it is now anticipated that \$39.85 million will be deposited in the highway fund rather than the general fund for the 2009-11 biennium. For the 2011-13 biennium, the executive budget recommendation includes provisions that would allocate 25 percent of motor vehicle excise taxes to the highway tax distribution fund. The provisions are anticipated to reduce general fund motor vehicle excise tax collections by \$46.3 million for the 2011-13 biennium.

⁴ The amounts shown for the 2007-09 biennium reflect a revenue reduction of \$101 million relating to property tax income tax credits during the 2007-09 biennium as approved by the 2007 Legislative Assembly. The amount shown for the 2009-11 biennium reflects a revenue reduction of \$90 million relating to income tax relief as approved by the 2009 Legislative Assembly. The amount shown for the 2011-13 biennium reflects a revenue reduction of \$50 million relating to income tax relief as recommended by the Governor.

⁵ The amounts shown for the 2007-09 biennium reflect a revenue reduction of \$11 million relating to property tax income tax credits during the 2007-09 biennium as approved by the 2007 Legislative Assembly. The amount shown for the 2009-11 biennium reflects a revenue reduction of \$10 million relating to income tax relief as approved by the 2009 Legislative Assembly.

⁶ North Dakota Century Code Section 57-51.1-07.2 provides that if, at the end of any biennium, oil and gas gross production and extraction tax collections during the biennium exceed \$71 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund.

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

The total state share of oil and gas tax collections was \$555.3 million for the 2007-09 biennium, resulting in \$484.3 million being transferred to the permanent oil tax trust fund. The 2007 Legislative Assembly authorized transfers from the permanent oil tax trust fund for funding centers of excellence (\$8.4 million), higher education capital projects and programs (\$7,783,315), a new Veterans' Home facility (\$6,483,226), an agricultural research and extension services operating pool (\$750,000), grants to tribal colleges (\$700,000), and for a transfer to the general fund (\$115 million). The June 30, 2009, balance in the permanent oil tax trust fund was \$489.73 million.

The total state share of oil and gas tax collections is estimated to be \$961.2 million for the 2009-11 biennium, resulting in \$890.2 million being transferred to the permanent oil tax trust fund. The 2009 Legislative Assembly authorized transfers from the permanent oil tax trust fund for funding centers of excellence (\$6.6 million), higher education capital projects and programs (\$10.75 million), property tax relief (\$590 million), Dickinson Research Center (\$925,000), grants to tribal colleges (\$700,000), water project grants (\$2.8 million), Prairie Public Broadcasting (\$1 million), and for a transfer to the general fund (\$140 million). The estimated June 30, 2011, balance in the permanent oil tax trust fund is \$620.1 million.

The total state share of oil and gas tax collections is estimated to be \$678.3 million for the 2011-13 biennium, resulting in \$607.3 million being transferred to the permanent oil tax trust fund. The passage of constitutional measure No. 1 in the November 2010 general election resulted in the creation of the legacy fund. The legacy fund will receive 30 percent of oil and gas gross production and oil extraction taxes beginning July 1, 2011, resulting in \$612.5 million being deposited in the legacy fund rather than the permanent oil tax trust fund. The executive budget recommends transfers from the permanent oil tax trust fund for state, county, and township road projects (\$370.6 million), property tax relief (\$388.58 million), grants to tribal colleges (\$1 million), higher education (\$2.3 million), Department of Human Services (\$1.5 million), and the general fund (\$232 million). The estimated June 30, 2013, balance in the permanent oil tax trust fund is \$232.4 million.

⁷ The 2009 Legislative Assembly repealed the \$5 million transfer from the Mill and Elevator Association for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits.

NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

| Period | Oil Production (In Barrels) | Market Price Per Barrel ¹ | |
|---|-----------------------------|--------------------------------------|----------|
| | | | |
| | Average Per Day | Total | |
| Actual production for fiscal year 2008 | 139,082 | 50,735,635 | \$60.93 |
| Actual production for fiscal year 2009 | 196,486 | 71,698,338 | \$125.62 |
| Total 2007-09 biennium | 167,784 | 122,433,973 | |
| Actual production for fiscal year 2010 | 258,229 | 94,194,158 | \$60.57 |
| Estimated production for fiscal year 2011 | 366,250 | 133,650,000 | \$63.14 |
| Total 2009-11 biennium | 312,240 | 227,844,158 | |
| Estimated production for the 2011-13 biennium | 404,625 | 295,357,000 | \$72.00 |

The following are the estimated average posted field oil prices for the 2011-13 biennium for selected months:

| | September 2011 | December 2011 | March 2012 | June 2012 | September 2012 | December 2012 | March 2013 | May 2013 |
|-----------------------------------|-------------------|------------------|---------------|--------------|-------------------|------------------|---------------|-------------|
| Estimated posted field oil prices | \$72.00 | \$72.00 | \$72.00 | \$75.00 | \$75.00 | \$75.00 | \$75.00 | \$75.00 |

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

- Posted field price is the price at which a crude oil purchaser will buy the oil of a certain quality from a particular field or area.
- Spot price is the price for crude oil at which a one-time seller transaction is consummated.
- Futures price is the price at which a contract for the future purchase or sale of oil is traded. The leading or benchmark price for crude oil futures is that paid for West Texas intermediate crude oil.

¹The oil prices shown for fiscal years 2008 through 2010 are the Tesoro posted field prices for North Dakota sweet crude, which includes the Montana counties of Sheridan, Roosevelt, and Richland. Beginning with fiscal year 2011, the oil prices shown are the Flint Hills posted field prices for North Dakota sweet crude. The prices at the beginning and end of the periods are the monthly average actual or estimated posted prices.

DISTRIBUTION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2011-13 BIENNIUM (AMOUNTS SHOWN IN MILLIONS)

| Tax | General Fund ¹ | Permanent Oil Tax Trust Fund ¹ | Legacy Fund ² | Common Schools Trust Fund ³ | Foundation Aid Stabilization Fund ³ | Resources Trust Fund | Oil and Gas Impact Grant Fund ⁴ | Counties, Cities, and School Districts ⁵ | Oil and Gas Research Fund ⁶ | Total |
|---|---------------------------|---|--------------------------|--|--|----------------------|--|---|--|------------|
| 2011-13 executive forecast ⁷ | | | | | | | | | | |
| Oil extraction tax ⁸ | \$38.28 | \$260.10 | \$299.72 | \$99.91 | \$99.91 | \$199.81 | | | \$1.33 | \$999.06 |
| Oil and gas gross production tax ⁹ | 32.72 | 347.17 | 312.75 | | | | \$100.00 | \$247.19 | 2.67 | 1,042.50 |
| Total | \$71.00 | \$607.27 | \$612.47 | \$99.91 | \$99.91 | \$199.81 | \$100.00 | \$247.19 | \$4.00 | \$2,041.56 |

¹North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that all revenues deposited in the general fund during a biennium derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$71 million are to be transferred by the State Treasurer to the permanent oil tax trust fund. The State Treasurer is to transfer the interest earnings on the fund to the general fund. The principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

The revised revenue forecast for the 2009-11 biennium projects oil and gas gross production tax and oil extraction tax revenues deposited into the general fund to exceed \$71 million by \$890.2 million. Therefore, \$890.2 million is projected to be transferred to the permanent oil tax trust fund during the 2009-11 biennium.

The revenue forecast for the 2011-13 biennium projects oil and gas gross production tax and oil extraction tax revenues deposited in the general fund to exceed \$71 million by \$607.27 million. Therefore, \$607.27 million is projected to be transferred to the permanent oil tax trust fund during the 2011-13 biennium.

²Passage of constitutional measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. The legacy fund will receive 30 percent of oil and gas gross production and oil extraction taxes beginning July 1, 2011, resulting in \$612.47 million estimated to be deposited in the legacy fund rather than the permanent oil tax trust fund during the 2011-13 biennium.

³The 1993 Legislative Assembly passed Senate Concurrent Resolution No. 4011, which contained a constitutional amendment relating to the distribution of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election. The constitutional amendment provides that 20 percent of the oil extraction tax revenues is to 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.

⁴Section 57-51-15 provides an allocation of up to \$8 million of gross production tax to the oil and gas impact grant fund. The executive budget recommends increasing the allocation to a maximum of \$100 million.

⁵Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. Up to 35 percent of all revenues allocated to counties must be apportioned to school districts within the county on the average daily attendance distribution basis. Up to 20 percent of all revenues allocated to counties must be apportioned to incorporated cities in the county based on population.

⁶Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes an oil and gas research fund and provides that 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$4 million per biennium, are to be deposited in the oil and gas research fund. All money deposited in the oil and gas research fund is appropriated as a continuing appropriation to the Oil and Gas Research Council.

⁷The amounts shown are as recommended in the 2011-13 executive budget.

⁸The oil extraction tax rate is 6.5 percent of the gross value at the well for wells drilled prior to April 27, 1987. For oil produced from wells drilled after April 27, 1987, there is no extraction tax levied for 15 months, and thereafter the rate is 4 percent. The initial production of oil from a well is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions:

- Is located within the boundaries of an Indian reservation;
- Is on lands held in trust for an Indian tribe or individual Indian; or
- Is on lands held by an Indian tribe as of August 1, 1997.

For oil produced from any well drilled and completed as a horizontal well after April 27, 1987, there is no extraction tax levied for 24 months, and thereafter the rate is 4 percent. The oil extraction tax rate is 4 percent for qualifying secondary and tertiary recovery projects, and production from stripper wells and enhanced oil production methods is exempt. If the average price of a barrel of oil exceeds the trigger price for each month in any consecutive five-month period, the oil extraction tax will become 6.5 percent. The tax rate reverts to 4 percent if the average price of a barrel of oil is less than the trigger price for each month in any consecutive five-month period. The trigger price is defined in statute as \$35.50, as indexed for inflation, and the Tax Commissioner computes the indexed trigger price by December 31 of each year to be applied for the following calendar year.

A contingent rate reduction in the oil extraction tax, which can only go into effect if the trigger price rate reduction is not in effect, reduces the oil extraction tax rate for horizontal wells from 6.5 percent to 2 percent during the time the rate reduction is in effect. The contingent rate reduction applies to oil produced during the first 18 months after completion for a horizontal well drilled and completed after April 30, 2009, and is limited to the first 75,000 barrels, or the first \$4.5 million of gross value at the well, of oil produced from the well. The rate reduction becomes effective on the first day of the month following a month for which the average price of a barrel of crude oil is less than \$55 and becomes ineffective on the first day of the month following a month for which the average price of a barrel of crude oil exceeds \$70.

The average price per barrel of oil exceeded the trigger price throughout the 2007-09 biennium; however, the contingent rate reduction was in effect from May 1, 2009, through October 31, 2009. During October 2009, the average price of a barrel of crude oil exceeded \$70. The adjusted trigger price for calendar year 2010 is \$46.79, and the adjusted trigger price for 2011 is anticipated to be \$46.78. In October 2010 the average North Dakota price used to determine the trigger was \$68.52.

Beginning July 1, 2011, the oil extraction tax is allocated 30 percent to the legacy fund, 20 percent to the resources trust fund for water development projects, 10 percent to the common schools trust fund, 10 percent to the foundation aid stabilization fund, and 60 percent to the state general fund. The 2011 Legislative Assembly may wish to consider legislation to revise statutory allocations from the oil extraction tax to clarify the percentage allocations so they do not exceed 100 percent.

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

The oil and gas gross production tax is distributed per formula to the legacy fund (30 percent), the oil and gas impact grant fund (up to \$8 million per biennium), the oil and gas research fund, the state general fund, and to political subdivisions within producing counties. Section 57-51-15.1 (2009 House Bill No. 1304) changed the cap for distribution to the oil and gas impact grant fund from \$6 million per biennium to \$8 million per biennium. The executive budget recommends increasing the maximum allocation to the oil and gas impact grant fund from the current level of \$8 million to \$100 million.

**DEFICIENCY APPROPRIATIONS FOR THE 2009-11 BIENNIUM
INCLUDED IN THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION
(SENATE BILL NOS. 2013 AND 2023)**

| Senate Bill No. 2023 | General Fund | Other Funds | Total |
|---|--------------|--------------|--------------|
| Tax Department - Estimated amounts needed for the homestead tax credit (\$1.349 million) and disabled veteran credit (\$461,000) | \$1,810,000 | | \$1,810,000 |
| Department of Public Instruction - Estimated amount needed for property tax relief. The Office of Management and Budget is to transfer \$4.233 million from the permanent oil tax trust fund to the property tax relief sustainability fund by June 30, 2011. | | \$4,233,000 | 4,233,000 |
| Valley City State University - Estimated amount needed for expenses resulting from the 2009 flood | 58,904 | | 58,904 |
| Total - Senate Bill No. 2023 | \$1,868,904 | \$4,233,000 | \$6,101,904 |
| Senate Bill No. 2013 | | | |
| Department of Public Instruction - Estimated amount for grants from federal funds | | \$30,000,000 | \$30,000,000 |
| Total deficiency appropriations for the 2009-11 biennium | \$1,868,904 | \$34,233,000 | \$36,101,904 |

SECTION C - APPROPRIATIONS

| | |
|--|------|
| GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS | C-1 |
| SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS | C-3 |
| FEDERAL FUNDS COMPARISON | C-5 |
| FEDERAL FUNDS - AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING | C-7 |
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GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2011-13 executive budget to the 2009-11 appropriations approved by the 2009 Legislative Assembly and lists major changes:

| | 2009-11 Original Legislative Appropriations | Executive Budget Ongoing Increase (Decrease) From 2009-11 | Executive Budget One-Time Increase (Decrease) From 2009-11 | 2011-13 Executive Budget Recommendation |
|---|--|---|--|--|
| General fund appropriations | \$3,259,365,481 ¹ | \$206,084,970 | (\$169,880,910) | \$3,295,569,541 |
| Major changes include: | | | | |
| Recommended salary and fringe benefits increase | | \$35,959,962 | | |
| Property tax relief - Education | | (295,000,000) | | |
| Department of Human Services | | 267,380,950 | (\$2,496,298) | |
| Department of Public Instruction | | 83,439,412 | (667,000) | |
| Higher education | | 71,791,887 | (16,873,624) | |
| State Historical Society | | 390,393 | (40,195,390) | |
| Department of Commerce | | (717,754) | (17,124,662) | |
| State Fair Association | | 32,850 | (15,000,000) | |
| Veterans' Home | | 25,787 | (11,898,633) | |
| Adjutant General | | 995,296 | (12,664,919) | |
| Department of Corrections and Rehabilitation | | 9,112,164 | (19,368,315) | |
| Other net changes | | 33,074,023 | (33,592,069) | |
| Total | | \$206,084,970 | (\$169,880,910) | |

¹Includes a \$5 million contingent general fund transfer to the centers of excellence fund and a \$5 million contingent general fund appropriation for supplemental transportation aid payments to school districts.

Major changes and key recommendations affecting 2011-13 general fund appropriations include:

- **Recommended salary and fringe benefits increase - \$35,959,962.** The executive budget includes funding for state employee salary increases of 3 percent effective July 1, 2011, and 3 percent effective July 1, 2012. Salary increases must be based on merit and equity and are not to be given across the board. The executive budget also provides for increasing state employee retirement contributions by

2 percent on January 1, 2012, and 2 percent on January 1, 2013. For each increase, the employee will pay 1 percent and the state 1 percent. See the **STATE EMPLOYEES** section for additional information on state employee salary increases.

- **Property tax relief - Education - (\$295 million).** The 2009 Legislative Assembly provided a \$295 million transfer from the permanent oil tax trust fund to the general fund for property tax relief distributions. The 2011-13 executive budget provides \$341.8 million of property tax relief funding directly from the property tax relief sustainability fund.
- **Department of Human Services - \$264,884,652.** The executive budget increases ongoing funding from the general fund as follows:
 - \$104.9 million relating to federal medical assistance percentage (FMAP) changes.
 - \$61.7 million for cost, caseload, and utilization changes.
 - \$69.3 million to replace 2009-11 biennium funding provided under the American Recovery and Reinvestment Act of 2009 (ARRA).
 - \$25.5 million for inflationary increases for human service providers.
- **Department of Public Instruction - \$82,372,412.** The executive budget provides \$919.5 million for state school aid formula payments, an increase of \$111.1 million. Of the increase, \$181.4 million is from the general fund, \$15.3 million is from the state tuition fund, and funding from federal sources is reduced by \$85.6 million. The general fund increase of \$181.4 million in state school aid formula payments is offset by a decrease in supplemental grants provided in the 2009-11 biennium of \$102.4 million to provide for a net general fund increase of \$79 million. See the **ELEMENTARY EDUCATION** section for additional information.
- **Higher education - \$54,918,263.** The executive budget increases ongoing funding from the general fund as follows:
 - \$32.6 million for campus parity costs.
 - \$10 million for campus equity payments.
 - \$6.6 million to limit tuition increases at campuses.
 - \$5 million for funding to be distributed based on student completion rates.
 - \$4.1 million for technology maintenance and a ConnectND database upgrade.
 - \$1.6 million for competitive research programs.
 - \$1 million for a program startup fund to assist campuses initiating or expanding academic and technical programs.

See the **HIGHER EDUCATION** section for additional information.

- **State Historical Society - (\$39,804,997).** The executive budget removes \$39.7 million provided in the 2009-11 biennium from the general fund for the Heritage Center expansion project.
- **Department of Commerce - (\$17,842,416).** The executive budget **decreases** funding from the general fund as follows:
 - \$5 million relating to a one-time contingent general fund transfer to the centers of excellence fund provided in the 2009-11 biennium.
 - \$4.5 million of one-time funding for a transfer to the centers of excellence fund for 2007-09 centers of excellence awarded projects (2009 House Bill No. 1015).
 - \$5 million of one-time funding for a grant for the construction of a Great Plains Applied Energy Research Center on the Bismarck State College campus (2009 House Bill No. 1350).
 - \$50,000 of one-time funding for conducting an equine processing facility feasibility study (2009 House Bill No. 1496).
 - \$2.1 million of one-time funding for the workforce enhancement fund (\$1 million), biofuel blender pump grants (\$1 million), and promotion and marketing of the USS *North Dakota* (\$100,000) (2009 Senate Bill No. 2018).
- **State Fair Association - (\$14,967,150).** The executive budget removes \$15 million of funding from the general fund provided in the 2009-11 biennium for the State Fair grandstand project.

- **Veterans' Home - (\$11,872,846).** The executive budget **removes** the following funding from the general fund provided in the 2009-11 biennium:
 - \$7.9 million of one-time funding for the construction of the new Veterans' Home facility.
 - \$3 million of contingent funding to be used for a geothermal heating system in the new Veterans' Home facility if funding from ARRA is not available.
- **Adjutant General - (\$11,669,623).** The executive budget **decreases** funding from the general fund as follows:
 - \$12.5 million of one-time funding for the 2009 flood disaster (2009 Senate Bill No. 2444).
 - \$500,000 of one-time funding for veterans' multiple deployments bonus.
- **Department of Corrections and Rehabilitation - (\$10,256,151).** The executive budget removes \$19.5 million provided in the 2009-11 biennium for the prison expansion project; provides \$3.2 million for operating expenses and 66 new full-time equivalent positions relating to the prison expansion; \$1.3 million for increases in the cost of medical services to inmates; \$3.2 million for increases in costs for contract housing; and \$2.1 million for capital projects, extraordinary repairs, and equipment over \$5,000.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2011-13 executive budget to the 2009-11 appropriations approved by the 2009 Legislative Assembly and lists major special funds sources changes:

| | 2009-11 Legislative Appropriations | Increase (Decrease) From 2009-11 | 2011-13 Executive Budget |
|--|---|---|---|
| All funds appropriations | \$8,858,274,865 | \$435,300,508 | \$9,293,575,373 |
| Less general fund appropriations | 3,259,365,481 | 36,204,060 | 3,295,569,541 |
| Total special funds appropriations | \$5,598,909,384 | \$399,096,448 | \$5,998,005,832 |
| Major special funds sources and changes include: | | | |
| Federal funds | \$3,753,674,166 ¹ | (\$425,726,415) | \$3,327,947,751 ¹ |
| Department of Transportation | 492,001,059 | 369,412,208 | 861,413,267 |
| Property tax relief - Education | 0 | 341,790,000 | 341,790,000 |
| State Water Commission | 244,749,895 | 144,954,044 | 389,703,939 |
| Land Department | 13,792,561 | 91,782,459 | 105,575,020 |
| Adjutant General | 50,774,422 | (35,405,867) | 15,368,555 |
| State Historical Society | 12,134,079 | (12,134,079) | 0 |
| Information Technology Department | 126,696,530 | 8,282,121 | 134,978,651 |
| State Department of Health | 39,621,915 | (5,917,663) | 33,704,252 |
| Other | 865,464,757 | (77,940,360) | 787,524,397 |
| Total | \$5,598,909,384 | \$399,096,448 | \$5,998,005,832 |

¹The amount shown for the 2009-11 biennium is the total federal funds appropriated by the 2009 Legislative Assembly as reported by state agencies on a survey for the Budget Section completed in September 2010. The amount includes \$767,477,320 of funding appropriated as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). The 2011-13 executive budget amount includes \$81,565,514 of ARRA funding for the 2011-13 biennium.

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

- **Federal funds - (\$425,726,415).** The executive budget includes a decrease for ARRA funding of \$685,911,806. The executive budget recommends an increase in regular federal funds of \$260,185,390. Please refer to the federal funds comparison schedules under the **APPROPRIATIONS** section for additional information.
- **Department of Transportation - \$369,412,208.** The executive budget provides the Department of Transportation with funding of \$370.6 million from the permanent oil tax trust fund for roadway projects in areas affected by oil and gas development. Of this amount, \$228.6 million is designated for roadways on the state highway system and \$142 million is designated for county and township road projects. Regular funding from the state highway fund is expected to increase by \$275,988.
- **Property tax relief - Education - \$341,790,000.** The executive budget provides \$341.8 million directly from the property tax relief sustainability fund for a mill levy reduction grant program. The 2009 Legislative Assembly transferred \$295 million from the permanent oil tax trust fund to the general fund to be used for property tax relief during the 2009-11 biennium.
- **State Water Commission - \$144,954,044.** The executive budget increases special funds from the resources trust fund by \$143.7 million, increases special funds from the water development trust fund by \$6.3 million, and decreases special funds from the permanent oil tax trust fund by \$2.8 million primarily for water projects.

- **Land Department - \$91,782,459.** The executive budget provides for the expansion of the oil and gas impact grant program from the 2009-11 biennium level of \$8 million to \$100 million in the 2011-13 biennium. The oil and gas impact grant program is administered by the Land Department to provide grants to political subdivisions affected by oil and gas development.
- **Adjutant General - (\$35,405,867).** The executive budget removes \$35.2 million of special funds appropriations provided in the 2009-11 biennium from the state disaster relief fund.
- **State Historical Society - (\$12,134,079).** The executive budget removes \$12 million of special funds from private donations, gifts, grants, and other funds provided in the 2009-11 biennium for the Heritage Center expansion project.
- **Information Technology Department - \$8,282,121.** The executive budget increases special funds for health information technology by \$5.6 million resulting from billing participating providers for their use of the health information exchange.
- **State Department of Health - (\$5,917,663).** The executive budget removes special funds appropriations provided in the 2009-11 biennium of \$1.5 million from the insurance tax distribution fund for ambulance staffing grants and an emergency medical services study; \$1.7 million from the community health trust fund for various health programs and loan repayment programs; and \$2.9 million from the tobacco prevention and control trust fund which allowed the Tobacco Prevention and Control Executive Committee to contract with the State Department of Health for various tobacco prevention and control programs.

FEDERAL FUNDS
COMPARISON OF 2009-11 APPROPRIATIONS AND 2011-13 EXECUTIVE BUDGET RECOMMENDATION
(Excluding American Recovery and Reinvestment Act of 2009 Fiscal Stimulus Funding)

| Agency | 2009-11 Appropriation ¹ | 2009-11 Current Estimate ¹ | 2011-13 Executive Budget | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Appropriation | Percentage Increase (Decrease) |
|---|---------------------------------------|---|--------------------------------|---|--------------------------------------|
| Governor's office | \$0 | \$0 | \$21,517,716 | \$21,517,716 ² | N/A ² |
| Department of Public Instruction | 273,062,903 | 269,897,582 | 338,616,726 | 65,553,823 ³ | 24.0% ³ |
| State Department of Health | 125,197,524 | 129,488,470 | 121,259,709 | (3,937,815) | (3.1%) |
| Veterans' Home | 18,536,183 | 18,584,183 | 0 | (18,536,183) ⁴ | (100.0%) ⁴ |
| Department of Human Services | 1,433,394,277 | 1,423,238,291 | 1,568,838,428 | 135,444,151 ⁵ | 9.4% ⁵ |
| Job Service North Dakota | 60,595,127 | 63,384,538 | 68,100,082 | 7,504,955 ⁶ | 12.4% ⁶ |
| Public Service Commission | 8,835,892 | 7,309,724 | 11,378,431 | 2,542,539 | 28.8% |
| Housing Finance Agency | 30,519,360 | 31,102,205 | 24,748,920 | (5,770,440) ⁷ | (18.9%) ⁷ |
| Adjutant General | 184,233,579 | 307,483,158 | 188,835,823 | 4,602,244 | 2.5% |
| Department of Commerce | 60,789,996 | 42,083,215 | 55,371,852 | (5,418,144) ⁸ | (8.9%) ⁸ |
| Department of Agriculture | 8,157,358 | 8,231,717 | 7,479,497 | (677,861) | (8.3%) |
| Upper Great Plains Transportation Institute | 16,203,314 | 11,340,984 | 17,665,513 | 1,462,199 | 9.0% |
| Game and Fish Department | 24,531,242 | 27,851,408 | 29,837,229 | 5,305,987 ⁹ | 21.6% ⁹ |
| State Water Commission | 54,940,358 | 24,437,447 | 46,712,610 | (8,227,748) ¹⁰ | (15.0%) ¹⁰ |
| Department of Transportation | 603,500,000 | 709,933,600 | 656,900,823 | 53,400,823 ¹¹ | 8.8% ¹¹ |
| All other agencies and institutions | 83,699,733 | 75,336,620 | 89,118,877 | 5,419,144 | 6.5% |
| Total | <u>\$2,986,196,846</u> | <u>\$3,149,703,142</u> | <u>\$3,246,382,236</u> | <u>\$260,185,390</u> | <u>8.7%</u> |

¹ 2009-11 appropriation and 2009-11 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in September 2010 for the Budget Section. These amounts do not include federal fiscal stimulus funds made available to the state under the American Recovery and Reinvestment Act of 2009.

| | | |
|--|--|---------------|
| ² Governor's office - \$21,517,716 increase | | |
| The increase is attributable to the acceptance of funding for the following program: | | |
| Education jobs fund (from \$0 in 2009-11 to \$21,517,716 in 2011-13) | | \$21,517,716 |
| ³ Department of Public Instruction - \$65,553,823 increase | | |
| The increase is primarily attributable to anticipated increases in the following programs: | | |
| IDEA B (from \$64,399,015 in 2009-11 to \$87,975,719 in 2011-13) | | \$23,576,704 |
| Title I state administration (from \$60,990,946 in 2009-11 to \$83,551,520 in 2011-13) | | \$22,560,574 |
| Education jobs fund (from \$0 in 2009-11 to \$21,517,716 in 2011-13) (to be received from the Governor's office) | | \$21,517,716 |
| ⁴ Veterans' Home - \$18,536,183 decrease | | |
| The decrease is primarily attributable to anticipated decreases in funding for the following program: | | |
| Federal grants for construction of the new Veterans' Home facility | | \$14,684,182 |
| ⁵ Department of Human Services - \$135,444,151 increase | | |
| The increase is primarily attributable to anticipated increases in the following programs: | | |
| Medicaid (from \$947,769,100 in 2009-11 to \$1,023,411,384 in 2011-13) | | \$75,642,284 |
| Food and nutrition services (from \$212,316,114 in 2009-11 to \$250,350,297 in 2011-13) | | \$38,034,183 |
| Disability services (from \$37,344,613 in 2009-11 to \$42,564,987 in 2011-13) | | \$5,220,374 |
| ⁶ Job Service North Dakota - \$7,504,955 increase | | |
| The increase is primarily attributable to anticipated increases in the following program: | | |
| Reed Act funding (from \$5,515,586 in 2009-11 to \$12,400,000 in 2011-13) | | \$6,884,414 |
| ⁷ Housing Finance Agency - \$5,770,440 decrease | | |
| The decrease is primarily attributable to anticipated decreases in funding for the following program: | | |
| Neighborhood stabilization program (from \$6,695,000 in 2009-11 to \$0 in 2011-13) | | \$6,695,000 |
| ⁸ Department of Commerce - \$5,418,144 decrease | | |
| The decrease is primarily attributable to anticipated decreases in funding for the following programs: | | |
| State energy program (from \$2,043,188 in 2009-11 to \$348,772 in 2011-13) | | \$1,694,416 |
| Community development block grant (from \$15,000,000 in 2009-11 to \$11,107,370 in 2011-13) | | \$3,892,630 |
| Homeless supportive housing program (from \$135,682 in 2009-11 to \$6,835 in 2011-13) | | \$128,847 |
| ⁹ Game and Fish Department - \$5,305,987 increase | | |
| The increase is primarily attributable to anticipated increases in the following programs: | | |
| Federal aid in wildlife restoration program (from \$11,857,854 in 2009-11 to \$14,259,067 in 2011-13) | | \$2,401,213 |
| Federal aid in fisheries restoration program (from \$7,852,140 in 2009-11 to \$10,155,540 in 2011-13) | | \$2,303,400 |
| ¹⁰ State Water Commission - \$8,227,748 decrease | | |
| The decrease is primarily attributable to anticipated decreases in funding for the following programs: | | |
| Northwest Area Water Supply Project (from \$30,000,000 in 2009-11 to \$25,000,000 in 2011-13) | | (\$5,000,000) |
| Southwest Pipeline Project (from \$20,000,000 in 2009-11 to \$15,742,649 in 2011-13) | | (\$4,257,351) |
| ¹¹ Department of Transportation - \$53,400,823 increase | | |
| The increase is primarily attributable to anticipated increases in the following program: | | |
| Federal Highway Administration formula funds (from \$500,900,000 in 2009-11 to \$569,500,000 in 2011-13) | | \$68,600,000 |

**FEDERAL FUNDS - AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
FUNDING COMPARISON OF 2009-11 APPROPRIATIONS
AND 2011-13 EXECUTIVE BUDGET RECOMMENDATION**

| Agency | 2009-11 Appropriation ¹ | 2009-11 Current Estimate ¹ | 2011-13 Executive Budget |
|--|---------------------------------------|---|---|
| Attorney General | \$2,259,188 | \$2,259,188 | \$2,355,708 |
| Department of Public Instruction | 153,046,743 | 153,794,802 | 9,152,088 |
| State Department of Health | 13,247,325 | 12,603,922 | 3,492,228 |
| Department of Human Services | 88,033,205 | 99,095,205 | 519,175 |
| Job Service North Dakota | 9,092,939 | 9,180,026 | 1,500,000 |
| Public Service Commission | 766,350 | 150,000 | 658,217 |
| Housing Finance Agency | 30,360,574 | 12,304,814 | 0 |
| Department of Corrections and Rehabilitation | 1,039,856 | 620,313 | 0 |
| Adjutant General | 3,750,589 | 4,011,500 | 0 |
| Department of Commerce | 68,594,635 | 44,500,903 | 24,496,750 |
| Parks and Recreation Department | 800,000 | 350,000 | 0 |
| State Water Commission | 12,000,000 | 5,257,213 | 7,271,773 |
| Department of Transportation | 176,082,671 | 172,515,094 | 24,119,575 |
| All other agencies and institutions | 208,403,245 ² | 23,312,048 | 8,000,000 ³ |
| Total | <u><u>\$767,477,320</u></u> | <u><u>\$539,955,028</u></u> | <u><u>\$81,565,514</u></u> ⁴ |

¹ 2009-11 appropriation and 2009-11 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in September 2010 for the Budget Section.

² An appropriation of \$104,699,679 to the Governor's office for federal fiscal stimulus funds, which were passed through to other agencies, is included in the all other agencies and institutions amount.

³ The 2011-13 executive budget recommendation for the Information Technology Department includes an appropriation of \$8 million of federal fiscal stimulus funds.

⁴ For additional information on American Recovery and Reinvestment Act of 2009 funding changes from the 2009-11 biennium and on funding included in the 2011-13 executive budget recommendation for specific agencies, refer to the **MAJOR PROGRAM CHANGES** section.

ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

| | 2007-09 Legislative Appropriation | 2009-11 Legislative Appropriation | 2011-13 Executive Recommendation | 2011-13 Recommended Increase (Decrease) to 2009-11 Appropriation |
|---|---|---|--|---|
| Department of Commerce - HB 1018 | | | | |
| Administration | | | | |
| Marketing program | \$1,304,352 ¹ | \$1,076,618 ¹ | \$1,076,618 ¹ | \$0 |
| Discretionary funds | 1,450,127 | 928,082 | 928,082 | 0 |
| Partner programs | 50,000 | 2,022,044 ² | 2,122,044 ² | 100,000 |
| Trade Office | 1,500,000 | 2,064,000 | 2,553,000 | 489,000 |
| Division of Economic Development and Finance | | | | |
| Operating costs | 2,497,997 ¹ | 969,911 ¹ | 970,201 ¹ | 290 |
| North Dakota Development Fund, Inc. | 3,000,000 | 1,820,000 | 400,000 | (1,420,000) |
| Economic development initiatives | 286,846 | 186,846 | 186,846 | 0 |
| Agricultural Products Utilization Commission | 1,662,115 | 1,686,630 | 1,701,483 | 14,853 |
| Equine processing study | | 50,000 | | (50,000) |
| Innovation and technology | | | | |
| Operating costs | 702,109 | 530,234 | 510,734 | (19,500) |
| InnovateND program | 150,000 | 1,000,000 | 1,000,000 | 0 |
| Centers of excellence grants | | 20,000,000 | 13,000,000 ³ | (7,000,000) |
| Division of Workforce Development | | | | |
| Operating costs | 110,058 | 388,645 | 613,643 | 224,998 |
| Operation Intern | 600,000 | | | |
| Economic development initiatives | 760,000 | | | |
| Transfer to the workforce enhancement fund | 2,000,000 | 1,000,000 | 0 | (1,000,000) |
| Transfer to centers of workforce excellence fund | | | 2,000,000 ⁴ | 2,000,000 |
| Grants to individuals who obtain child development associate credential | | 0 | 150,000 | 150,000 |
| Division of Community Services | | | | |
| Cost-share programs for installation of biofuels blender pumps and other alternative energy projects | | 1,000,000 | | (1,000,000) |
| Division of Energy | | | | |
| Total program costs | | | 619,691 | 619,691 |
| Total | \$16,073,604 | \$34,723,010 | \$27,832,342 | (\$6,890,668) |
| Department of Agriculture - SB 2009 | | | | |
| Pride of Dakota | \$250,000 | \$250,000 | \$250,000 | \$0 |
| Agricultural mediation | 120,497 | 151,733 | 131,101 | (20,632) |
| Total | \$370,497 | \$401,733 | \$381,101 | (\$20,632) |
| Department of Career and Technical Education - HB 1019 | | | | |
| Farm management program | \$549,802 | \$699,802 | \$699,802 | \$0 |

| | 2007-09 Legislative Appropriation | 2009-11 Legislative Appropriation | 2011-13 Executive Recommendation | 2011-13 Recommended Increase (Decrease) to 2009-11 Appropriation |
|---|--|--|---|---|
| Workforce training contracts | 3,000,000 | 3,000,000 | 3,000,000 | 0 |
| Total | \$3,549,802 | \$3,699,802 | \$3,699,802 | \$0 |
| Job Service North Dakota - HB 1016 | | | | |
| Workforce 20/20 | \$1,500,000 | \$1,512,491 | \$1,531,160 | \$18,669 |
| Industrial Commission - HB 1014 | | | | |
| Renewable energy development fund | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$0 |
| Bank of North Dakota - HB 1014 | | | | |
| PACE | \$8,000,000 | \$8,000,000 | \$6,000,000 | (\$2,000,000) |
| Ag PACE | 1,400,000 | 2,400,000 | 1,000,000 | (1,400,000) |
| Beginning farmer revolving loan fund | 0 | 0 | 1,400,000 | 1,400,000 |
| Biofuels PACE | 4,200,000 | 700,000 | 1,000,000 | 300,000 |
| Total | \$13,600,000 | \$11,100,000 | \$9,400,000 | (\$1,700,000) |
| Total economic development funding | \$38,093,903 | \$54,437,036 | \$45,844,405 | (\$8,592,631) |
| <p>¹The marketing program currently in operating costs under administration was included in the operating costs of the Division of Economic Development and Finance in the 2007-09 biennium.</p> <p>²This amount includes funding for Small Business Development Centers, the Manufacturing Extension Partnership, American Indian Business Development Office, and rural development business and technology programs. Funding for these programs was previously included in other divisions prior to the 2009-11 biennium.</p> <p>³In addition to the \$13 million, unexpended funds from the 2009-11 biennium \$5 million general fund appropriation provided to the Department of Commerce for a grant to the Great Plains Applied Energy Research Center are to be transferred to the centers of excellence fund.</p> <p>The executive budget recommends \$10 million for centers of research excellence grants for commercialization and research talent attraction, up to \$3 million to infrastructure development grants, and \$5 million for centers of entrepreneurship excellence grants to provide assistance to entrepreneurs in the areas of accessing capital, marketing, entrepreneur infrastructure, and entrepreneur talent. Centers of entrepreneurship excellence grants for the 2011-13 biennium are to be funded from the unexpended Great Plains Applied Energy Research Center appropriation.</p> <p>⁴The executive budget recommends a centers of excellence-workforce excellence program to replace the prior workforce enhancement grant program. This recommended program would provide grants of \$2 million to allow two-year colleges to respond to the workforce needs of private sector partners.</p> | | | | |

LARGE INFORMATION TECHNOLOGY PROJECTS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2011-13 BIENNIUM¹

| Agency or Institution | Project | General Fund | Other Funds | Total |
|---|---|--------------|--------------|--------------|
| 112 - Information Technology Department (HB 1021) | Statewide Longitudinal Data System Initiative | \$3,227,623 | | \$3,227,623 |
| 125 - Attorney General (SB 2003) | Criminal history repository replacement | \$36,300 | \$450,000 | \$486,300 |
| 127 - Tax Commissioner (SB 2006) | GenTax software version upgrade | \$1,000,000 | | \$1,000,000 |
| 380 - Job Service North Dakota (HB 1016) | Unemployment insurance modernization project | | \$12,400,000 | \$12,400,000 |
| | Workforce Data Quality Initiative | | 1,036,000 | 1,036,000 |
| | Total - Job Service North Dakota | | \$13,436,000 | \$13,436,000 |
| 471 - Bank of North Dakota (HB 1014) | Loan servicing for Department of Education direct student loans | | \$2,220,000 | \$2,220,000 |
| 485 - Workforce Safety and Insurance (SB 2021) | Data warehousing project | | \$2,000,000 | \$2,000,000 |
| | Information technology transformation project (funding in addition to the original legislative appropriation for the project of \$14 million) | | 3,000,000 | 3,000,000 |
| | Web portal | | 1,500,000 | 1,500,000 |
| | Total - Workforce Safety and Insurance | | \$6,500,000 | \$6,500,000 |
| 540 - Adjutant General (SB 2016) | Dispatch console replacement system | \$1,100,000 | | \$1,100,000 |
| | Statewide baseline map - Phase 2 | 400,000 | \$500,000 | 900,000 |
| | Total - Adjutant General | \$1,500,000 | \$500,000 | \$2,000,000 |
| 701 - State Historical Society (SB 2018) | Information technology business analysis and database migration | \$178,710 | | \$178,710 |
| 801 - Department of Transportation (HB 1012) | Driver's license redesign | | \$500,000 | \$500,000 |
| | Road construction estimating program rewrite | | 537,680 | 537,680 |
| | Total - Department of Transportation | | \$1,037,680 | \$1,037,680 |
| Total 2011-13 executive budget recommendation | | \$5,942,633 | \$24,143,680 | \$30,086,313 |

¹North Dakota Century Code Section 54-59-02.1 requires the State Information Technology Advisory Committee to prioritize major executive branch computer software projects. The committee met on September 20, 2010, and prioritized information technology projects for the 2011-13 biennium with a total cost over \$250,000 by funding source. The following is a summary of the prioritization, including information as to whether the project is included in the 2011-13 executive budget recommendation:

| General Fund Projects | | | |
|-----------------------|--|-----------------------------------|---|
| | Project | Agency | Included in Executive Budget Recommendation |
| 1 | Eligibility determination systems replacement | Department of Human Services | No |
| 2 | Dispatch console replacement system | Adjutant General | Yes |
| 3 | Commercial vehicle information exchange window | Highway Patrol | No |
| 4 | Statewide Longitudinal Data System Initiative | Information Technology Department | Yes |
| 5 | Automated routing application | Highway Patrol | No |
| 6 | Statewide baseline map - Phase 2 | Adjutant General | Yes |

| Special Funds Projects | | | |
|------------------------|---|-----------------------------------|---|
| | Project | Agency | Included in Executive Budget Recommendation |
| 1 | Criminal history repository replacement | Attorney General | Yes |
| 2 | Driver's license redesign | Department of Transportation | Yes |
| 3 | Loan servicing for Department of Education direct student loans | Bank of North Dakota | Yes |
| 4 | Road construction estimating program rewrite | Department of Transportation | Yes |
| 5 | Billing system | Information Technology Department | No |

| Federal Funds Projects | | | |
|------------------------|---|------------------------------|---|
| | Project | Agency | Included in Executive Budget Recommendation |
| 1 | Vocational rehabilitation information technology system replacement | Department of Human Services | No |
| 2 | Workforce Data Quality Initiative | Job Service North Dakota | Yes |

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS
COMPARISON OF 2009-11 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
AND 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS**

| | 2009-11 Appropriations/ Revenue Allocations | 2011-13 Executive Budget Recommendation | 2011-13 Recommended Increase (Decrease) Compared to 2009-11 Appropriation | 2011-13 Recommended Percentage Increase (Decrease) Compared to 2009-11 Appropriation |
|--|--|--|---|---|
| General fund appropriations | | | | |
| State school aid per student formula payments | \$636,425,958 | \$817,821,478 | \$181,395,520 | 28.5% |
| Supplemental operations grants to school districts | 16,795,584 | 0 | (16,795,584) | (100.0%) |
| Supplemental one-time grants to school districts | 85,644,337 | 0 | (85,644,337) | (100.0%) |
| Mill levy reduction grants to school districts | 295,000,000 | 0 | (295,000,000) | (100.0%) |
| Educational Technology Council grants | 604,750 | 604,750 | 0 | 0.0% |
| Transportation aid payments to school districts | 43,500,000 | 48,500,000 | 5,000,000 | 11.5% |
| Contingent supplemental transportation aid payments to school districts | 5,000,000 | 0 | (5,000,000) | (100.0%) |
| Special education contracts | 15,500,000 | 16,000,000 | 500,000 | 3.2% |
| Vocational education | 17,904,137 | 19,779,137 | 1,875,000 | 10.5% |
| School food services | 1,380,000 | 1,380,000 | 0 | 0.0% |
| Adult education | 1,850,000 | 1,850,000 | 0 | 0.0% |
| Grants to public libraries | 1,300,000 | 1,500,000 | 200,000 | 15.4% |
| Library Vision 2014 grants | 237,500 | 237,500 | 0 | 0.0% |
| Homestead tax credit | 5,964,000 | 8,792,788 | 2,828,788 | 47.4% |
| Disabled veteran property tax credit | 3,000,000 | 4,243,920 | 1,243,920 | 41.5% |
| Aid to health districts | 2,400,000 | 2,400,000 | 0 | 0.0% |
| Regional network incentives | 275,000 | 275,000 | 0 | 0.0% |
| Matching funds to counties and cities for senior citizen programs | 1,091,200 | 1,174,668 | 83,468 | 7.6% |
| Indian welfare assistance to counties | 1,959,541 | 3,025,754 | 1,066,213 | 54.4% |
| State administration of child support enforcement | 2,315,025 | 0 ¹ | (2,315,025) | (100.0%) |
| Boys and girls clubwork | 53,000 | 53,000 | 0 | 0.0% |
| Soil conservation district grants | 837,800 | 887,800 | 50,000 | 6.0% |
| Noxious weed control | 65,817 | 0 | (65,817) | (100.0%) |
| Payments in lieu of taxes on carbon dioxide pipeline property | 1,151,000 | 0 | (1,151,000) | (100.0%) |
| Clerk of court | 15,376,816 | 16,924,825 | 1,548,009 | 10.1% |
| Grants to airports | 550,000 | 550,000 | 0 | 0.0% |
| Statewide information technology network costs | 5,568,970 | 4,667,992 | (900,978) | (16.2%) |
| EduTech funding, including PowerSchool funding | 5,104,699 | 3,044,096 | (2,060,603) | (40.4%) |
| Coal-producing county reimbursements for coal severance payments to non-coal-producing counties | 0 | 252,800 | 252,800 | N/A |
| Total general fund | \$1,166,855,134 | \$953,965,508 | (\$212,889,626) | (18.2%) |
| Percentage of total general fund appropriations | 35.8% | 28.9% | | |
| Special funds appropriations and revenue allocations | | | | |
| State school aid per student formula payments (state tuition fund) | \$86,300,000 | \$101,638,000 | \$15,338,000 | 17.8% |
| Mill levy reduction grants to school districts (property tax relief sustainability fund) | 0 | 341,790,000 ² | 341,790,000 | N/A |
| Grants for adult education programs (displaced homemaker fund) | 250,000 | 250,000 | 0 | 0.0% |
| Noxious weed control | 1,646,408 | 1,375,274 | (271,134) | (16.5%) |
| State aid distribution fund to cities and counties | 117,600,017 ³ | 136,850,406 | 19,250,389 | 16.4% |
| Public transportation services (public transportation fund) | 5,800,000 ⁴ | 6,900,000 ⁴ | 1,100,000 | 19.0% |
| Insurance tax to fire departments (insurance tax distribution fund) | 6,820,000 | 6,820,000 | 0 | 0.0% |

| | 2009-11 Appropriations/ Revenue Allocations | 2011-13 Executive Budget Recommendation | 2011-13 Recommended Increase (Decrease) Compared to 2009-11 Appropriation | 2011-13 Recommended Percentage Increase (Decrease) Compared to 2009-11 Appropriation |
|--|--|--|---|---|
| Gaming enforcement grants | 510,000 | 510,000 | 0 | 0.0% |
| Community health grant program (community health trust fund) | 225,000 | 225,000 | 0 | 0.0% |
| Tobacco education and cessation program grants (tobacco prevention and control trust fund) | 7,653,965 | 8,822,511 | 1,168,546 | 15.3% |
| Matching funds to counties and cities for senior citizen programs | 2,710,599 ⁵ | 2,950,000 ⁵ | 239,401 | 8.8% |
| Energy development impact grants (oil and gas impact grant fund) | 8,000,000 | 100,000,000 ⁶ | 92,000,000 | 1150.0% |
| Grants to airports (Aeronautics Commission special funds collections) | 5,280,000 | 5,080,000 | (200,000) | (3.8%) |
| Indian welfare assistance to counties (Department of Human Services "retained" funds) | 1,964,607 | 1,964,607 | 0 | 0.0% |
| Motor vehicle fuel tax and registration fee allocations | 142,104,000 ⁷ | 170,700,000 ⁷ | 28,596,000 | 20.1% |
| Telecommunications tax allocations | 16,800,000 ⁸ | 16,800,000 ⁸ | 0 | 0.0% |
| Coal severance tax allocations | 15,284,000 | 15,750,000 | 466,000 | 3.0% |
| Coal conversion tax allocations | 5,750,050 | 5,859,000 ⁹ | 108,950 | 1.9% |
| Oil and gas gross production tax allocations | 168,423,589 ⁹ | 247,196,952 ^{9,10} | 78,773,363 | 46.8% |
| Cigarette tax allocations | 2,520,000 | 2,544,000 ⁹ | 24,000 | 1.0% |
| Financial institution tax allocations | 15,804,527 | 21,220,280 | 5,415,753 | 34.3% |
| Motor vehicle excise tax (highway tax distribution fund) | 0 | 17,935,128 | 17,935,128 | N/A |
| County and township roadway projects in areas affected by oil and gas development | 0 | 142,000,000 | 142,000,000 | N/A |
| Total special funds appropriations and revenue allocations | \$611,446,762 | \$1,355,181,158 | \$743,734,396 | 121.6% |
| Total major direct assistance to political subdivisions | \$1,778,301,896 | \$2,309,146,666 | \$530,844,770 | 29.9% |

¹ The Department of Human Services is unable to determine the amount of general fund support included in the 2011-13 executive budget for state administration of child support

² The 2011-13 executive budget provides for a distribution of \$341.8 million from the property tax relief sustainability fund through the school funding formula for mill levy reduction and property tax relief for the 2011-13 biennium. These distributions are to reduce the amount of money school districts need to raise locally through property taxes. Districts will be required to provide a dollar-for-dollar reduction in local taxes for each dollar received.

³ This amount is the revised 2009-11 estimate. The original estimate was \$110,920,695.

⁴ The amounts listed for public transportation services are based on the public transportation fund receiving a distribution of 1.5 percent of funding deposited in the highway tax distribution

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

⁶ The 2011-13 executive budget recommends increasing the cap on allocations of oil and gas gross production taxes to the oil and gas impact grant fund from the current level of \$8 million to \$100 million.

⁷ The motor vehicle fuel tax and registration fee allocation is based on allocations from the highway tax distribution fund of 34.5 percent to cities and counties and 2.7 percent to the township highway fund. The 2011-13 executive budget recommendation provides for 25 percent of motor vehicle excise tax collections to be deposited in the highway tax distribution fund.

⁸ The Tax Department is projecting that approximately \$20 million of telecommunications taxes will be collected during the 2009-11 biennium. Of this amount, \$16.8 million will be allocated to counties and \$3.2 million will be deposited in the general fund. The Tax Department estimates collections for the 2011-13 biennium to be \$19.3 million, of which \$16.8 million would be allocated to counties and \$2.5 million would be deposited in the general fund.

⁹ The amounts reported are based on the Office of Management and Budget's December 2010 executive budget forecast.

¹⁰ This amount is based on the Office of Management and Budget's December 2010 revenue forecast. The forecast bases individual counties' maximum allocations on historic allocations; therefore, individual county amounts may vary based on actual oil price and oil production within each county for the second year of the 2009-11 biennium and for the 2011-13 biennium.

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS INCLUDED IN THE 2011-13 EXECUTIVE BUDGET

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|---------------------------|--|---|--|---|-----------------|
| GENERAL GOVERNMENT | | | | | |
| 101 | Governor's Office | | | | |
| | • Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium | | | (\$104,699,679) | (\$104,699,679) |
| | • Adds one-time funding for Governor's transition in and out expenses | | \$65,000 | | \$65,000 |
| | • Adds federal funding from the education jobs fund program to be granted to the Department of Public Instruction and distributed to school districts using the state school aid formula | | | \$21,517,716 | \$21,517,716 |
| 108 | Secretary of State | | | | |
| | • Adds one-time funding to complete the agency's database and processing platform migration project (The Legislative Assembly provided \$600,000 from the general fund for the 2007-09 biennium and \$780,000 from the general fund for the 2009-11 biennium for the database and processing platform migration project.) | | \$3,500,000 | | \$3,500,000 |
| | • Adds one-time funding to develop an online public meeting notification system | | \$43,039 | | \$43,039 |
| | • Provides funding for desktop computer support from the Information Technology Department | | \$54,000 | | \$54,000 |
| | • Increases funding for operating expenses to provide for inflationary increases | | \$195,000 | | \$195,000 |
| | • Increases federal funds for purchasing an enhancement for the electronic pollbooks in counties (The state will purchase the equipment for counties using federal Help America Vote Act funds available in the state's election fund. Counties will repay the state's election fund within five years.) | | | \$3,000,000 | \$3,000,000 |
| | • Removes one-time funding provided for continuation of the agency's mainframe migration project in the 2009-11 biennium | | (\$780,000) | | (\$780,000) |
| | • Removes special funds (Bank of North Dakota loan proceeds) provided for a business development engine information technology project in the 2009-11 biennium that was not initiated | | | (\$3,400,698) | (\$3,400,698) |
| 110 | Office of Management and Budget (OMB) | | | | |
| | • Removes 1 FTE accounting and budget specialist position related to the ConnectND project and allocates the funding for information technology costs | (1.00) | (\$31,366) | | (\$31,366) |
| | • Adds one-time funding from the Capitol building fund for exterior signage projects on the Capitol grounds | | | \$400,000 | \$400,000 |
| | • Adds one-time funding from the Capitol building fund for legislative wing brass and wood restoration projects | | | \$1,000,000 | \$1,000,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> • Adds one-time funding from the Capitol building fund to remodel the Capitol Café and cafeteria hallway | | | \$700,000 | \$700,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding from the Capitol building fund to remodel the south entrance to the Capitol | | | \$900,000 | \$900,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding for exterior repairs on the Capitol | | \$2,800,000 | | \$2,800,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding for a temporary position and operating costs to assist in planning for the state's 125th anniversary | | \$50,000 | | \$50,000 |
| | <ul style="list-style-type: none"> • Removes one-time federal fiscal stimulus funding provided in the 2009-11 biennium | | | (\$683,681) | (\$683,681) |
| | <ul style="list-style-type: none"> • Removes one-time funding provided in the 2009-11 biennium for extraordinary repairs, equipment, and other projects | | (\$5,359,141) | (\$1,637,420) | (\$6,996,561) |
| 112 | Information Technology Department | | | | |
| | <ul style="list-style-type: none"> • Changes the funding source for implementing the PowerSchool application in school districts from 50 percent from the general fund and 50 percent from school districts to a data collection factor in the state school aid formula. This results in the costs being reflected as special funds. This was a recommendation by the North Dakota Commission on Education Improvement. | | (\$485,006) | \$776,607 | \$291,601 |
| | <ul style="list-style-type: none"> • Adds 2 FTE positions relating to the PowerSchool application to provide a total of 31 FTE positions for the 2011-13 biennium | 2.00 | | \$330,500 | \$330,500 |
| | <ul style="list-style-type: none"> • Adds one-time funding for implementing the statewide longitudinal data system | | \$1,757,624 | | \$1,757,624 |
| | <ul style="list-style-type: none"> • Adds a new FTE research position relating to the Statewide Longitudinal Data System Initiative (funding provided for only the second year of the biennium) | 1.00 | \$145,000 | | \$145,000 |
| | <ul style="list-style-type: none"> • Adds ongoing funding for staffing, hosting, and operating costs associated with the Statewide Longitudinal Data System Initiative | 2.00 | \$1,300,271 | | \$1,300,271 |
| | <ul style="list-style-type: none"> • Increases funding from the general fund for the Center for Distance Education by \$1,375,891, including \$395,242 for a tuition subsidy program | | \$1,375,891 | (\$1,125,470) | \$250,421 |
| | <ul style="list-style-type: none"> • Increases funding for the geographic information system initiative | | \$306,956 | | \$306,956 |
| | <ul style="list-style-type: none"> • Adds one-time funding for Criminal Justice Information Sharing Initiative projects | | \$200,000 | | \$200,000 |
| | <ul style="list-style-type: none"> • Provides federal funding for continuation of the broadband mapping project | | | \$2,900,000 | \$2,900,000 |
| | <ul style="list-style-type: none"> • Provides federal funding for continuation of the federal E911 grant | | | \$1,500,000 | \$1,500,000 |
| | <ul style="list-style-type: none"> • Provides health information technology funding of \$19,059,238, of which \$362,972 is from the general fund, \$5,100,000 is from federal funds, \$8,000,000 is from Bank of North Dakota profits, and \$5,596,266 is from health care providers for participating in the health information exchange | 3.00 | \$12,972 | \$10,696,266 | \$10,709,238 |
| | <ul style="list-style-type: none"> • Transfers funding to the State Library to continue to provide Internet connectivity to public libraries | | (\$128,440) | | (\$128,440) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> Deletes 8 FTE positions, including five positions at the Center for Distance Education, one policy and planning position, and two positions which were moved to the support of the PowerSchool application (see the PowerSchool item above) | (8.00) | | (\$478,864) | (\$478,864) |
| | <ul style="list-style-type: none"> Removes one-time funding appropriated for the 2009-11 biennium relating to the Statewide Longitudinal Data System Initiative, Criminal Justice Information Sharing Initiative projects, statewide deployment of PowerSchool, and the wide area network | | (\$4,187,231) | | (\$4,187,231) |
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to health information technology and the Statewide Longitudinal Data System Initiative | | | (\$82,263,883) | (\$82,263,883) |
| 117 | State Auditor | | | | |
| | <ul style="list-style-type: none"> Adds funding to maintain electronic working papers | | \$55,800 | | \$55,800 |
| | <ul style="list-style-type: none"> Removes 1 FTE clerical position | (1.00) | | (\$107,862) | (\$107,862) |
| | <ul style="list-style-type: none"> Removes one-time funding provided for the implementation of electronic working papers in the 2009-11 biennium | | (\$150,000) | | (\$150,000) |
| 120 | State Treasurer | | | | |
| | <ul style="list-style-type: none"> Adds funding to reimburse coal-producing counties for coal severance tax revenue paid to non-coal-producing counties, pursuant to Section 24 of 2009 House Bill No. 1015, which becomes effective for taxable events after June 30, 2011 | | \$252,800 | | \$252,800 |
| | <ul style="list-style-type: none"> Adds one-time funding for maintenance of the tax distribution (TDOC) system | | \$235,000 | | \$235,000 |
| | <ul style="list-style-type: none"> Removes funding for payments to counties in lieu of property taxes on carbon dioxide pipeline property | | (\$1,151,000) | | (\$1,151,000) |
| | <ul style="list-style-type: none"> Removes funding provided to the agency for mainframe rewrite in the 2009-11 biennium | | (\$54,000) | | (\$54,000) |
| 125 | Attorney General | | | | |
| | <ul style="list-style-type: none"> Adds one-time funding for equipment and vehicle purchases | | \$312,400 | | \$312,400 |
| | <ul style="list-style-type: none"> Adjusts funding relating to federal fiscal stimulus funding: <ul style="list-style-type: none"> Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium | (8.00) | | (\$1,346,556) | (\$1,346,556) |
| | <ul style="list-style-type: none"> <ul style="list-style-type: none"> Adds one-time federal fiscal stimulus funding for the 2011-13 biennium for the Justice Assistance Grant program (\$1,702,160 and 4 FTE positions), Internet Crimes Against Children grant program (\$192,547 and 1 FTE position), Rural Law Enforcement Assistance Act funding (\$413,326 and 2 FTE positions), and compensation adjustments for the 7 FTE positions (\$47,675) | 7.00 | | 2,355,708 | 2,355,708 |
| | <ul style="list-style-type: none"> <ul style="list-style-type: none"> Adds funding from other federal funds for a position that was previously paid with federal fiscal stimulus funds | 1.00 | | 106,019 | 106,019 |
| | Total | 0.00 | | \$1,115,171 | \$1,115,171 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> Adds funding for position reclassifications and salary adjustments | | \$190,501 | | \$190,501 |
| | <ul style="list-style-type: none"> Adds one-time funding from the Attorney General's refund fund for rewrite planning for the criminal history system | | | \$450,000 | \$450,000 |
| | <ul style="list-style-type: none"> Adds funding from federal funds (\$999,901) and the Attorney General's refund fund (\$178,000) for sexual offender registration kiosks and Crime Laboratory equipment | | | \$1,177,901 | \$1,177,901 |
| | <ul style="list-style-type: none"> Increases funding for operating expenses | | \$191,778 | \$433,645 | \$625,423 |
| | <ul style="list-style-type: none"> Adds federal funding for salary increases for temporary positions | | | \$352,000 | \$352,000 |
| | <ul style="list-style-type: none"> Adds funding for forensic scientist salary equity adjustments and salary increases upon employees receiving certification | | \$192,293 | | |
| | <ul style="list-style-type: none"> Adds funding from the Attorney General's refund fund for law enforcement computer application updates | | | \$900,000 | \$900,000 |
| | <ul style="list-style-type: none"> Removes federal funding for hazardous materials and emergency preparedness grants to the State Fire Marshal from the Department of Emergency Services | | | (\$185,500) | (\$185,500) |
| 127 | Tax Commissioner | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding for the oil and gas integration project, onsite support for GenTax, and loan payment for GenTax provided in the 2009-11 biennium | | (\$12,864,247) | (\$124,574) | (\$12,988,821) |
| | <ul style="list-style-type: none"> Increases funding for the homestead tax credit to provide total funding of \$8,792,788 | | \$2,828,788 | | \$2,828,788 |
| | <ul style="list-style-type: none"> Increases funding for the disabled veteran tax credit to provide total funding of \$4,243,920 | | \$1,243,920 | | \$1,243,920 |
| | <ul style="list-style-type: none"> Adds one-time funding for upgrade of GenTax to version 8.0 | | \$1,000,000 | | \$1,000,000 |
| | <ul style="list-style-type: none"> Adds funding for continued onsite support for GenTax | | \$940,000 | | \$940,000 |
| | <ul style="list-style-type: none"> Adds funding for increased operating costs due to postage rate increases | | \$42,000 | | \$42,000 |
| | <ul style="list-style-type: none"> Adds funding for anticipated inflationary increases in travel and information technology charges | | \$97,337 | | \$97,337 |
| 140 | Office of Administrative Hearings | | | | |
| | <ul style="list-style-type: none"> Adds funding for additional professional services to accommodate an anticipated increase in Workforce Safety and Insurance's hearing caseload | | | \$239,300 | \$239,300 |
| | <ul style="list-style-type: none"> Adds funding for additional rent due to an anticipated move from Land Department space to another location at the end of the 2009-11 biennium | | | \$17,600 | \$17,600 |
| 150 | Legislative Assembly | | | | |
| | <ul style="list-style-type: none"> Includes funding for increasing legislators' monthly compensation by 3 percent per year, from \$415 to \$427 effective July 2011 and \$440 effective July 2012 (statutory changes would be needed) | | \$67,393 | | \$67,393 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|---------------|
| | <ul style="list-style-type: none"> Includes funding for increasing additional monthly compensation for legislative leaders by 3 percent per year, from \$298 to \$307 effective July 2011 and \$316 effective July 2012 (statutory changes would be needed) | | \$1,395 | | \$1,395 |
| | <ul style="list-style-type: none"> Adds funding for increasing legislative compensation for regular, special, or organizational sessions by 3 percent per year, from \$148 per day to \$152 per day effective July 2011 and \$157 per day effective July 2012 (recommendation by the Legislative Compensation Commission) (House Bill No. 1062) | | \$158,464 | | \$158,464 |
| | <ul style="list-style-type: none"> Adds funding for increasing the maximum monthly lodging expense reimbursement allowed during legislative session from \$1,000 to \$1,271 pursuant to the formula in North Dakota Century Code Section 54-03-20 (\$138,752) and for increasing the daily lodging expense reimbursement from \$60 plus tax to \$77 plus tax pursuant to the formula in Section 44-08-04 | | \$150,333 | | \$150,333 |
| | <ul style="list-style-type: none"> Adds one-time funding for a redistricting special session, including \$167,265 for legislative pay, \$27,093 for temporary salaries, and \$77,660 for travel | | \$272,018 | | \$272,018 |
| | <ul style="list-style-type: none"> Adds one-time funding for information technology projects, including replacement of the fiscal notes system (\$75,700) and the legislative bill tracking system (\$84,238) | | \$159,938 | | \$159,938 |
| | <ul style="list-style-type: none"> Adds one-time funding for replacement of legislative personal computers | | \$510,750 | | \$510,750 |
| | <ul style="list-style-type: none"> Adds one-time funding for committee room renovations (\$500,000) and voting system upgrades (\$800,000) | | \$1,300,000 | | \$1,300,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided for the 2009-11 biennium relating to the legislative applications replacement system computer project, computer replacement, and legislative wing equipment and improvements | | (\$5,003,327) | | (\$5,003,327) |
| 160 | Legislative Council | | | | |
| | <ul style="list-style-type: none"> Adds funding for increasing legislator per diem from \$148 per day to \$152 per day for fiscal year 2012 and \$157 per day for fiscal year 2013 (recommendation by the Legislative Compensation Commission) (House Bill No. 1062) | | \$36,471 | | \$36,471 |
| | <ul style="list-style-type: none"> Adds funding for increasing legislators' per diem and travel relating to increased interim committee membership, increased lodging reimbursement rates, and other increases in travel, including attendance at out-of-state meetings | | \$243,117 | | \$243,117 |
| | <ul style="list-style-type: none"> Decreases funding for information technology consulting services | | (\$280,750) | | (\$280,750) |
| | <ul style="list-style-type: none"> Adds one-time funding for office improvements | | \$50,000 | | \$50,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for Administrative Code and website information technology projects | | \$483,807 | | \$483,807 |
| | <ul style="list-style-type: none"> Adds one-time funding for personal computer replacement | | \$76,000 | | \$76,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for office equipment replacement | | \$25,000 | | \$25,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> Removes one-time funding provided for the 2009-11 biennium relating to the state employee compensation study, office improvements, and office equipment replacement | | (\$170,000) | | (\$170,000) |
| 180 | Judicial Branch | | | | |
| | Supreme Court | | | | |
| | <ul style="list-style-type: none"> Adds one-time funding for equipment over \$5,000 | | \$27,500 | | \$27,500 |
| | <ul style="list-style-type: none"> Adds funding for increases in information technology fees and maintenance contracts and licensing fees | | \$92,467 | | \$92,467 |
| | <ul style="list-style-type: none"> Increases funding for operating expenses for the Commission to Study Racial and Ethical Bias in the Courts | | \$40,000 | | \$40,000 |
| | District Court | | | | |
| | <ul style="list-style-type: none"> Adds one-time funding for equipment over \$5,000 | | \$160,000 | | \$160,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for information technology equipment | | \$534,480 | | \$534,480 |
| | <ul style="list-style-type: none"> Adds one-time funding for a disaster recovery study | | \$100,000 | | \$100,000 |
| | <ul style="list-style-type: none"> Adds one-time funding to update the Work Assessment Policy Committee study and the weighted caseload study | | \$300,000 | | \$300,000 |
| | <ul style="list-style-type: none"> Adds 1 FTE law clerk position (\$149,992), 1 FTE deputy clerk of district court position (\$129,150), and 2 FTE juvenile court officer positions (\$328,084) (One juvenile court officer will be located in Fargo, and the remaining positions will be located in Bismarck.) | 4.00 | \$607,226 | | \$607,226 |
| | <ul style="list-style-type: none"> Increases funding for payments to contract counties for clerk of court services to provide total funding of \$3,432,492 | | \$445,909 | | \$445,909 |
| | <ul style="list-style-type: none"> Adds funding for Information Technology Department fees relating to additional employees and computer servers in the counties | | \$381,660 | | \$381,660 |
| | <ul style="list-style-type: none"> Adds funding for increases in information technology fees, maintenance contracts, and licensing fees | | \$450,610 | | \$450,610 |
| | <ul style="list-style-type: none"> Adds funding for maintenance support and enhancements for the new unified case management system | | \$750,420 | | \$750,420 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for the unified case management system replacement project, capital assets, and parenting coordinator training | | (\$8,294,832) | | (\$8,294,832) |
| 188 | Commission on Legal Counsel for Indigents | | | | |
| | <ul style="list-style-type: none"> No major changes for this agency | | | | |
| 190 | Retirement and Investment Office | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for implementation costs associated with the one-time Teachers' Fund for Retirement benefit payment | | | (\$25,000) | (\$25,000) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|------------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Adds funding for increases in operating expenses | | | \$14,570 | \$14,570 |
| | <ul style="list-style-type: none"> Adds 1 FTE deputy chief investment officer position | 1.00 | | \$316,824 | \$316,824 |
| 192 | Public Employees Retirement System | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium to pay benefits to the remaining beneficiary of the OASIS retirement plan | | (\$13,000) | | (\$13,000) |
| | <ul style="list-style-type: none"> Adds funding for changes in the agency information technology plan to support PERSLink | | | \$447,348 | \$447,348 |
| EDUCATION | | | | | |
| 201 | Department of Public Instruction | | | | |
| | <ul style="list-style-type: none"> Increases funding for state school aid from \$808,370,295 to \$919,459,478 and replaces \$85,644,337 of federal fiscal stimulus funds provided during the 2009-11 biennium with funding from the general fund | | \$181,395,520 | (\$70,306,337) | \$111,089,183 |
| | <ul style="list-style-type: none"> Removes funding for supplemental operations grants provided in the 2009-11 biennium | | (\$16,795,584) | | (\$16,795,584) |
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funds provided in the 2009-11 biennium | | | (\$67,379,051) | (\$67,379,051) |
| | <ul style="list-style-type: none"> Removes funding for supplemental one-time grants provided in the 2009-11 biennium | | (\$85,644,337) | | (\$85,644,337) |
| | <ul style="list-style-type: none"> Increases funding for special education from \$15.5 million to \$16 million | | \$500,000 | | \$500,000 |
| | <ul style="list-style-type: none"> Provides funding for transportation grants of \$48.5 million from the general fund. The 2009 Legislative Assembly appropriated \$43.5 million from the general fund and provided contingent funding of \$5 million from the general fund for supplemental transportation aid payments for the 2009-11 biennium. | | \$0 | | \$0 |
| | <ul style="list-style-type: none"> Removes one-time funding provided for the department's state automated reporting system (STARS) application in the 2009-11 biennium | | (\$500,000) | | (\$500,000) |
| | <ul style="list-style-type: none"> Removes one-time funding provided for a grant to the North Dakota Geographic Alliance in the 2009-11 biennium | | (\$226,000) | | (\$226,000) |
| | <ul style="list-style-type: none"> Removes one-time funding provided for the development of a personal finance schoolbook in the 2009-11 biennium | | (\$25,000) | | (\$25,000) |
| | <ul style="list-style-type: none"> Removes one-time funding provided to create a national board certification fund in the 2009-11 biennium | | (\$500,000) | | (\$500,000) |
| | <ul style="list-style-type: none"> Decreases federal funding for the North Dakota state longitudinal education data system project | | | (\$3,645,665) | (\$3,645,665) |
| | <ul style="list-style-type: none"> Increases federal funding for other grants | | | \$44,040,643 | \$44,040,643 |
| | <ul style="list-style-type: none"> Provides one-time funding for other grants from federal fiscal stimulus funds continuing in the 2011-13 biennium for the school improvement, Title I, preschool, and IDEA B programs | | | \$12,615,433 | \$12,615,433 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|--------------|
| | <ul style="list-style-type: none"> Provides one-time funding for programming changes to the department's STARS application system used to gather school district information | | \$384,000 | | \$384,000 |
| | <ul style="list-style-type: none"> Provides one-time funding for the Education Standards and Practices Board approval and accreditation mainframe rewrite | | \$200,000 | | \$200,000 |
| | <ul style="list-style-type: none"> Provides one-time federal funding from the education jobs fund program to be distributed to school districts using the state school aid formula | | | \$21,517,716 | \$21,517,716 |
| | <ul style="list-style-type: none"> Provides funding for estimated costs of administering the American College Test to all 11th grade students | | \$678,400 | | \$678,400 |
| | <ul style="list-style-type: none"> Provides funding for software to manage the North Dakota academic and technical education scholarships program | | \$5,000 | | \$5,000 |
| | <ul style="list-style-type: none"> Provides funding for the costs associated with the Professional Development Advisory Committee established by the 2009 Legislative Assembly | | \$122,000 | | \$122,000 |
| | <ul style="list-style-type: none"> Provides funding for curriculum alignment grants | | \$100,000 | | \$100,000 |
| | <ul style="list-style-type: none"> Provides funding for principal mentoring grants | | \$461,500 | | \$461,500 |
| | <ul style="list-style-type: none"> Provides funding for prekindergarten space grants | | \$125,000 | | \$125,000 |
| | <ul style="list-style-type: none"> Provides funding for continuing education grants for preschool teachers | | \$150,000 | | \$150,000 |
| | <ul style="list-style-type: none"> Provides funding for an Alternative Teacher Compensation System Review Panel and contracted program adviser | | \$300,000 | | \$300,000 |
| | <ul style="list-style-type: none"> Amends 2009 Session Laws to provide for the carryover of \$9 million (\$8 million from the state school aid line and \$1 million from the transportation aid line) of unspent funding from the 2009-11 biennium to the 2011-13 biennium for a portion of the funding for state aid per student payments. Under current law these funds would have been distributed to school districts as additional per student payments at the end of the 2009-11 biennium. | | | | |
| | <ul style="list-style-type: none"> Provides funding for contracted grant writing consultants | | \$200,000 | | \$200,000 |
| | <ul style="list-style-type: none"> Provides funding to continue the North Dakota Indian Education Advisory Council | | \$66,000 | | \$66,000 |
| | <ul style="list-style-type: none"> Provides funding for increased charges by the Information Technology Department | | \$185,880 | | \$185,880 |
| | <ul style="list-style-type: none"> Provides funding for inflationary increases in other operating expenses | | \$100,000 | | \$100,000 |
| | <ul style="list-style-type: none"> Provides funding for temporary salaries to administer the North Dakota academic and technical education scholarships program | | \$76,692 | | \$76,692 |
| | <ul style="list-style-type: none"> Increases funding for the state assessment program to provide a total of \$2.2 million | | \$763,586 | | \$763,586 |
| | <ul style="list-style-type: none"> Increases funding for the national board certification program to provide a total of \$185,000 | | \$82,500 | | \$82,500 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> Removes funding from the general fund for mill levy reduction grants and provides funding for mill levy reduction grants from the property tax relief sustainability fund | | (\$295,000,000) | \$341,790,000 | \$46,790,000 |
| | <ul style="list-style-type: none"> Provides funding for the Early Childhood Learning Council | | \$20,000 | | \$20,000 |
| 215 | North Dakota University System Office | | | | |
| | <ul style="list-style-type: none"> Provides parity funding for the University System office of \$330,832 for costs to continue fiscal year 2011 salary increases (\$103,072), for 3 percent per year salary increases (\$196,597), and for health insurance premium increases (\$31,163) | | \$330,832 | | \$330,832 |
| | <ul style="list-style-type: none"> Provides parity funding for the system information technology services pool of \$1,249,508 for costs to continue fiscal year 2011 salary increases (\$379,855), for 3 percent per year salary increases (\$725,105), and for health insurance premium increases (\$144,548) | | \$1,249,508 | | \$1,249,508 |
| | <ul style="list-style-type: none"> Provides funding for employee retirement contribution increases | | \$31,384 | | \$31,384 |
| | <ul style="list-style-type: none"> Increases funding for capital bond payments to provide total payments of \$12,254,769, of which \$11,837,519 is from the general fund | | \$540,722 | | \$540,722 |
| | <ul style="list-style-type: none"> Provides additional funding for technology maintenance | | \$3,527,000 | | \$3,527,000 |
| | <ul style="list-style-type: none"> Provides funding for a ConnectND database upgrade | | \$616,000 | | \$616,000 |
| | <ul style="list-style-type: none"> Provides funding for a funding pool to address needs at campuses relating to new or expanding academic programs | | \$1,000,000 | | \$1,000,000 |
| | <ul style="list-style-type: none"> Replaces a portion of funding from the student loan trust fund for ConnectND positions and professional student exchange programs | | \$1,100,000 | (\$1,100,000) | \$0 |
| | <ul style="list-style-type: none"> Increases funding for the competitive research program to provide total funding of \$7,050,000 | | \$1,650,000 | | \$1,650,000 |
| | <ul style="list-style-type: none"> Reduces funding for professional liability insurance | | (\$300,000) | | (\$300,000) |
| | <ul style="list-style-type: none"> Increases funding for the Indian scholarship program to provide a total of \$575,442 | | \$192,975 | | \$192,975 |
| | <ul style="list-style-type: none"> Removes funding provided from the general fund for the career and technical education scholarship program and the academic scholarship program. The executive recommendation provides the program with a continuing appropriation from the lands and minerals trust fund. Total program funding required for the 2011-13 biennium is estimated to be \$10 million. | | (\$3,000,000) | | (\$3,000,000) |
| | <ul style="list-style-type: none"> Provides funding to be distributed to campuses based on student completion rates | | \$5,000,000 | | \$5,000,000 |
| | <ul style="list-style-type: none"> Provides ongoing funding for student mental health services | | \$12,000 | | \$12,000 |
| | <ul style="list-style-type: none"> Provides one-time funding for program planning and training related to the student mental health services initiative | | \$156,000 | | \$156,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| 226 | Land Department | | | | |
| | <ul style="list-style-type: none"> Reduces the \$10 million appropriated in 2009 Senate Bill No. 2013 for energy development impact grants by \$2 million to reflect the actual amount available for these grants in the 2009-11 biennium of \$8 million pursuant to provisions of 2009 House Bill No. 1304, which provided an \$8 million statutory maximum for oil and gas gross production tax revenues deposited in the oil and gas tax impact grant fund | | | (\$2,000,000) | (\$2,000,000) |
| | <ul style="list-style-type: none"> Adds funding for 3 FTE positions--auditor III - (minerals royalty auditor) (\$157,684), accounting budget specialist (\$115,395), and office assistant III (\$90,189)--and associated operating expenses (\$134,889) | 3.00 | | \$498,157 | \$498,157 |
| | <ul style="list-style-type: none"> Adds funding as a result of the Governor's recommendation to increase the statutory cap on oil and gas gross production tax allocations to the oil and gas impact grant fund from the current level of \$8 million per biennium to \$100 million per biennium to expand the energy development impact grant program | | | \$92,000,000 | \$92,000,000 |
| 227 | Bismarck State College | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$2,056,567 for costs to continue fiscal year 2011 salary increases (\$489,164), for 3 percent per year salary increases (\$933,765), for health insurance premium increases (\$252,132), and for utility inflation (\$381,506) | | \$2,056,567 | | \$2,056,567 |
| | <ul style="list-style-type: none"> Provides equity funding of \$543,985 | | \$543,985 | | \$543,985 |
| | <ul style="list-style-type: none"> Provides funding of \$731,556 to address college affordability by not increasing tuition rates for the 2011-13 biennium | | \$731,556 | | \$731,556 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$138,103 | | \$138,103 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$243,481 to \$417,673 | | \$174,192 | | \$174,192 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$2,400,000 for a plant services building (\$1,500,000) and to pay off outstanding special assessments (\$900,000) | | \$2,400,000 | | \$2,400,000 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$7.5 million from special funds for renovation and an addition to the Student Union | | | \$7,500,000 | \$7,500,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and the Technical Center renovation project | | (\$3,340,637) | (\$409,500) | (\$3,750,137) |
| 228 | Lake Region State College | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$558,454 for costs to continue fiscal year 2011 salary increases (\$150,005), for 3 percent per year salary increases (\$286,343), for health insurance premium increases (\$79,029), and for utility inflation (\$43,077) | | \$558,454 | | \$558,454 |
| | <ul style="list-style-type: none"> Provides equity funding of \$219,139 | | \$219,139 | | \$219,139 |
| | <ul style="list-style-type: none"> Provides funding of \$200,540 to address college affordability by not increasing tuition rates for the 2011-13 biennium | | \$200,540 | | \$200,540 |
| | <ul style="list-style-type: none"> Provides funding for student mental health services | | \$120,570 | | \$120,570 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$43,167 | | \$43,167 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$43,662 to \$155,367 | | \$111,705 | | \$111,705 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and the wind tower project | | (\$2,703,727) | (\$2,609,920) | (\$5,313,647) |
| 229 | Williston State College | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$610,992 for costs to continue fiscal year 2011 salary increases (\$134,630), for 3 percent per year salary increases (\$256,994), for health insurance premium increases (\$68,572), for utility inflation (\$54,336), and for utilities for new facilities becoming operational in the 2011-13 biennium (\$96,460) | | \$610,992 | | \$610,992 |
| | <ul style="list-style-type: none"> Provides equity funding of \$166,667 | | \$166,667 | | \$166,667 |
| | <ul style="list-style-type: none"> Provides funding of \$214,161 to address college affordability by not increasing tuition rates for the 2011-13 biennium | | \$214,161 | | \$214,161 |
| | <ul style="list-style-type: none"> Provides funding for student mental health services | | \$120,570 | | \$120,570 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$31,494 | | \$31,494 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$86,475 to \$197,801 | | \$111,326 | | \$111,326 |
| | <ul style="list-style-type: none"> Provides one-time funding from the permanent oil tax trust fund for additional funding for the science laboratory renovation (\$1,320,000) and campus branding (\$1,500,000) | | | \$2,820,000 | \$2,820,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance, the science laboratory project, and the career and technical education center project | | (\$1,992,002) | (\$15,375,000) | (\$17,367,002) |
| 230 | University of North Dakota (UND) | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$9,303,122 for costs to continue fiscal year 2011 salary increases (\$2,387,136), for 3 percent per year salary increases (\$4,556,804), for health insurance premium increases (\$1,037,014), utility inflation (\$1,235,915), and for utilities for new facilities becoming operational during the 2011-13 biennium (\$86,253) | | \$9,303,122 | | \$9,303,122 |
| | <ul style="list-style-type: none"> Provides equity funding of \$2,459,984 | | \$2,459,984 | | \$2,459,984 |
| | <ul style="list-style-type: none"> Provides funding of \$1,676,738 to address college affordability by limiting tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$1,676,738 | | \$1,676,738 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$672,393 | | \$672,393 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$2,300,545 to \$4,411,566 | | \$2,111,021 | | \$2,111,021 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$11,481,013 for a joint University System and UND information technology facility (\$11,200,000) and to pay off outstanding special assessments (\$281,013) | | \$11,481,013 | | \$11,481,013 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Provide one-time funding of \$21,700,000 from special funds for locally funded capital projects | | | \$21,700,000 | \$21,700,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and capital projects, including the Education Building project | | (\$7,178,674) | (\$61,619,000) | (\$68,797,674) |
| 232 | UND School of Medicine and Health Sciences | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$2,072,442 for costs to continue fiscal year 2011 salary increases (\$650,253), for 3 percent per year salary increases (\$1,241,267), and for health insurance premium increases (\$180,922) | | \$2,072,442 | | \$2,072,442 |
| | <ul style="list-style-type: none"> Provides equity funding of \$591,552 | | \$591,552 | | \$591,552 |
| | <ul style="list-style-type: none"> Provides funding of \$571,224 to address college affordability by limiting tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$571,224 | | \$571,224 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$160,758 | | \$160,758 |
| | <ul style="list-style-type: none"> Adds funding for a master's in public health program | | \$1,215,219 | | \$1,215,219 |
| | <ul style="list-style-type: none"> Adds funding for geriatrics training | | \$1,151,810 | | \$1,151,810 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to an electronic medical records system | | (\$225,000) | | (\$225,000) |
| 235 | North Dakota State University (NDSU) | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$9,067,447 for costs to continue fiscal year 2011 salary increases (\$2,288,204), for 3 percent per year salary increases (\$4,385,006), for health insurance premium increases (\$906,679), for utility inflation (\$1,064,975), and for utilities for new facilities becoming operational during the 2011-13 biennium (\$422,583) | | \$9,067,447 | | \$9,067,447 |
| | <ul style="list-style-type: none"> Provides equity funding of \$4,698,999 | | \$4,698,999 | | \$4,698,999 |
| | <ul style="list-style-type: none"> Provides funding of \$1,858,284 to address college affordability by limiting tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$1,858,284 | | \$1,858,284 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$794,560 | | \$794,560 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$1,692,226 to \$2,732,244 | | \$1,040,018 | | \$1,040,018 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$2,319,700 to pay off outstanding special assessments | | \$2,319,700 | | \$2,319,700 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$36,100,000 from special funds for locally funded capital projects | | | \$36,100,000 | \$36,100,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and capital projects, including Phase 3 of the Minard Hall project | | (\$18,355,817) | (\$58,100,000) | (\$76,455,817) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|----------------|
| 238 | State College of Science | | | | |
| | • Provides parity funding of \$1,681,812 for costs to continue fiscal year 2011 salary increases (\$457,315), for 3 percent per year salary increases (\$872,969), for health insurance premium increases (\$238,572), for utility inflation (\$25,957), and for utilities for new facilities becoming operational in the 2011-13 biennium (\$86,999) | | \$1,681,812 | | \$1,681,812 |
| | • Provides equity funding of \$166,667 | | \$166,667 | | \$166,667 |
| | • Provides funding of \$604,037 to address college affordability by not increasing tuition rates for the 2011-13 biennium | | \$604,037 | | \$604,037 |
| | • Provides funding for retirement contribution increases | | \$130,300 | | \$130,300 |
| | • Increases ongoing funding for extraordinary repairs from \$753,332 to \$1,012,379 | | \$259,047 | | \$259,047 |
| | • Provides one-time funding of \$8,305,851 for a renovation of Old Main (\$8,180,000) and pay off outstanding special assessments (\$125,851) | | \$8,305,851 | | \$8,305,851 |
| | • Provides one-time funding of \$10.5 million from special funds for renovation of Forkner Hall (\$5 million), renovation of Schulz Hall (\$4 million), and the Frank Vertin football complex project (\$1.5 million) | | | \$10,500,000 | \$10,500,000 |
| | • Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and capital projects, including the Horton Hall renovation project | | (\$6,734,143) | (\$7,136,000) | (\$13,870,143) |
| 239 | Dickinson State University | | | | |
| | • Provides parity funding of \$1,358,928 for costs to continue fiscal year 2011 salary increases (\$390,772), for 3 percent per year salary increases (\$745,946), for health insurance premium increases (\$204,744), and for utility inflation (\$17,466) | | \$1,358,928 | | \$1,358,928 |
| | • Provides equity funding of \$472,867 | | \$472,867 | | \$472,867 |
| | • Provides funding of \$48,128 to address college affordability by limiting tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$48,128 | | \$48,128 |
| | • Provides funding for retirement contribution increases | | \$112,299 | | \$112,299 |
| | • Increases ongoing funding for extraordinary repairs from \$383,690 to \$409,078 | | \$25,388 | | \$25,388 |
| | • Provides one-time funding for the Stoxen Library capital project | | \$8,800,000 | | \$8,800,000 |
| | • Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance, the development of a campus master plan, and funding provided from the permanent oil tax trust fund for operating costs | | (\$3,137,284) | (\$350,000) | (\$3,487,284) |
| 240 | Mayville State University | | | | |
| | • Provides parity funding of \$599,972 for costs to continue fiscal year 2011 salary increases (\$159,763), for 3 percent per year salary increases (\$304,973), for health insurance premium increases (\$90,402), and for utility inflation (\$44,834) | | \$599,972 | | \$599,972 |
| | • Provides equity funding of \$166,677 | | \$166,677 | | \$166,677 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Provides funding of \$41,839 to limit tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$41,839 | | \$41,839 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$43,824 | | \$43,824 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$208,991 to \$358,992 | | \$150,001 | | \$150,001 |
| | <ul style="list-style-type: none"> Provides one-time funding to pay off outstanding special assessments | | \$392,493 | | \$392,493 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and capital projects, including the science and library building renovation | | (\$6,868,448) | (\$3,668,500) | (\$10,536,948) |
| 241 | Minot State University | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$2,178,892 for costs to continue fiscal year 2011 salary increases (\$566,279), for 3 percent per year salary increases (\$1,080,970), for health insurance premium increases (\$282,792), and for utility inflation (\$248,851) | | \$2,178,892 | | \$2,178,892 |
| | <ul style="list-style-type: none"> Provides equity funding of \$180,142 | | \$180,142 | | \$180,142 |
| | <ul style="list-style-type: none"> Provides funding of \$439,621 to address college affordability by limiting tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$439,621 | | \$439,621 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$157,342 | | \$157,342 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$596,870 to \$899,620 | | \$302,750 | | \$302,750 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$5,050,000 from special funds for locally funded capital projects | | | \$5,050,000 | \$5,050,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and capital projects, including the Swain Hall renovation project | | (\$4,345,111) | (\$27,250,000) | (\$31,595,111) |
| 242 | Valley City State University | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$973,284 for costs to continue fiscal year 2011 salary increases (\$249,622), for 3 percent per year salary increases (\$476,503), for health insurance premium increases (\$135,692), for utility inflation (\$84,278), and for utilities for new facilities becoming operational during the 2011-13 biennium (\$27,189) | | \$973,284 | | \$973,284 |
| | <ul style="list-style-type: none"> Provides equity funding of \$166,667 | | \$166,667 | | \$166,667 |
| | <ul style="list-style-type: none"> Provides funding of \$148,884 to address college affordability by limiting tuition increases to 2.5 percent annually for the 2011-13 biennium | | \$148,884 | | \$148,884 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$70,041 | | \$70,041 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$258,416 to \$408,319 | | \$149,903 | | \$149,903 |
| | <ul style="list-style-type: none"> Provides one-time funding of \$8,254,567 for the science building renovation (\$7,971,000) and to pay off outstanding special assessments (\$283,567) | | \$8,254,567 | | \$8,254,567 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Provides one-time funding of \$815,000 from special funds for locally funded capital projects | | | \$815,000 | \$815,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance, the development of a campus master plan, and locally funded capital projects | | (\$2,304,921) | (\$18,500,000) | (\$20,804,921) |
| 243 | Dakota College at Bottineau | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$293,159 for costs to continue fiscal year 2011 salary increases (\$82,546), for 3 percent per year salary increases (\$157,572), and for health insurance premium increases (\$53,041) | | \$293,159 | | \$293,159 |
| | <ul style="list-style-type: none"> Provides equity funding of \$166,667 | | \$166,667 | | \$166,667 |
| | <ul style="list-style-type: none"> Provides funding of \$105,550 to address college affordability by not increasing tuition rates for the 2011-13 biennium | | \$105,550 | | \$105,550 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$23,493 | | \$23,493 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$109,725 to \$115,507 | | \$5,782 | | \$5,782 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance, the boiler replacement project, and greenhouse repairs | | (\$1,177,021) | (\$2,000,000) | (\$3,177,021) |
| 244 | Forest Service | | | | |
| | <ul style="list-style-type: none"> Provides parity funding of \$254,524 for costs to continue fiscal year 2011 salary increases (\$74,422), for 3 percent per year salary increases (\$142,063), and for health insurance premium increases (\$38,039) | | \$254,524 | | \$254,524 |
| | <ul style="list-style-type: none"> Provides additional funding for program enhancements | | \$175,510 | | \$175,510 |
| | <ul style="list-style-type: none"> Provides funding for retirement contribution increases | | \$17,341 | | \$17,341 |
| | <ul style="list-style-type: none"> Increases ongoing funding for extraordinary repairs from \$36,638 to \$41,543 | | \$4,905 | | \$4,905 |
| | <ul style="list-style-type: none"> Provides one-time funding for grants to communities to address issues with the emerald ash borer | | \$250,000 | | \$250,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to deferred maintenance and the Towner State Nursery greenhouse project | | (\$345,576) | | (\$345,576) |
| 250 | State Library | | | | |
| | <ul style="list-style-type: none"> Increases funding for information technology costs | | \$8,967 | | \$8,967 |
| | <ul style="list-style-type: none"> Transfers funding from the Information Technology Department to the State Library to continue to provide Internet connectivity to 32 public libraries | | \$128,240 | | \$128,240 |
| | <ul style="list-style-type: none"> Increases funding to continue the Internet connectivity to libraries and to provide filtering services to 15 public libraries | | \$75,946 | | \$75,946 |
| | <ul style="list-style-type: none"> Increases state aid to public libraries from \$1.3 million to \$1.5 million | | \$200,000 | | \$200,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| 252 | School for the Deaf | | | | |
| | • Removes one-time funding provided for a facility master plan in the 2009-11 biennium | | (\$41,000) | | (\$41,000) |
| | • Removes one-time funding provided for a virtual school business plan in the 2009-11 biennium | | (\$25,000) | | (\$25,000) |
| | • Removes extraordinary repairs funding provided for the demolition of the infirmary in the 2009-11 biennium | | (\$41,000) | | (\$41,000) |
| | • Removes equipment funding provided for a backup generator in the 2009-11 biennium | | | (\$127,640) | (\$127,640) |
| | • Removes equipment funding provided for a tractor in the 2009-11 biennium | | | (\$60,500) | (\$60,500) |
| | • Removes funding provided for deferred maintenance in the 2009-11 biennium | | (\$98,605) | | (\$98,605) |
| | • Removes one-time funding provided for the Trades Building remodel in the 2009-11 biennium | | (\$835,000) | (\$835,000) | (\$1,670,000) |
| | • Provides one-time funding for extraordinary repairs identified in the facility master plan, including a recommended continuation and transfer of the 2009-11 biennium general fund appropriation of \$835,000 for remodel of the Trades Building that will not be spent in the 2009-11 biennium to the School for the Deaf fund for use during the 2011-13 biennium for extraordinary repairs | | \$103,800 | \$835,000 | \$938,800 |
| | • Reallocates operating expenses funding | | (\$57,801) | \$8,000 | (\$49,801) |
| | • Reduces funding for superintendent position currently shared with North Dakota Vision Services - School for the Blind | | (\$86,030) | | (\$86,030) |
| 253 | North Dakota Vision Services - School for the Blind | | | | |
| | • Removes one-time funding provided for equipment in the 2009-11 biennium | | (\$39,200) | | (\$39,200) |
| | • Removes one-time funding provided for window replacement in the 2009-11 biennium | | (\$31,000) | | (\$31,000) |
| | • Removes funding provided for deferred maintenance in the 2009-11 biennium | | (\$1,453) | (\$32,047) | (\$33,500) |
| | • Provides funding for extraordinary repairs | | \$7,453 | \$32,047 | \$39,500 |
| | • Provides contingent one-time funding for salary and operating expenses (\$150,000) and remodeling and improvement costs (\$150,000) necessary to accommodate a new tenant in the school building if the current tenant discontinues the lease | | \$300,000 | | \$300,000 |
| | • Provides one-time funding for instructional equipment | | \$24,500 | | \$24,500 |
| | • Provides one-time funding for a facility master plan | | \$20,000 | | \$20,000 |
| | • Provides one-time funding for a Braille embosser | | \$8,500 | | \$8,500 |
| | • Increases funding for operating expenses | | \$40,000 | | \$40,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|----------------------------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Removes .5 FTE and related funding for the superintendent position currently shared with the School for the Deaf | (.50) | (\$135,082) | | (\$135,082) |
| | <ul style="list-style-type: none"> Provides funding for a .5 FTE Braille music instructor position | .50 | \$69,499 | | \$69,499 |
| 270 | Department of Career and Technical Education | | | | |
| | <ul style="list-style-type: none"> Provides one-time funding for the Stop the Violence program | | \$10,000 | | \$10,000 |
| | <ul style="list-style-type: none"> Provides funding to maintain the reimbursement percentage paid to support career and technical education programs | | \$400,000 | | \$400,000 |
| | <ul style="list-style-type: none"> Provides funding for expansion of career and technical education course offerings | | \$400,000 | | \$400,000 |
| | <ul style="list-style-type: none"> Provides funding for a new virtual career and technical education center | | \$1,000,000 | | \$1,000,000 |
| | <ul style="list-style-type: none"> Provides funding increases for an information technology contract for the development of an online annual plan and reimbursement claim process for fiscal affairs | | \$118,623 | | \$118,623 |
| | <ul style="list-style-type: none"> Decreases funding for professional services for career advisor training and certification to provide a total of \$190,245 | | (\$92,256) | | (\$92,256) |
| HEALTH AND HUMAN SERVICES | | | | | |
| 301 | State Department of Health | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding from the general fund provided in the 2009-11 biennium relating to domestic violence grants, the immunization program, and a transfer from the general fund to the community health trust fund and one-time funding from the insurance tax distribution fund for emergency medical services grants | | (\$5,754,671) | (\$1,500,000) | (\$7,254,671) |
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funding provided in the 2009-11 biennium | | | (\$18,491,993) | (\$18,491,993) |
| | <ul style="list-style-type: none"> Decreases funding for continuing programs, including reductions in tobacco prevention and control, environmental health, and emergency preparedness and response | | \$209,838 | (\$14,289,715) | (\$14,079,877) |
| | <ul style="list-style-type: none"> Deletes 2 FTE positions to provide for the injury prevention and performance manager positions listed below | (2.00) | | | |
| | <ul style="list-style-type: none"> Adds funding for 1 FTE position (\$125,557) and operating costs (\$9,960) for injury prevention | 1.00 | \$135,517 | | \$135,517 |
| | <ul style="list-style-type: none"> Adds funding for 1 FTE performance improvement manager position | 1.00 | | \$174,103 | \$174,103 |
| | <ul style="list-style-type: none"> Provides federal funding for temporary salaries, operating costs, and grants for a home visiting program and increases funding to provide for contracting | | | \$1,396,004 | \$1,396,004 |
| | <ul style="list-style-type: none"> Provides federal funding for an oral health workforce life program | | | \$551,660 | \$551,660 |
| | <ul style="list-style-type: none"> Provides federal funding for an increase in epidemiology laboratory capacity | | | \$612,493 | \$612,493 |
| | <ul style="list-style-type: none"> Provides one-time funding for a regional health network incentive | | \$275,000 | | \$275,000 |
| | <ul style="list-style-type: none"> Provides funding for suicide prevention and early intervention | | \$741,493 | | \$741,493 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|-------------|
| | <ul style="list-style-type: none"> Provides funding from the general fund to replace reduced federal funding available through the Department of Transportation for services provided to ambulances and for the statewide trauma program | | \$523,900 | | \$523,900 |
| | <ul style="list-style-type: none"> Provides funding for the domestic violence/rape crisis program | | \$1,000,000 | | \$1,000,000 |
| | <ul style="list-style-type: none"> Changes the funding source for the state stroke registry from the community health trust fund to the general fund | | \$250,700 | (\$250,076) | \$624 |
| | <ul style="list-style-type: none"> Provides funding for Women's Way coordination | | | \$500,000 | \$500,000 |
| | <ul style="list-style-type: none"> Decreases funding for Women's Way to assist with the cost of cancer screenings by \$3,832, from \$404,332, of which \$100,000 is from the general fund and \$304,332 is from the community health trust fund during the 2009-11 biennium, to \$400,500 from the general fund for the 2011-13 biennium | | \$300,500 | (\$304,332) | (\$3,832) |
| | <ul style="list-style-type: none"> Decreases funding for the dental loan repayment program by \$43,448, from \$483,448 from the community health trust fund to \$440,000, of which \$180,000 is from the general fund and \$260,000 is from the community health trust fund | | \$180,000 | (\$223,448) | (\$43,448) |
| | <ul style="list-style-type: none"> Increases funding for new dental practice grants by \$20,000, from \$10,000 from the community health trust fund to \$30,000, of which \$20,000 is from the general fund and \$10,000 is from the community health trust fund | | \$20,000 | | \$20,000 |
| | <ul style="list-style-type: none"> Increases funding for the medical personnel loan repayment program by \$72,500, from \$347,500, of which \$75,000 is from the general fund, to \$420,000, of which \$345,000 is from the general fund | | \$270,000 | (\$197,500) | \$72,500 |
| | <ul style="list-style-type: none"> Increases funding for the veterinary loan repayment program by \$95,000, from \$350,000 from the community health trust fund to \$445,000, of which \$135,000 is from the general fund and \$310,000 is from the community health trust fund | | \$135,000 | (\$40,000) | \$95,000 |
| | <ul style="list-style-type: none"> Changes the funding source for emergency medical services training from the community health trust fund to the general fund | | \$300,000 | (\$300,000) | \$0 |
| | <ul style="list-style-type: none"> Provides funding for salary equity for air quality and environmental engineers | | \$70,000 | | \$70,000 |
| | <ul style="list-style-type: none"> Adds federal fiscal stimulus funding for the 2011-13 biennium for the immunization, Healthy Communities, arsenic trioxide, and the Clean Water and Safe Drinking Water Acts programs | | | \$3,492,228 | \$3,492,228 |
| | <ul style="list-style-type: none"> Increases funding for colorectal screening grants by \$139,367, from \$338,233 from the community health trust fund to \$477,600 from the general fund | | \$477,600 | (\$338,233) | \$139,367 |
| | <ul style="list-style-type: none"> Provides funding to screen for prenatal alcohol exposure | | \$388,458 | | \$388,458 |
| 305 | Tobacco Prevention and Control Advisory Committee | | | | |
| | <ul style="list-style-type: none"> No major program changes for this agency | | | | |
| 313 | Veterans' Home | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided for flood expenditures in the 2009-11 biennium | | | (\$862,574) | (\$862,574) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | • Removes one-time funding provided for the new Veterans' Home facility | | (\$8,294,991) | (\$19,536,388) | (\$27,831,379) |
| | • Removes one-time funding provided for an electronic health records system in the 2009-11 biennium | | (\$98,400) | | (\$98,400) |
| | • Removes one-time funding provided for the installation of a geothermal heating system in the new facility | | (\$3,039,414) | | (\$3,039,414) |
| | • Removes one-time funding for a construction project manager | | (\$90,088) | | (\$90,088) |
| | • Removes federal fiscal stimulus funding provided in the 2009-11 biennium for the installation of a geothermal heating system in the new facility, an electronic health records system, and equipment | | | (\$3,158,005) | (\$3,158,005) |
| | • Removes funding provided for capital assets in the 2009-11 biennium | | (\$140,955) | (\$20,551) | (\$161,506) |
| | • Increases funding for utilities | | (\$149,764) | \$402,124 | \$252,360 |
| | • Increases funding for operating expenses due to the increase in the number of residents in the new facility | | \$1,220 | \$1,116,848 | \$1,118,068 |
| | • Provides funding for bond and interest payments | | | \$403,000 | \$403,000 |
| | • Provides one-time funding from the Veterans' Home operating fund for a computer server | | | \$13,600 | \$13,600 |
| | • Provides one-time funding from the Veterans' Home operating fund for equipment | | | \$43,400 | \$43,400 |
| | • Provides one-time funding from the Veterans' Home operating fund for siding and shingles for the three-stall garage | | | \$7,000 | \$7,000 |
| | • Provides one-time funding from the Veterans' Home operating fund for streetlighting | | | \$55,000 | \$55,000 |
| | • Provides one-time funding from the Veterans' Home operating fund for a heated storage area | | | \$6,000 | \$6,000 |
| | • Provides one-time funding from the Veterans' Home operating fund for an irrigation system at the new site | | | \$187,000 | \$187,000 |
| | • Provides one-time funding to repair the existing irrigation system | | \$55,000 | | \$55,000 |
| | • Provides one-time funding for landscaping the new facility | | \$25,000 | | \$25,000 |
| | • Provides one-time funding to reshape and grade oxbow | | \$46,500 | \$30,000 | \$76,500 |
| | • Provides funding for lawnmowers | | | \$26,000 | \$26,000 |
| | • Provides funding for road repair and to pave a delivery road | | | \$65,000 | \$65,000 |
| | • Provides a housing allowance for administrator | | | \$20,000 | \$20,000 |
| 316 | Indian Affairs Commission | | | | |
| | • Removes one-time federal fiscal stimulus funding provided in the 2009-11 biennium relating to tribal language preservation | | | (\$18,000) | (\$18,000) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Provides funding for the Youth Leadership Academy | | \$20,000 | | \$20,000 |
| | <ul style="list-style-type: none"> Provides funding for suicide prevention and education | | \$100,000 | | \$100,000 |
| 321 | Department of Veterans' Affairs | | | | |
| | <ul style="list-style-type: none"> Removes funding provided in the 2009-11 biennium for accreditation training for all county veterans' service officers | | (\$20,000) | | (\$20,000) |
| | <ul style="list-style-type: none"> Provides funding for training of county veterans' service officers on emerging issues | | \$30,000 | | \$30,000 |
| | <ul style="list-style-type: none"> Provides one-time funding for temporary salaries to continue converting veterans' records to an electronic format | | \$22,000 | | \$22,000 |
| | <ul style="list-style-type: none"> Provides one-time funding to purchase software to customize and update the agency's website | | \$15,593 | | \$15,593 |
| 325 | Department of Human Services | | | | |
| | <ul style="list-style-type: none"> Adds general fund support as a result of a reduction in the state's federal medical assistance percentage (FMAP) | | \$104,887,387 | (\$104,904,779) | (\$17,392) |
| | <ul style="list-style-type: none"> Changes the funding source for medical services and long-term care services from Bank of North Dakota loan proceeds in the 2009-11 biennium to the general fund | | \$8,500,000 | (\$8,500,000) | \$0 |
| | <ul style="list-style-type: none"> Changes the funding source for breast and cervical cancer assistance from the community health trust fund in the 2009-11 biennium to the general fund | | \$790,015 | (\$790,015) | \$0 |
| | <ul style="list-style-type: none"> Changes the funding source for nursing facility payments from the health care trust fund in the 2009-11 biennium to the general fund | | \$4,124,506 | (\$4,124,506) | \$0 |
| | <ul style="list-style-type: none"> Replaces federal fiscal stimulus funding relating to FMAP and child support enforcement appropriated for the 2009-11 biennium with funding from the general fund and removes other federal fiscal stimulus funding provided in the 2009-11 biennium | | \$69,307,001 | (\$99,095,205) | (\$29,788,204) |
| | <ul style="list-style-type: none"> Reduces funding for anticipated salary savings resulting from vacant positions and employee turnover | | (\$2,935,680) | | (\$2,935,680) |
| | <ul style="list-style-type: none"> Adds funding for cost, caseload, and utilization changes for major grant programs, including Medicaid, long-term care, developmental disabilities, basic care, foster care, child care, subsidized adoption, food stamps, temporary assistance for needy families, etc. | | \$61,696,038 | \$218,814,932 | \$280,510,970 |
| | <ul style="list-style-type: none"> Adds funding for providing 3 percent inflationary increases to human services providers for each year of the 2011-13 biennium | | \$25,516,808 | \$28,757,382 | \$54,274,190 |
| | <ul style="list-style-type: none"> Adds funding for increasing psychiatric inpatient hospitalization contracts rates at the human service centers | | \$3,431,017 | | \$3,431,017 |
| | <ul style="list-style-type: none"> Adds funding for contracting for beds in a crisis stabilization unit for the seriously mental ill (North Central Human Service Center) | | \$1,444,661 | | \$1,444,661 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> Adds funding for contracting for chemical dependency residential services (Southeast Human Service Center) | | \$939,159 | | \$939,159 |
| | <ul style="list-style-type: none"> Adds funding for expanding residential adult crisis bed capacity from 10 beds to 14 beds (West Central Human Service Center) | | \$309,128 | | \$309,128 |
| | <ul style="list-style-type: none"> Adds funding for leasing a new office facility for nonvocational rehabilitation operations (Badlands Human Service Center) | | \$174,111 | \$16,104 | \$190,215 |
| | <ul style="list-style-type: none"> Adds funding and 7 FTE positions to perform functions necessary to comply with the provisions of federal health care reform | 7.00 | \$214,123 | \$290,155 | \$504,278 |
| | <ul style="list-style-type: none"> Adds funding for a grant to the Silver Haired Legislative Assembly | | \$10,000 | | \$10,000 |
| | <ul style="list-style-type: none"> Reduces funding for Medicare premiums paid through the Medicaid program due to a revised premium rate from the federal government | | (\$3,049,336) | (\$4,312,317) | (\$7,361,653) |
| | <ul style="list-style-type: none"> Increases funding for senior service providers to assist with the costs of providing meals to the elderly | | \$300,000 | | \$300,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for capital projects at the State Hospital | | \$1,800,000 | | \$1,800,000 |
| | <ul style="list-style-type: none"> Provides one-time federal funding for completion of vocational rehabilitation training and information technology contracts funded with federal fiscal stimulus funds in the 2011-13 biennium | | | \$519,175 | \$519,175 |
| | <ul style="list-style-type: none"> Removes funding from the general fund for medical services and long-term care program expenditures and allows the department to continue general fund appropriations for the 2009-11 biennium and utilize unexpended funds in the 2011-13 biennium | | (\$12,800,000) | | (\$12,800,000) |
| | <ul style="list-style-type: none"> Removes one-time funding provided for the 2009-11 biennium relating to extraordinary repairs, equipment over \$5,000, supplemental Medicaid payments, and a developmental disabilities rate study | | (\$4,296,298) | | (\$4,296,298) |
| | <ul style="list-style-type: none"> Deletes 39.53 FTE positions not requested by the department for the Developmental Center | (39.53) | (\$1,448,609) | | (\$1,448,609) |
| | <ul style="list-style-type: none"> Adds 12 FTE positions as requested by the department in its hold-even budget request, including 4 FTE positions in information technology services, 1 FTE position in medical services, 6 FTE positions in mental health and substance abuse, and 1 FTE position at the North Central Human Service Center | 12.00 | \$499,108 | \$1,355,682 | \$1,854,790 |
| 360 | Protection and Advocacy Project | | | | |
| | <ul style="list-style-type: none"> Increases funding for operating expenses | | \$97,203 | \$38,686 | \$135,889 |
| 380 | Job Service North Dakota | | | | |
| | <ul style="list-style-type: none"> Increases funding for Workforce 20/20 from \$1,512,491 to \$1,531,160 | | \$18,669 | | \$18,669 |
| | <ul style="list-style-type: none"> Provides funding to continue job spidering (an online employment search tool) (This item was funded with federal fiscal stimulus funds in the 2009-11 biennium.) | | \$300,000 | | \$300,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|-------------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> Deletes 22.29 FTE positions not requested by the agency | (22.29) | | (\$2,740,149) | (\$2,740,149) |
| | <ul style="list-style-type: none"> Provides federal funding for the agency's portion of the statewide longitudinal data system | | | \$1,036,000 | \$1,036,000 |
| | <ul style="list-style-type: none"> Increases funding from Reed Act distributions for the unemployment insurance computer modernization efforts | | | \$6,884,414 | \$6,884,414 |
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funds appropriated for the 2009-11 biennium for Workforce Investment Act programs (\$5,068,883), state unemployment insurance and employment services (\$2,984,613), and administration relating to unemployment compensation benefit increases (\$1,039,443) | | | (\$9,180,026) | (\$9,180,026) |
| | <ul style="list-style-type: none"> Provides for the carryover of federal fiscal stimulus funds not expended in the 2009-11 biennium relating to state unemployment insurance and employment services and administration relating to unemployment compensation benefit increases | | | \$1,500,000 | \$1,500,000 |
| REGULATORY | | | | | |
| 401 | Insurance Commissioner, including insurance tax payments to fire departments | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to information technology equipment and software | | | (\$195,000) | (\$195,000) |
| | <ul style="list-style-type: none"> Provides funding for health care reform, including 5 FTE positions--insurance company examiner (\$149,869), research analyst (\$144,938), insurance company financial analyst (\$145,012), insurance form rate analyst (\$62,287), and state health insurance counselor (\$133,845). Funding includes \$2 million of federal funds relating to health insurance premium rate review. | 5.00 | | \$2,469,871 | \$2,469,871 |
| 405 | Industrial Commission | | | | |
| | <ul style="list-style-type: none"> Adds funding for increased operating expenses | | \$335,826 | | \$335,826 |
| | <ul style="list-style-type: none"> Adds one-time funding for a sand deposit study | | \$50,000 | | \$50,000 |
| | <ul style="list-style-type: none"> Adds one-time funding to continue the shallow gas study | | \$25,000 | | \$25,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for an analysis of oil-bearing rocks | | \$40,000 | | \$40,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for paleontology preparation work to transfer fossil specimens to a new laboratory in the expanded Heritage Center | | \$62,400 | | \$62,400 |
| | <ul style="list-style-type: none"> Adds one-time funding for a transfer from the general fund to the renewable energy development fund to continue renewable energy research, development, and education programs | | \$3,000,000 | | \$3,000,000 |
| | <ul style="list-style-type: none"> Adds funding for increased operating expenses due to anticipated inflationary increases | | \$158,317 | | \$158,317 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> Changes the funding source for 2 contingent FTE positions for the Department of Mineral Resources previously funded from the lands and minerals trust fund in the 2009-11 biennium, including \$249,819 for salaries and wages and \$69,400 for related operating expenses | 2.00 | \$319,219 | (\$319,219) | \$0 |
| | <ul style="list-style-type: none"> Adds funding for salary equity increases for geologists and engineers | | \$255,819 | | \$255,819 |
| | <ul style="list-style-type: none"> Adds 1 FTE petroleum engineer position (\$138,356) and related operating expenses (\$61,500) | 1.00 | \$199,865 | | \$199,865 |
| | <ul style="list-style-type: none"> Adds 6 FTE engineering technician field inspector positions (\$564,336) and related operating expenses (\$276,750) | 6.00 | \$841,086 | | \$841,086 |
| | <ul style="list-style-type: none"> Adds 1 FTE engineering technician measurement specialist position (\$124,871) and related operating expenses (\$61,500) | 1.00 | \$186,371 | | \$186,371 |
| | <ul style="list-style-type: none"> Adds 1 FTE production analyst position (\$116,341) and related operating expenses (\$8,500) | 1.00 | \$124,841 | | \$124,841 |
| | <ul style="list-style-type: none"> Adds 1 FTE subsurface geologist position (\$159,814) and related operating expenses (\$61,500) | 1.00 | \$221,314 | | \$221,314 |
| | <ul style="list-style-type: none"> Decreases funding for bond payments to reflect bonds which have matured | | | (\$2,102,739) | (\$2,102,739) |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for the renewable energy program, recruitment and retention bonuses, the state facility lignite feasibility demonstration project, and shallow gas and fracture sand studies | | (\$3,678,152) | | (\$3,678,152) |
| 406 | Labor Commissioner | | | | |
| | <ul style="list-style-type: none"> Provides a funding increase for price or inflationary adjustments in operating expenses | | \$2,138 | \$11,826 | \$13,964 |
| 408 | Public Service Commission | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for federal fiscal stimulus funding relating to the regulation and oversight of energy transmission and generation infrastructure | | | (\$322,746) | (\$322,746) |
| | <ul style="list-style-type: none"> Adds one-time federal funding for continuation of federal fiscal stimulus funding relating to the regulation and oversight of energy transmission and generation infrastructure | | | \$658,217 | \$658,217 |
| | <ul style="list-style-type: none"> Increases funding for abandoned mine lands reclamation | | | \$1,500,000 | \$1,500,000 |
| 412 | Aeronautics Commission | | | | |
| | <ul style="list-style-type: none"> Decreases funding for the general aviation grant program by \$100,000, from \$2,530,000 to \$2,430,000 | | | (\$100,000) | (\$100,000) |
| | <ul style="list-style-type: none"> Decreases funding for the air carrier airport grant program by \$100,000, from \$3,300,000 to \$3,200,000 | | | (\$100,000) | (\$100,000) |
| | <ul style="list-style-type: none"> Decreases funding for ADS-B navigational systems grants by \$300,000, from \$900,000 to \$600,000 | | | (\$300,000) | (\$300,000) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> Decreases funding for automated weather observing systems grants by \$350,000, from \$1,350,000 to \$1,000,000 | | | (\$350,000) | (\$350,000) |
| | <ul style="list-style-type: none"> Increases funding for aviation education grants by \$100,000, from \$100,000 to \$200,000 | | | \$100,000 | \$100,000 |
| | <ul style="list-style-type: none"> Provides funding for extraordinary repairs (runway rejuvenation) at the International Peace Garden airport | | | \$100,000 | \$100,000 |
| | <ul style="list-style-type: none"> Provides funding for construction of a terminal and wildlife fencing at the International Peace Garden airport | | | \$230,000 | \$230,000 |
| 413 | Department of Financial Institutions | | | | |
| | <ul style="list-style-type: none"> Adds funding for various operating expense increases | | | \$47,680 | \$47,680 |
| | <ul style="list-style-type: none"> Adds funding for computer replacement | | | \$52,816 | \$52,816 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for the development of a software interface with the National Mortgage Licensing System | | | (\$117,351) | (\$117,351) |
| 414 | Securities Commissioner | | | | |
| | <ul style="list-style-type: none"> No major program changes for this agency | | | | |
| 471 | Bank of North Dakota | | | | |
| | <ul style="list-style-type: none"> Changes funding source from the beginning farmer revolving loan program to the general fund and increases funding to enhance the beginning farmer revolving loan program for a total of \$1.4 million for the 2011-13 biennium | | \$1,400,000 | (\$950,000) | \$450,000 |
| | <ul style="list-style-type: none"> Increases funding from federal funds (\$2,424,257) and decreases funding from the Bank of North Dakota operating fund (\$602,900) for bank operations | | | \$1,821,357 | \$1,821,357 |
| | <ul style="list-style-type: none"> Adds funding for purchase or replacement of information technology equipment | | | \$1,134,000 | \$1,134,000 |
| | <ul style="list-style-type: none"> Decreases ongoing funding for partnership in assisting community expansion (PACE) to provide total funding of \$6 million for the 2011-13 biennium | | (\$2,000,000) | | (\$2,000,000) |
| | <ul style="list-style-type: none"> Decreases ongoing funding for Ag PACE to provide total funding of \$1 million for the 2011-13 biennium | | (\$400,000) | | (\$400,000) |
| | <ul style="list-style-type: none"> Provides ongoing funding for the biofuels PACE program, an increase of \$300,000 from the one-time funding provided in the 2009-11 biennium | | \$1,000,000 | | \$1,000,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for biofuels PACE (\$700,000) and the Ag PACE disaster program (\$1,000,000) | | (\$1,700,000) | | (\$1,700,000) |
| 473 | Housing Finance Agency | | | | |
| | <ul style="list-style-type: none"> Increases funding for program outreach | | | \$113,350 | \$113,350 |
| | <ul style="list-style-type: none"> Decreases federal funds received for housing and urban development grants | | | (\$5,960,440) | (\$5,960,440) |
| | <ul style="list-style-type: none"> Decreases funding for costs associated with warehousing loans prior to sale of bond issues | | | (\$3,288,955) | (\$3,288,955) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|----------------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium | | | (\$30,360,574) | (\$30,360,574) |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for relocation and furnishing expenses | | | (\$250,000) | (\$250,000) |
| 475 | Mill and Elevator Association | | | | |
| | <ul style="list-style-type: none"> Increases funding for operating expenses and contingencies | | | \$2,971,887 | \$2,971,887 |
| | <ul style="list-style-type: none"> Adds 2 FTE car checker positions | 2.00 | | \$231,322 | \$226,806 |
| | <ul style="list-style-type: none"> Adds 1 FTE sales representative position | 1.00 | | \$147,481 | \$144,916 |
| | <ul style="list-style-type: none"> Adds 1 FTE laboratory technician position | 1.00 | | \$114,802 | \$112,552 |
| 485 | Workforce Safety and Insurance | | | | |
| | <ul style="list-style-type: none"> Adjusts funding for operating expenses | | | (\$2,089,620) | (\$2,089,620) |
| | <ul style="list-style-type: none"> Adds funding for backup generator | | | \$466,260 | \$466,260 |
| | <ul style="list-style-type: none"> Adds funding for a pharmacy technician FTE position | | | \$97,451 | \$97,451 |
| PUBLIC SAFETY | | | | | |
| 504 | Highway Patrol | | | | |
| | <ul style="list-style-type: none"> Reduces funding for motor pool costs based on 2011-13 biennium estimated mileage rates for Highway Patrol vehicles | | (\$165,000) | (\$25,000) | (\$190,000) |
| | <ul style="list-style-type: none"> Adds 3 FTE motor carrier officer positions (\$412,688) and related operating expenses (\$321,000) to increase vehicle weight enforcement in areas affected by oil and gas development | 3.00 | \$638,309 | \$95,379 | \$733,688 |
| | <ul style="list-style-type: none"> Adds one-time funding for the construction of an emergency vehicle operations course and an indoor weapons training range | | \$3,558,300 | \$531,700 | \$4,090,000 |
| | <ul style="list-style-type: none"> Adds one-time funding to replace analog radio equipment in Highway Patrol vehicles | | \$1,076,000 | \$161,000 | \$1,237,000 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to weigh station repairs, Capitol security upgrades, and planning for the implementation of a commercial vehicle information exchange window system and network | | (\$280,000) | | (\$280,000) |
| 530 | Department of Corrections and Rehabilitation Juvenile Services | | | | |
| | <ul style="list-style-type: none"> Adds one-time funding for extraordinary repairs | | \$319,500 | | \$319,500 |
| | <ul style="list-style-type: none"> Adds one-time funding for capital projects relating to the utility tunnel roof and roadway improvements | | \$43,328 | | \$43,328 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for equipment and extraordinary repairs | | (\$327,500) | | (\$327,500) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|-----------------------|---|---|--|---|-------------|
| Adult Services | | | | | |
| | • Adds 66 FTE positions (\$2,545,987) and related operating expenses (\$305,071) for the State Penitentiary expansion. Total salaries for the new FTE positions are identified below (the majority of the new FTE positions will be hired in October 2012): | 66.00 | \$2,760,358 | \$90,700 | \$2,851,058 |
| | 41 FTE correctional officers II (\$1,530,899 - general fund) | | | | |
| | 7 FTE health care orderlies (\$215,873 - general fund) | | | | |
| | 5 FTE correctional caseworkers (\$207,385 - general fund) | | | | |
| | 2 FTE correctional unit managers (\$92,371 - general fund) | | | | |
| | 2 FTE industries specialists II (\$90,700 - other funds) | | | | |
| | 1.5 FTE registered nurses II (\$69,638 - general fund) | | | | |
| | 1 FTE dental assistant (\$30,839 - general fund) | | | | |
| | 1 FTE administrative assistant (\$29,798 - general fund) | | | | |
| | 1 FTE correctional supervisor II (\$47,953 - general fund) | | | | |
| | 1 FTE food service director I (\$41,477 - general fund) | | | | |
| | 1 FTE storekeeper (\$86,649 - general fund) | | | | |
| | 1 FTE systems mechanic II (\$42,169 - general fund) | | | | |
| | 1 FTE training officer (\$40,788 - general fund) | | | | |
| | .5 FTE registered pharmacy technician (\$19,448 - general fund) | | | | |
| | • Adds funding for operating expenses for the Penitentiary expansion | | \$413,342 | | \$413,342 |
| | • Adds 1 FTE industries specialist position for commissary operations | 1.00 | | \$110,387 | \$110,387 |
| | • Adds funding for Roughrider Industries operations | | | \$1,484,371 | \$1,484,371 |
| | • Increases funding for contract housing to provide total funding of \$32,083,506 for the 2011-13 biennium, including the following: | | \$3,221,611 | | \$3,221,611 |
| | Treatment for males (\$5,290,785) | | | | |
| | Transition for males (\$6,529,441) | | | | |
| | County jails (\$3,441,540) | | | | |
| | Transition and treatment for females (\$4,381,432) | | | | |
| | Halfway house (\$2,151,551) | | | | |
| | Quarter house (\$302,483) | | | | |
| | Parole hold (\$350,400) | | | | |
| | Electronic monitoring (\$167,535) | | | | |
| | Low risk (\$32,266) | | | | |
| | Faith-based treatment (\$843,150) | | | | |
| | Dakota Women's Correctional and Rehabilitation Center (\$8,592,923) | | | | |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Increases funding for medical services to provide a total of \$8,537,768 | | \$1,288,622 | | \$1,288,622 |
| | <ul style="list-style-type: none"> Adds funding for increases in information technology costs | | \$369,613 | | \$369,613 |
| | <ul style="list-style-type: none"> Adds one-time funding for extraordinary repairs | | \$665,240 | | \$665,240 |
| | <ul style="list-style-type: none"> Adds one-time funding for capital projects relating to replacement of the ventilation systems in the dormitory rooms at James River Correctional Center | | \$574,640 | | \$574,640 |
| | <ul style="list-style-type: none"> Adds one-time funding for equipment at Roughrider Industries | | | \$360,500 | \$360,500 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for extraordinary repairs and equipment | | (\$1,634,019) | (\$360,500) | (\$1,994,519) |
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to crime victims assistance and compensation, temporary housing for sexual offenders, boiler replacement, and energy management system conversion | | | (\$1,039,856) | (\$1,039,856) |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for the prison expansion project | | (\$19,465,804) | (\$44,534,196) | (\$64,000,000) |
| 540 | Adjutant General, including the National Guard and Department of Emergency Services | | | | |
| | <ul style="list-style-type: none"> Removes one-time federal fiscal stimulus funding provided in the 2009-11 biennium relating to military energy-related maintenance and repairs (\$2.5 million), boiler projects at the Minot Armed Forces Reserve Center and the Raymond J. Bohn Armory in Bismarck (\$500,000), new east operations center in Fargo (\$450,000), and security software upgrades (\$311,500) | | | (\$3,750,589) | (\$3,750,589) |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to the Motorola lease (\$1,525,347), veterans' bonus (\$500,000), base map (\$2,100,000), State Radio towers (\$500,000), technology projects (\$1,000,000), and technology equipment and software purchases (\$160,000) | | (\$5,785,347) | | (\$5,785,347) |
| | <ul style="list-style-type: none"> Adds one-time funding for statewide seamless base map | | \$400,000 | \$500,000 | \$900,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for message switch upgrades | | \$235,000 | | \$235,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for central electronics bank dispatch system | | \$1,100,000 | | \$1,100,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for State Radio tower enhancements | | \$2,100,000 | | \$2,100,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for extraordinary repairs | | \$385,381 | | \$385,381 |
| | <ul style="list-style-type: none"> Adds one-time funding for a Military Service Center east (reintegration program) | | \$72,700 | | \$72,700 |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for 2009 flood disaster funding | | (\$12,500,000) | | (\$12,500,000) |
| | <ul style="list-style-type: none"> Removes \$35.2 million of special funds appropriated in the 2009-11 biennium from the state disaster relief fund. This reduces the appropriation to the state disaster relief fund from \$43 million to \$7,843,000. | | | (\$35,157,000) | (\$35,157,000) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|---|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Adds funding for federal construction projects including \$20 million for capital construction projects and \$5 million for extraordinary repairs | | | \$25,000,000 | \$25,000,000 |
| | <ul style="list-style-type: none"> Adds funding for 4 FTE regional emergency management coordinator positions | 4.00 | \$157,684 | \$473,052 | \$630,736 |
| | <ul style="list-style-type: none"> Adds funding for computer-aided dispatch maintenance fees | | \$356,000 | | \$356,000 |
| | <ul style="list-style-type: none"> Adds ongoing funding for a Military Service Center east (reintegration program) | | \$77,300 | | \$77,300 |
| | <ul style="list-style-type: none"> Provides funding for 1 FTE custodian (\$79,583) and funding for costs to continue 4 FTE maintenance staff (\$232,140) added in the second year of the 2009-11 biennium for the Regional Training Institute at Camp Grafton in Devils Lake | 1.00 | \$77,932 | \$233,792 | \$311,723 |
| | <ul style="list-style-type: none"> Adds funding for National Guard facility utilities (\$80,000 - Camp Grafton Readiness Center and \$25,000 - operations center east at Hector Field in Fargo) | | \$105,000 | | \$105,000 |
| | <ul style="list-style-type: none"> Adds funding for state facility maintenance and repair of 41 state-supported National Guard facilities | | \$265,000 | | \$265,000 |
| | <ul style="list-style-type: none"> Adds funding for National Guard facility insurance to insure the Regional Training Institute and the Camp Grafton Readiness Center | | \$16,000 | | \$16,000 |
| | <ul style="list-style-type: none"> Adds funding for 5 FTE 119th Wing firefighter positions at Hector Field in Fargo | 5.00 | | \$517,572 | \$517,572 |
| | <ul style="list-style-type: none"> Adds funding for ongoing State Radio tower expenses | | \$180,000 | | \$180,000 |
| AGRICULTURE AND ECONOMIC DEVELOPMENT | | | | | |
| 601 | Department of Commerce | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium relating to the workforce excellence fund (\$1 million), biofuel blender pumps (\$1 million), promotion and marketing of the USS <i>North Dakota</i> (\$100,000), child care grants and loans (\$1.82 million), centers of excellence (\$19.5 million), the Great Plains Applied Energy Research Center (\$5 million), and the equine processing study (\$50,000) | | (\$28,470,000) | | (\$28,470,000) |
| | <ul style="list-style-type: none"> Removes one-time federal fiscal stimulus funding provided in the 2009-11 biennium relating to the community development block grant program (\$1.3 million), community services block grant (\$4.85 million), state energy program (\$24.6 million), energy efficiency and conservation block grants (\$10 million), weatherization assistance program (\$25.3 million), and emergency shelter grants (\$2.6 million) | | | (\$68,594,635) | (\$68,594,635) |
| | <ul style="list-style-type: none"> Adds one-time funding for statewide marketing effort of the WorkKeys program | | \$125,000 | | \$125,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for child care development grants | | \$150,000 | | \$150,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for centers of excellence | | \$15,000,000 | | \$15,000,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|---------------|
| | <ul style="list-style-type: none"> Provides for the continuation of the 2009-11 biennium \$5 million general fund appropriation provided to the Department of Commerce for a grant to the Great Plains Applied Energy Research Center to the 2011-13 biennium. Any unexpended funds are to be transferred to the centers of excellence fund for centers of entrepreneurship excellence grants. | | | | |
| | <ul style="list-style-type: none"> Adds funding for four Jobs for America's Graduates programs, which received federal funding in the 2009-11 biennium | | \$100,000 | | \$100,000 |
| | <ul style="list-style-type: none"> Removes 2009-11 biennium grant funding for the Lewis and Clark Foundation (\$150,000) and Theodore Roosevelt Medora Foundation (\$500,000) | | (\$2,000,000) | | (\$2,000,000) |
| | <ul style="list-style-type: none"> Adds one-time funding for child care facility grants and loans | | \$920,338 | | \$920,338 |
| | <ul style="list-style-type: none"> Adds one-time funding for the American Indian Business Office | | \$100,000 | | \$100,000 |
| | <ul style="list-style-type: none"> Adds one-time federal funding for carryover of American Recovery and Reinvestment Act of 2009 grant awards that are still available in the 2011-13 biennium. Affected programs include the United States Department of Energy low-income weatherization assistance program (\$9.1 million), state energy program (\$9 million), energy efficiency (\$4.9 million), homeless prevention and rapid rehousing program (\$1.25 million), and community development block grant (\$200,000). | | | \$24,496,750 | \$24,496,750 |
| | <ul style="list-style-type: none"> Removes funding for changes in operating expenses | | \$2,556 | (\$6,137,248) | (\$6,134,692) |
| | <ul style="list-style-type: none"> Adds funding to create a Division of Energy, including an energy director position (\$243,549), program manager position (\$125,216), and operating expenses (\$250,925) | 2.00 | \$619,690 | | \$619,690 |
| 602 | Department of Agriculture | | | | |
| | <ul style="list-style-type: none"> Adds 1 FTE position (\$120,350) and related operating expenses (\$174,538) to support the sustainable agriculture program | 1.00 | \$294,888 | | \$294,888 |
| | <ul style="list-style-type: none"> Removes 1 FTE pesticide registration specialist position and related operating expenses authorized by the 2009 Legislative Assembly for the 2009-11 biennium only | (1.00) | (\$140,000) | | (\$140,000) |
| | <ul style="list-style-type: none"> Adjusts funding for the Ag in the Classroom grant program to reflect actual amounts of grants awarded | | | (\$150,600) | (\$150,600) |
| | <ul style="list-style-type: none"> Adjusts funding for the specialty crop grant program to reflect increased federal funding for the program | | | \$615,554 | \$615,554 |
| | <ul style="list-style-type: none"> Adds funding for research regarding the transportation needs affecting the state's agriculture industry | | \$50,000 | | \$50,000 |
| | <ul style="list-style-type: none"> Adds funding to maintain the reserve corps veterinarian program due to a reduction in federal funding for the program | | \$64,996 | | \$64,996 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|---|---|--|---|---------------|
| | <ul style="list-style-type: none"> Removes funding provided in the 2009-11 biennium for the John's disease program | | (\$275,500) | | (\$275,500) |
| 616 | State Seed Department | | | | |
| | <ul style="list-style-type: none"> Adds inflationary and volume increases to operating expenses | | | \$15,000 | \$15,000 |
| | <ul style="list-style-type: none"> Removes funding provided in the 2009-11 biennium for capital assets relating to capital project (\$200,000), extraordinary repairs (\$98,500), laboratory testing equipment (\$55,000), and the information technology system (\$200,000) | | | (\$553,500) | (\$553,500) |
| | <ul style="list-style-type: none"> Adds funding for capital assets in the 2011-13 biennium relating to extraordinary repairs (\$165,692), generator (\$35,000), laboratory testing equipment (\$35,000), and the information technology system (\$160,000) | | | \$395,692 | \$395,692 |
| 627 | Upper Great Plains Transportation Institute | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for capital assets relating to federal funds for the center for transportation study capital project | | | (\$3,000,000) | (\$3,000,000) |
| 628 | Branch Research Centers | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for capital projects relating to the Dickinson Research Center | | | (\$350,000) | (\$350,000) |
| | <ul style="list-style-type: none"> Removes other one-time funding provided in the 2009-11 biennium from the permanent oil tax trust fund for operating expenses at the Dickinson Research Center | | | (\$925,000) | (\$925,000) |
| | <ul style="list-style-type: none"> Provides one-time funding for capital bond payments | | \$149,600 | | \$149,600 |
| | <ul style="list-style-type: none"> Provides funding for State Board of Agricultural Research and Education priorities, including soil productivity and land management (\$940,000) and infrastructure support (\$100,000) | | \$1,435,000 | | \$1,435,000 |
| | <ul style="list-style-type: none"> Adjusts funding for equipment over \$5,000. Funding from the general fund remains at \$400,000. | | \$0 | \$1,064,064 | \$1,064,064 |
| | <ul style="list-style-type: none"> Adjusts funding due to increased revenue collections at branch research centers | | (\$103,409) | \$1,404,200 | \$1,300,791 |
| | <ul style="list-style-type: none"> Removes funding provided in the 2009-11 biennium for capital bond payments | | (\$149,634) | | (\$149,634) |
| 630 | NDSU Extension Service | | | | |
| | <ul style="list-style-type: none"> Removes funding for State Board of Agricultural Research and Education priorities provided in the 2009-11 biennium | | (\$420,000) | | (\$420,000) |
| | <ul style="list-style-type: none"> Provides funding for State Board of Agricultural Research and Education priorities, including technical salary support (\$450,000), soil health and land management (\$690,000), and livestock stewardship (\$250,000) | | \$1,810,000 | | \$1,810,000 |
| | <ul style="list-style-type: none"> Provides funding for the gearing up for kindergarten program. The program will be offered through the Extension Service's parenting resource centers. | | \$830,000 | | \$830,000 |
| | <ul style="list-style-type: none"> Decreases funding from the general fund for changes in operating expenses and soil conservation funding | | (\$738,047) | (\$14,510) | (\$752,557) |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------------------|---|---|--|---|----------------|
| | <ul style="list-style-type: none"> Removes funding for equipment over \$5,000 | | | (\$650,000) | (\$650,000) |
| 638 | Northern Crops Institute | | | | |
| | <ul style="list-style-type: none"> Removes funding provided in the 2009-11 biennium for equipment over \$5,000 | | (\$16,000) | (\$40,000) | (\$56,000) |
| | <ul style="list-style-type: none"> Provides funding for equipment over \$5,000 | | \$4,111 | \$280,889 | \$285,000 |
| 640 | NDSU Main Research Center | | | | |
| | <ul style="list-style-type: none"> Removes one-time federal fiscal stimulus funding provided in the 2009-11 biennium relating to installation of geothermal heating in the greenhouse construction project | | | (\$700,000) | (\$700,000) |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for deferred maintenance | | (\$450,000) | | (\$450,000) |
| | <ul style="list-style-type: none"> Removes one-time funding provided in the 2009-11 biennium for capital projects relating to the greenhouse construction project (\$11.5 million), beef research facility (\$2.6 million), and renovations at the North Central, Williston, Langdon, and Dickinson Research Centers (\$2.9 million) | | (\$17,000,000) | (\$56,000) | (\$17,056,000) |
| | <ul style="list-style-type: none"> Removes other one-time funding provided in the 2009-11 biennium relating to grape research | | (\$250,000) | | (\$250,000) |
| | <ul style="list-style-type: none"> Adds one-time funding for capital bond payments | | \$421,690 | | \$421,690 |
| | <ul style="list-style-type: none"> Adds one-time funding for major capital projects relating to greenhouse construction project | | \$6,991,650 | \$2,502,931 | \$9,494,581 |
| | <ul style="list-style-type: none"> Provides funding for State Board of Agricultural Research and Education priorities including greenhouse utilities (\$173,622), soil productivity and land management (\$470,000), and operations infrastructure support (\$1,900,000) | | \$2,423,622 | | \$2,423,622 |
| | <ul style="list-style-type: none"> Decreases funding for a reduction in operating expenses | | (\$1,082,341) | | (\$1,082,341) |
| | <ul style="list-style-type: none"> Adjusts funding for equipment over \$5,000. Funding from the general fund remains at \$405,000. | | | \$220,500 | \$220,500 |
| 649 | Agronomy Seed Farm | | | | |
| | <ul style="list-style-type: none"> Adjusts funding for equipment over \$5,000 | | | \$122,000 | \$122,000 |
| 665 | State Fair Association | | | | |
| | <ul style="list-style-type: none"> Removes one-time funding provided for the construction of the new grandstand | | (\$15,000,000) | (\$3,000,000) | (\$18,000,000) |
| | <ul style="list-style-type: none"> Provides funding to increase exhibitor premium payments from \$487,150 to \$520,000 | | \$32,850 | | \$32,850 |
| 670 | Racing Commission | | | | |
| | <ul style="list-style-type: none"> No major program changes for this agency | | | | |
| NATURAL RESOURCES | | | | | |
| 701 | State Historical Society | | | | |
| | <ul style="list-style-type: none"> Adds one-time funding for an information technology business analysis | | \$145,410 | | \$145,410 |
| | <ul style="list-style-type: none"> Adds one-time funding bank stabilization at Fort Abercrombie | | \$350,000 | \$650,000 | \$1,000,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> • Adds one-time funding for extraordinary repairs | | \$125,000 | | \$125,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding temporary security staff during the Heritage Center expansion project | | \$59,800 | | \$59,800 |
| | <ul style="list-style-type: none"> • Adds one-time funding for database migration | | \$30,900 | | \$30,900 |
| | <ul style="list-style-type: none"> • Adds one-time funding to update historic site exhibits | | \$90,000 | | \$90,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding for enhanced marketing | | \$75,000 | | \$75,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding for planning for North Dakota's 125th anniversary in 2014 | | \$50,000 | | \$50,000 |
| | <ul style="list-style-type: none"> • Adds 1 FTE exhibit specialist position for the Heritage Center expansion | 1.00 | \$61,738 | | \$61,738 |
| | <ul style="list-style-type: none"> • Adds funding to increase seasonal temporary employee salaries | | \$174,000 | | \$174,000 |
| | <ul style="list-style-type: none"> • Removes one-time funding included in the 2009-11 biennium for the Heritage Center expansion project, bond payments, extraordinary repairs, and equipment | | (\$42,812,879) | (\$12,833,333) | (\$55,646,212) |
| 709 | Council on the Arts | | | | |
| | <ul style="list-style-type: none"> • Adds one-time funding for the CulturePulse web marketing initiative | | \$15,000 | | \$15,000 |
| | <ul style="list-style-type: none"> • Increases federal funds for the basic state partnership grant from the National Endowment for the Arts | | | \$200,000 | \$200,000 |
| | <ul style="list-style-type: none"> • Increases funding for the Art for Life program for a total of \$65,000 for the 2011-13 biennium | | \$20,000 | | \$20,000 |
| | <ul style="list-style-type: none"> • Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium relating to grants to arts organizations and administrative support | | | (\$289,658) | (\$289,658) |
| | <ul style="list-style-type: none"> • Removes one-time funding provided to the agency for the 2009-11 biennium for the Plains Art Museum | | (\$57,450) | | (\$57,450) |
| 720 | Game and Fish Department | | | | |
| | <ul style="list-style-type: none"> • Increases spending authorization to allow the department to receive funding related to energy development for surface damage and royalty payments and use the funding to improve wildlife management areas | | | \$400,000 | \$400,000 |
| | <ul style="list-style-type: none"> • Increases funding for boating access and development grants from \$1,635,000 to \$2,755,000 | | | \$1,120,000 | \$1,120,000 |
| | <ul style="list-style-type: none"> • Adds funding for district office storage buildings | | | \$200,000 | \$200,000 |
| | <ul style="list-style-type: none"> • Adds one-time funding to allow the department to cost-share with the Parks and Recreation Department to raise the access road to Grahams Island State Park | | | \$400,000 | \$400,000 |
| | <ul style="list-style-type: none"> • Adds funding for video recording equipment for enforcement vehicles | | | \$175,000 | \$175,000 |
| | <ul style="list-style-type: none"> • Provides funding for fishing area improvements | | | \$875,000 | \$875,000 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|--------------|--|---|--|---|----------------|
| | <ul style="list-style-type: none"> Provides \$100,000 of funding for department law enforcement activities on the Missouri River and \$100,000 of funding for grants to local law enforcement agencies for Missouri River law enforcement. The 2009 Legislative Assembly provided \$200,000 for grants to local law enforcement agencies for Missouri River law enforcement activities. | | | \$0 | \$0 |
| 750 | Parks and Recreation Department | | | | |
| | <ul style="list-style-type: none"> Adds one-time funding for capital projects, including raising the Grahams Island access road, road repairs at Lewis and Clark State Park, and expanding the Grahams Island State Park campground | | \$4,299,210 | \$970,000 | \$5,269,210 |
| | <ul style="list-style-type: none"> Adds one-time funding for equipment | | \$58,000 | \$58,000 | \$116,000 |
| | <ul style="list-style-type: none"> Adds one-time funding to update the statewide comprehensive outdoor recreation plan | | \$40,000 | \$40,000 | \$80,000 |
| | <ul style="list-style-type: none"> Adds one-time funding for Little Missouri State Park trail leases | | \$85,000 | | \$85,000 |
| | <ul style="list-style-type: none"> Adds one-time funding from park revenues for a marketing plan | | | \$9,000 | \$9,000 |
| | <ul style="list-style-type: none"> Adds federal funding to convert a long-term temporary employee to a 1 FTE grants administrator position (The amount shown is net of a reduction in temporary salaries of \$96,000.) | 1.00 | | \$15,238 | \$15,238 |
| | <ul style="list-style-type: none"> Adds funding for information technology equipment, software, and network and broadband charges | | \$157,080 | | \$157,080 |
| 770 | State Water Commission | | | | |
| | <ul style="list-style-type: none"> Removes federal fiscal stimulus funding provided in the 2009-11 biennium relating to the Southwest Pipeline Project's water treatment plant | | | (\$12,000,000) | (\$12,000,000) |
| | <ul style="list-style-type: none"> Provides one-time funding for federal fiscal stimulus funds anticipated to be continued from the 2009-11 biennium for the Southwest Pipeline Project's water treatment plant | | | \$7,271,773 | \$7,271,773 |
| | <ul style="list-style-type: none"> Removes funding from the resources trust fund for a Beaver Bay embankment feasibility study | | | (\$342,000) | (\$342,000) |
| | <ul style="list-style-type: none"> Decreases funding for local cost-share grants to provide \$500,000 | | | (\$2,026,445) | (\$2,026,445) |
| | <ul style="list-style-type: none"> Increases funding for capital projects and bond payments to provide a total of \$98,321,805 | | | \$3,220,861 | \$3,220,861 |
| | <ul style="list-style-type: none"> Increases various operating expenses, including utilities, by \$4.5 million and professional services by \$3.9 million | | \$175,283 | \$8,371,539 | \$8,546,822 |
| | <ul style="list-style-type: none"> Adds 1 FTE Water Development Division director position to address the increase in statewide water issues | 1.00 | \$231,899 | | \$231,899 |
| | <ul style="list-style-type: none"> Increases grants due to increase in funds available in the resources trust fund | | | \$127,026,445 | \$127,026,445 |

| Dept. No. | Agency/Item Description | Full-Time Equivalent (FTE) Changes | General Fund Increase (Decrease) | Special Funds Increase (Decrease) | Total |
|-----------------------|---|---|--|---|-----------------|
| TRANSPORTATION | | | | | |
| 801 | Department of Transportation | | | | |
| | • Provides one-time funding from the permanent oil tax trust fund for roadway projects on state highways in areas affected by oil and gas development. | | | \$228,600,000 | \$228,600,000 |
| | • Provides one-time funding from the permanent oil tax trust fund for county and township roadway projects in areas affected by oil and gas development. | | | \$142,000,000 | \$142,000,000 |
| | • Adds 6 FTE transportation technician positions | 6.00 | | \$620,412 | \$620,412 |
| | • Adds 4 FTE driver's license examiner positions | 4.00 | | \$361,172 | \$361,172 |
| | • Adds 2 FTE motor vehicle licensing specialist positions | 2.00 | | \$203,100 | \$203,100 |
| | • Provides one-time funding for asbestos abatement in the Highway Building | | | \$2,465,544 | \$2,465,544 |
| | • Provides one-time funding to convert department radios from analog to digital | | | \$530,886 | \$530,886 |
| | • Provides funding from special funds for salary equity adjustments for the recruitment and retention of heavy equipment operators | | | \$1,100,000 | \$1,100,000 |
| | • Provides additional funding for roadway maintenance safety items due to increased material costs | | | \$15,605,992 | \$15,605,992 |
| | • Increases anticipated federal highway construction funding to be received from \$500,900,000 to \$569,500,000 | | | \$68,600,000 | \$68,600,000 |
| | • Provides funding for an information technology program to improve the department's method of estimating project costs | | | \$532,055 | \$532,055 |
| | • Removes one-time funding from the general fund provided in the 2009-11 biennium for Devils Lake area roadway projects | | (\$4,600,000) | | (\$4,600,000) |
| | • Provides one-time funding from the general fund to match federal funds for roadway projects in the Devils Lake area. | | \$5,850,000 | | \$5,850,000 |
| | • Provides one-time funding to begin planning for the replacement of the department's driver's license computer system | | | \$500,000 | \$500,000 |
| | • Removes federal fiscal stimulus funding provided in the 2009-11 biennium relating to highway infrastructure projects | | | (\$170,978,876) | (\$170,978,876) |
| | • Authorizes spending authority for federal fiscal stimulus funding not spent during the 2009-11 biennium for transportation infrastructure projects (\$5,189,575), grants for rural transit programs (\$4,800,000), and a federal fiscal stimulus grant received to construct the North Central Regional Economic Growth Intermodal Port Connector project in Minot (\$14,130,000) | | | \$24,119,575 | \$24,119,575 |

SECTION E - ELEMENTARY AND SECONDARY EDUCATION

| | |
|--|-----|
| SUMMARY OF KEY RECOMMENDATIONS | E-1 |
| STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION - COMPARISON OF 2011-13 EXECUTIVE BUDGET TO 2009-11 APPROPRIATION AND ESTIMATED EXPENDITURES | E-3 |
| PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS FOR THE 2009-11 AND 2011-13 BIENNIUMS | E-6 |

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2011-13 biennium executive budget recommendation provides funding of \$1.347 billion, of which \$882.4 million is from the general fund, \$21.2 million from federal funds, \$341.8 million from the property tax relief sustainability fund, and \$101.6 million from the state tuition fund, for the state school aid program. The following schedule summarizes state school aid program funding:

| | 2009-11 Legislative Appropriations (Millions) | Increase (Decrease) (Millions) | 2011-13 Executive Budget (Millions) |
|---|--|--------------------------------------|--|
| State school aid | \$808.4 | \$111.1 | \$919.5 |
| Education jobs fund program | | 21.2 | 21.2 |
| Transportation aid payments | 43.5 | 5.0 | 48.5 |
| Contingent supplemental transportation aid payments | 5.0 | (5.0) | |
| Special education - Contracts | 15.5 | .5 | 16.0 |
| Supplemental operations grants | 16.8 | (16.8) | |
| Supplemental one-time grants | 85.6 | (85.6) | |
| Mill levy reduction grants | 295.0 | 46.8 | 341.8 |
| Total | \$1,269.8 | \$77.2 | \$1,347.0 |
| General fund | \$1,097.9 | (\$215.5) | \$882.4 |
| Federal funds | 85.6 | (64.4) | 21.2 |
| Property tax relief sustainability fund | | 341.8 | 341.8 |
| State tuition fund | 86.3 | 15.3 | 101.6 |
| Total | \$1,269.8 | \$77.2 | \$1,347.0 |

In addition to the funding listed above, the executive budget recommendation provides that the Department of Public Instruction continue estimated unspent 2009-11 biennium general fund appropriation authority of \$9 million (\$8 million from state school aid and \$1 million from transportation aid payments) and utilize the funding in the 2011-13 biennium for per student payments. Under current law, these funds would have been distributed to school districts as additional per student payments at the end of the 2009-11 biennium.

The executive budget recommendation for the state school aid program follows the recommendations of the North Dakota Commission on Education Improvement—a commission originally created by the Governor in January 2006 pursuant to an agreement to stay litigation executed by nine North Dakota school districts. The North Dakota Commission on Education Improvement was reauthorized through December 2010 by the 2009 Legislative Assembly and directed to make recommendations regarding educational adequacy and other matters that could result in the further improvement of elementary and secondary education in North Dakota.

The executive budget recommendation for the state school aid program:

- Includes funding for a new weighting factor approved by the 2009 Legislative Assembly for students considered at risk of failing if they do not receive additional services.
- Includes funding for additional school calendar days approved by the 2009 Legislative Assembly. The 2009 Legislative Assembly added one day to the school calendar effective for the first year of the 2011-13 biennium to provide a total of 182 days each year of the 2011-13 biennium.
- Includes an alternative teacher compensation system weighting factor to provide funding for alternative compensation plans approved by an Alternative Teacher Compensation System Review Panel and provides \$300,000 to the Department of Public Instruction from the general fund for costs associated with the review panel and a contracted program adviser.
- Includes state school aid program formula changes to revise the computation of the statewide average imputed tax value per student; revise the isolated school formula; revise the transition maximum; and provide increases in the technology factor, special education factor, per student payment rates, and grants to regional education associations.
- Removes funding from the state school aid program formula for American College Test (ACT) testing. Funding of \$678,400 from the general fund is provided to the Department of Public Instruction for the estimated costs of administering the ACT, including the written section, to all 11th grade students in the state.
- Provides for minimum and maximum funding increases per student, based on the 2006-07 school year, as follows:

| Year | Minimum Percentage of Baseline Funding | Maximum Percentage of Baseline Funding |
|--------------------------|---|---|
| 2006-07 (baseline) | 100.0% | 100.0% |
| 2007-08 | 103.5% | 107.0% |
| 2008-09 | 106.0% | 110.0% |
| 2009-10 | 108.0% | 120.0% |
| 2010-11 | 112.5% | 134.0% |
| 2011-12 (recommendation) | 112.5% | 142.0% |
| 2012-13 (recommendation) | 112.5% | None ¹ |

¹Effective in the 2012-13 school year, the maximum percentage of baseline funding will be discontinued because it is anticipated that no school districts will be subject to the limit.

- Increases funding for base payments to regional education associations by \$400,000 to provide a total of \$800,000 through the school funding formula to school districts participating in regional education associations.

ONE-TIME FUNDING

The executive budget includes \$584,000 of one-time general fund appropriations to the Department of Public Instruction for an Education Standards and Practices Board approval and accreditation mainframe rewrite (\$200,000) and for one-time programming changes to the department's state automated reporting system computer application used to gather school district information (\$384,000).

OTHER RECOMMENDATIONS

The executive budget recommendation also provides for:

- **Governor's School program** - Provides \$410,000 from the general fund for support of the Governor's School program, the same level of funding provided in the 2009-11 biennium.
- **North Dakota young entrepreneur education program** - Provides \$110,000 from the general fund for the young entrepreneur education program, an increase of \$10,000 from the 2009-11 biennium appropriation of \$100,000.
- **North Dakota Museum of Art** - Provides \$360,000 from the general fund for support of the North Dakota Museum of Art educational outreach initiative, an increase of \$15,000 from the 2009-11 biennium appropriation of \$345,000.
- **Teacher center network** - Provides \$360,000 from the general fund for the teacher center network, the same level of funding provided in the 2009-11 biennium.
- **North Dakota LEAD Center** - Provides \$260,000 from the general fund for support of the North Dakota LEAD Center, the same level of funding provided in the 2009-11 biennium.
- **Mentorship grant program** - Provides \$2.3 million from the general fund for a teacher mentoring program, the same level of funding provided in the 2009-11 biennium.

- **National board certification** - Provides \$185,000 from the general fund for teacher stipends and assessment fees for national board certification, an increase of \$82,500 from the 2009-11 biennium appropriation of \$102,500.
- **Principal mentoring grant program** - Provides \$461,500 from the general fund to establish a mentoring program for new principals.
- **Curriculum alignment grant program** - Provides \$100,000 from the general fund for a new program to improve the alignment of language arts between high schools and institutions of higher education.
- **Preschool continuing education grants program** - Provides \$150,000 from the general fund for continuing education grants for preschool teachers.
- **Prekindergarten space grant program** - Provides \$125,000 from the general fund for grants of up to \$5,000 per classroom to assist schools in making safety compliant space available for licensed prekindergarten programs.
- **Administration of the ACT** - Provides \$678,400 from the general fund to the Department of Public Instruction for the estimated costs of administering the ACT, including the written section, to all 11th grade students in the state.
- **North Dakota Indian Education Advisory Council** - Provides \$66,000 from the general fund to the Department of Public Instruction for the estimated costs of continuing the North Dakota Indian Education Advisory Council.
- **Property tax relief** - Provides a separate distribution of \$341.8 million from the property tax relief sustainability fund for mill levy reduction grants. These distributions are to reduce the amount of money school districts need to raise locally through property taxes. Districts are required to provide a dollar-for-dollar reduction in local taxes for each dollar received.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2011-13 EXECUTIVE BUDGET TO 2009-11 APPROPRIATION AND ESTIMATED EXPENDITURES**

| | | | | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Estimated Expenditures | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Appropriation |
|---|----------------------------|--------------------------------------|--------------------------------|---|---|
| | 2009-11 Appropriation | 2009-11 Estimated Expenditures | 2011-13 Executive Budget | | |
| State school aid program | | | | | |
| State school aid | \$808,370,295 ¹ | \$800,370,295 ¹ | \$919,459,478 ¹ | \$119,089,183 | \$111,089,183 |
| Federal education jobs fund program payments | | | 21,242,838 ² | 21,242,838 | 21,242,838 |
| Transportation aid payments | 43,500,000 | 41,600,000 ¹ | 48,500,000 | 6,900,000 | 5,000,000 |
| Contingent supplemental transportation aid payments | 5,000,000 ³ | 5,000,000 ³ | | (5,000,000) | (5,000,000) |
| Special education - Contracts | 15,500,000 | 15,500,000 | 16,000,000 | 500,000 | 500,000 |
| Supplemental operations grants | 16,795,584 | 16,795,584 | | (16,795,584) | (16,795,584) |
| Supplemental one-time grants | 85,644,337 | 85,644,337 | | (85,644,337) | (85,644,337) |
| Mill levy reduction grants | 295,000,000 | 299,200,000 ⁴ | 341,790,000 ⁵ | 42,590,000 | 46,790,000 |
| Total - State school aid program | <u>\$1,269,810,216</u> | <u>\$1,264,110,216</u> | <u>\$1,346,992,316</u> | <u>\$82,882,100</u> | <u>\$77,182,100</u> |
| General fund | \$1,097,865,879 | \$1,092,165,879 | \$882,321,478 | (\$209,844,401) | (\$215,544,401) |
| Federal funds | 85,644,337 | 85,644,337 | 21,242,838 | (64,401,499) | (64,401,499) |
| Property tax relief sustainability fund | | | 341,790,000 | 341,790,000 | 341,790,000 |
| State tuition fund | 86,300,000 | 86,300,000 | 101,638,000 | 15,338,000 | 15,338,000 |
| Total | <u>\$1,269,810,216</u> | <u>\$1,264,110,216</u> | <u>\$1,346,992,316</u> | <u>\$82,882,100</u> | <u>\$77,182,100</u> |
| Other grants - General fund | | | | | |
| Teacher center network | \$360,000 | \$360,000 | \$360,000 | | |
| School food services | 1,380,000 | 1,380,000 | 1,380,000 | | |
| Adult education grants | 1,850,000 | 1,850,000 | 1,850,000 | | |
| LEAD Center | 260,000 | 260,000 | 260,000 | | |
| Governor's School | 410,000 | 410,000 | 410,000 | | |
| National writing projects | 153,000 | 153,000 | 153,000 | | |
| Rural art outreach project | 345,000 | 345,000 | 360,000 | \$15,000 | \$15,000 |
| North Dakota Geographic Alliance | 226,000 | 226,000 | | (226,000) | (226,000) |
| North Central Council for School Television | 445,000 | 445,000 | 445,000 | | |
| Teacher mentoring program | 2,300,000 | 2,300,000 | 2,300,000 | | |
| National board certification fund | 500,000 | 500,000 | | (500,000) | (500,000) |
| Continuing education grants | 100,000 | 100,000 | 100,000 | | |
| Atlantik-Brucke teacher exchange program | 75,000 | 75,000 | 75,000 | | |

| | | | | | |
|--|------------------------|------------------------|---------------------------|-----------------------|-----------------------|
| North Dakota young entrepreneur education program | 100,000 | 100,000 | 110,000 | 10,000 | 10,000 |
| "We the People" program | 18,000 | 18,000 | 22,000 | 4,000 | 4,000 |
| Principal mentoring grants | | | 461,500 | 461,500 | 461,500 |
| Curriculum alignment grants | | | 100,000 | 100,000 | 100,000 |
| Preschool continuing education grants | | | 150,000 | 150,000 | 150,000 |
| Prekindergarten space grants | | | 125,000 | 125,000 | 125,000 |
| National board certification | 102,500 | 102,500 | 185,000 | 82,500 | 82,500 |
| Total - Other grants - General fund | <u>\$8,624,500</u> | <u>\$8,624,500</u> | <u>\$8,846,500</u> | <u>\$222,000</u> | <u>\$222,000</u> |
| Other grants - Other funds | | | | | |
| Federal grants | \$304,863,120 | \$304,863,120 | \$293,818,982 | (\$11,044,138) | (\$11,044,138) |
| Displaced homemaker program | 250,000 | 250,000 | 250,000 | | |
| Total - Other grants - Other funds | <u>\$305,113,120</u> | <u>\$305,113,120</u> | <u>\$294,068,982</u> | <u>(\$11,044,138)</u> | <u>(\$11,044,138)</u> |
| Total state school aid and other grants - All funds | \$1,583,547,836 | \$1,577,847,836 | \$1,649,907,798 | \$72,059,962 | \$66,359,962 |
| Agency administration | | | | | |
| Administration (salaries, operating, equipment) - General fund | \$7,915,211 | \$7,915,211 | \$10,896,762 ⁶ | \$2,981,551 | \$2,981,551 |
| Administration (salaries, operating, equipment) - Other funds | 36,563,697 | 36,563,697 | 33,768,603 ² | (2,795,094) | (2,795,094) |
| Total - Agency administration - All funds | <u>\$44,478,908</u> | <u>\$44,478,908</u> | <u>\$44,665,365</u> | <u>\$186,457</u> | <u>\$186,457</u> |
| Total Department of Public Instruction - All funds | \$1,628,026,744 | \$1,622,326,744 | \$1,694,573,163 | \$72,246,419 | \$66,546,419 |
| General fund | \$1,114,405,590 | \$1,108,705,590 | \$902,064,740 | (\$206,640,850) | (\$212,340,850) |
| Other funds | 513,621,154 | 513,621,154 | 792,508,423 | 278,887,269 | 278,887,269 |
| Total | <u>\$1,628,026,744</u> | <u>\$1,622,326,744</u> | <u>\$1,694,573,163</u> | <u>\$72,246,419</u> | <u>\$66,546,419</u> |
| FTE | 99.75 | 99.75 | 99.75 | | |

¹ State school aid - The amounts reported for state school aid include the base per student formula payments, special education average daily membership payments, equity payments, full-day kindergarten, and payments to regional education associations.

The Department of Public Instruction anticipates the 2009-11 biennium funding for state school aid will exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments will exceed obligations by approximately \$1.9 million. The 2009 Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments. The 2011-13 executive budget amends 2009 Session Laws to provide that the Department of Public Instruction carry over \$9 million of the estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to House Bill No. 1400 (2009).

² Federal H.R.1586--signed into law in August 2010--provided an extension of the American Recovery and Reinvestment Act of 2009 federal medical assistance percentages as well as additional funding for elementary and secondary education. North Dakota's share of the additional elementary and secondary education funding--known as the education jobs fund program--is \$21,517,716, of which \$21,242,838 is to be distributed to school districts through the state's funding formula and \$274,878 is available to the Department of Public Instruction for administration of the program. The funding is to be made available to school districts for use in hiring or rehiring school employees during the 2010-11 school year; therefore, the 2011-13 executive budget provides an emergency clause to allow funds to begin to be distributed during the 2010-11 school year.

- ³ The 2009 Legislative Assembly provided in Section 16 of House Bill No. 1012 a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determines the June 30, 2011, general fund balance will exceed \$30 million, the Department of Public Instruction is to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district is entitled to receive. The November 2010 executive revenue forecast estimates the conditions will be met and the contingent supplemental funding will be made available.
- ⁴ The 2009 Legislative Assembly provided for a transfer of \$295 million from the permanent oil tax trust fund to the general fund to be used for property tax relief during the 2009-11 biennium and for a transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund for the mill levy reduction grant program during the 2011-13 biennium. The Department of Public Instruction estimates an additional \$4.2 million of funding will be needed for mill levy reduction grants for the 2009-11 biennium. The 2011-13 executive budget provides for an additional transfer of \$4.2 million from the permanent oil tax trust fund to the property tax relief sustainability fund and includes a deficiency appropriation from the property tax relief sustainability fund for the 2009-11 biennium to fully fund the mill levy reduction grant program (\$299.2 million) during the 2009-11 biennium.
- ⁵ In addition to the \$295 million transferred to the property tax relief sustainability fund by the 2009 Legislative Assembly for property tax relief during the 2011-13 biennium, the 2011-13 executive budget provides for an additional transfer from the permanent oil tax trust fund to the property tax relief sustainability fund of \$46.8 million to fully fund the mill levy reduction grant program (\$341.8 million) during the 2011-13 biennium. The executive budget recommendation also includes a transfer of \$341.8 million from the permanent oil tax trust fund to the property tax relief sustainability fund for the mill levy reduction grant program during the 2013-15 biennium.
- ⁶ The executive budget includes \$300,000 from the general fund to provide for costs associated with the Alternative Teacher Compensation System Review Panel and a contracted program adviser.

**PER STUDENT STATE SCHOOL AID PAYMENTS AND WEIGHTED STUDENT UNITS
FOR THE 2009-11 AND 2011-13 BIENNIUMS**

| | 2009-11 Legislative Appropriation | 2009-11 Actual | 2011-13 Executive Budget |
|----------------------------------|--|---------------------------|---|
| First-year per student payments | \$3,200 | \$3,200 | \$3,879 |
| Second-year per student payments | \$3,779 | \$3,779 ¹ | \$3,979 |
| Weighted student units | | | |
| First year | 109,226 | 108,231 | 111,043 ² |
| Second year | 108,884 | 108,326 ¹ | 113,810 ² |

¹Estimated.

²The anticipated increase in weighted student units for the 2011-13 biennium is the result of increased student population, the implementation of an at-risk weighting factor for students considered eligible for free and reduced lunches, the addition of an alternative teacher compensation system factor for alternative compensation plans approved by an Alternative Teacher Compensation System Review Panel, and other school funding formula factor changes.

SECTION F - HIGHER EDUCATION

| | |
|--|-----|
| SUMMARY OF KEY RECOMMENDATIONS | F-1 |
| FULL-TIME EQUIVALENT STUDENT ENROLLMENTS | F-3 |
| TUITION RATES | F-4 |

HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2011-13 executive budget recommends the following higher education funding changes compared to 2009-11 legislative appropriations for higher education:

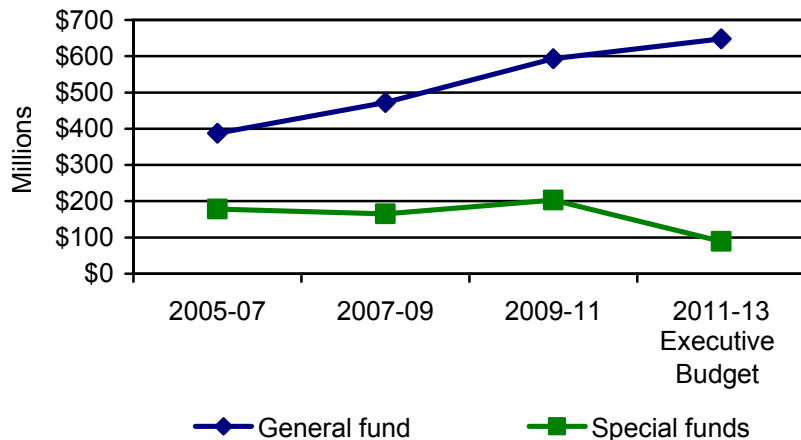
- Increase **general fund** support by \$54,918,263 as follows:

| | 2009-11 Legislative Appropriations | 2011-13 Executive Recommendation | Increase (Decrease) | |
|--------------------------------------|--|--|---------------------------|---------|
| Ongoing general fund appropriations | \$534,062,895 | \$605,854,782 | \$71,791,887 ¹ | 13.4% |
| One-time general fund appropriations | 59,233,248 | 42,359,624 | (16,873,624) | (28.5%) |
| Total | \$593,296,143 | \$648,214,406 | \$54,918,263 | 9.3% |

¹The increase in funding is due in part to increasing funding for campus operations by approximately \$32.6 million, providing \$10 million of funding for campus equity distributions, and providing \$5 million of funding to be distributed to campuses based on student completion rates.

- Decrease support from **special funds** by \$113,527,160, or 56 percent. Special funds support relates primarily to major capital projects funded from local sources or through the issuance of revenue bonds.
- Adjust the authorized number of **full-time equivalent (FTE) positions** from 2,131.42 to 2,245.51 to reflect the number of FTE positions supported by the general fund.

Higher Education Appropriations



| Biennium | General Fund | Special Funds | Total |
|----------------------------|---------------|---------------|---------------|
| 2005-07 | \$387,157,893 | \$178,552,108 | \$565,710,001 |
| 2007-09 | \$472,036,237 | \$165,419,701 | \$637,455,938 |
| 2009-11 | \$593,296,143 | \$202,764,364 | \$796,060,507 |
| 2011-13 - Executive budget | \$648,214,406 | \$89,237,204 | \$737,451,610 |

Key recommendations include:

1. Funding of \$42,359,624 is provided for **one-time general fund appropriations**, including:

| | |
|--|--------------|
| Major capital projects | \$37,651,000 |
| Special assessments payoff | 4,302,624 |
| Forest Service emerald ash borer program | 250,000 |
| Mental health services program planning | 156,000 |
| Total | \$42,359,624 |

2. Funding of \$32.6 million from the general fund for **campus parity** to continue the fiscal year 2011 legislatively authorized salary increases, 3 percent per year salary increases for the 2011-13 biennium, health insurance increases, and estimated utility cost increases.
3. Funding of \$2,426,499 from the general fund is provided for increased **retirement contributions** for North Dakota University System employees. The funding will be used to increase the state contribution to employee retirement programs by 1 percent on January 1, 2012, and by 1 percent on January 1, 2013.
4. Funding of approximately \$10 million from the general fund for **campus equity** payments allocated as follows:

| | |
|--|--------------|
| Bismarck State College | \$543,985 |
| Lake Region State College | 219,139 |
| Williston State College | 166,667 |
| University of North Dakota (UND) | 2,459,984 |
| UND School of Medicine and Health Sciences | 591,552 |
| North Dakota State University | 4,698,999 |
| State College of Science | 166,667 |
| Dickinson State University | 472,867 |
| Mayville State University | 166,667 |
| Minot State University | 180,142 |
| Valley City State University | 166,667 |
| Dakota College at Bottineau | 166,667 |
| Total | \$10,000,003 |

5. Funding of \$19,927,568, of which \$19,579,140 is from the general fund and \$348,428 is from federal funds, for the **student financial assistance grant program**. This represents an increase of \$553,546 from the 2009-11 biennium appropriation of \$19,374,022.
6. Funding of \$3 million from the general fund provided by the 2009 Legislative Assembly for the **career and technical education and academic scholarship program** is removed. The executive recommendation provides the program with a continuing appropriation from the lands and minerals trust fund. Total program funding required for the 2011-13 biennium is estimated to be \$10 million.

7. Funding of \$1 million from the permanent oil tax trust fund for **tribal college assistance grants** to defray the costs of education associated with the enrollment of nonbeneficiary students at tribal colleges. The 2009-11 biennium appropriation for the grant program was \$700,000 from the permanent oil tax trust fund.
8. Funding of \$6,640,563 from the general fund to **limit tuition increases** to 2.5 percent per year at four-year institutions and to provide for no tuition increases at two-year institutions.
9. Funding of \$5 million from the general fund for distributions to campuses based on **student completion rates**.
10. Funding of \$1 million is from the general fund for a startup fund available to campuses for **initiating or expanding academic and technical programs**.
11. Funding of \$3,565,836, of which \$3,100,529 is from the general fund and \$465,307 is from other funds, for the **professional student exchange program**. This level represents a total funds increase of \$228,736 from the 2009-11 legislative appropriation of \$3,337,100. The executive budget recommendation reduces funding provided for the program from the student loan trust fund by \$525,663 and replaces that funding with \$510,000 of funding from the general fund.
12. Funding of \$2,456,826 from the general fund for the **scholars program**. This level represents an increase of \$343,242 from the 2009-11 legislative appropriation of \$2,113,584.
13. Funding of \$8.7 million from the general fund is recommended for **competitive research** matching funding. This represents an

increase of \$1.65 million from the 2009-11 legislative appropriation of \$7.05 million.

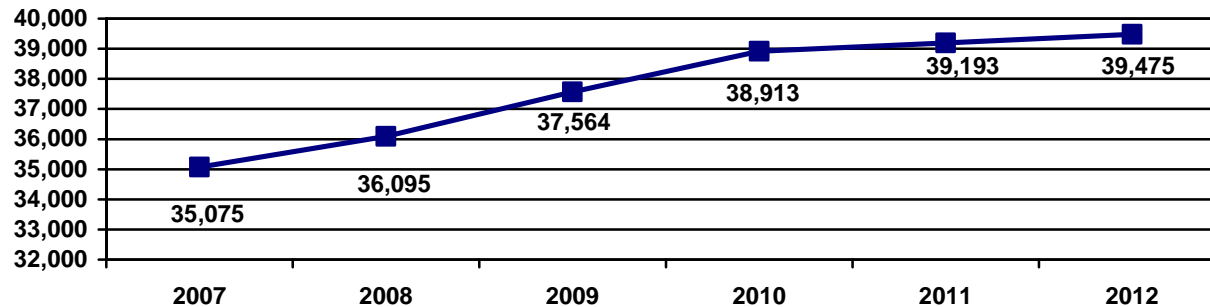
14. A **system information technology services pool** of \$36,061,999, of which \$35,522,562 is from the general fund and \$539,437 is from special funds, is provided for support of the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives. The funding includes an increase of \$1,249,509 for parity, \$3,527,000 for technology maintenance, and \$616,000 for a ConnectND database upgrade. This level of funding represents an increase of \$5,831,961 from the 2009-11 appropriation of \$30,230,038. The executive budget recommendation reduces funding provided for the pool from the student loan trust fund by \$481,163 and replaces that funding with \$590,000 of funding from the general fund.
15. Funding of \$149,853,482 is provided for **capital assets**, including:

| | General Fund | Special Funds | Total |
|-------------------------------------|--------------|-------------------------|---------------|
| Capital construction lease payments | \$11,837,519 | \$417,250 | \$12,254,769 |
| Campus extraordinary repairs | 11,160,089 | 0 | 11,160,089 |
| Special assessments payoff | 4,302,624 | 0 | 4,302,624 |
| Major capital projects | 37,651,000 | 84,485,000 ¹ | 122,136,000 |
| Total | \$64,951,232 | \$84,902,250 | \$149,853,482 |

¹Includes funding of \$2.32 million from the permanent oil tax trust fund.

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

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹



| Institution | Actual Enrollments | | | | Projected Enrollments | |
|-------------------------------|--------------------|---------------|---------------|---------------|-----------------------|---------------|
| | Fall 2007 | Fall 2008 | Fall 2009 | Fall 2010 | Fall 2011 | Fall 2012 |
| Bismarck State College | 2,792 | 2,937 | 3,160 | 3,208 | 3,304 | 3,403 |
| Dakota College at Bottineau | 402 | 440 | 490 | 540 | 504 | 508 |
| Dickinson State University | 2,158 | 2,294 | 2,187 | 2,068 | 2,089 | 2,110 |
| Lake Region State College | 764 | 784 | 868 | 921 | 890 | 890 |
| Mayville State University | 586 | 563 | 662 | 704 | 777 | 850 |
| Minot State University | 2,730 | 2,720 | 2,832 | 3,002 | 3,024 | 3,047 |
| North Dakota State University | 11,221 | 11,794 | 12,577 | 12,708 | 12,708 | 12,708 |
| State College of Science | 2,097 | 2,041 | 2,076 | 2,217 | 2,261 | 2,306 |
| University of North Dakota | 10,967 | 11,137 | 11,306 | 12,018 | 12,101 | 12,118 |
| Valley City State University | 807 | 823 | 833 | 957 | 950 | 950 |
| Williston State College | 551 | 562 | 573 | 570 | 585 | 585 |
| Total | 35,075 | 36,095 | 37,564 | 38,913 | 39,193 | 39,475 |

¹The State Board of Higher Education adopted a new enrollment reporting policy in August 2006. The policy, which is consistent with national Integrated Postsecondary Education Data Systems (IPEDS) reporting requirements, provides that an undergraduate full-time equivalent (FTE) student is equal to 15 credit-hours. The policy also provides that for graduate students, one full-time student is equivalent to 1 FTE student and a part-time student is equivalent to a .5 FTE student. The information presented in this schedule was provided by the North Dakota University System office.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2007-08 through 2010-11. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. Senate Bill No. 2038 (2009) continues this authority through June 30, 2011. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

| Institution | 2007-08 ¹ | 2008-09 ¹ | 2009-10 ¹ | 2010-11 ¹ |
|--|----------------------|----------------------|----------------------|----------------------|
| Bismarck State College ² | | | | |
| Undergraduate | | | | |
| Resident | \$3,204 5.0% | \$3,364 5.0% | \$3,364 0.0% | \$3,364 0.0% |
| Minnesota resident ³ | \$3,990 3.1% | \$4,075 2.1% | \$4,188 2.8% | \$4,382 4.6% |
| Contiguous state/province ⁴ | \$4,005 5.0% | \$4,205 5.0% | \$4,205 0.0% | \$4,205 0.0% |
| Other nonresident | \$8,554 5.0% | \$8,982 5.0% | \$8,982 0.0% | \$8,982 0.0% |
| Dakota College at Bottineau | | | | |
| Undergraduate | | | | |
| Resident | \$2,972 5.0% | \$3,120 5.0% | \$3,120 0.0% | \$3,120 0.0% |
| Minnesota resident ³ | \$3,998 3.7% | \$4,075 1.9% | \$4,188 2.8% | \$4,382 4.6% |
| South Dakota and Montana residents | \$3,715 25.8% | \$3,901 5.0% | \$3,901 0.0% | \$3,901 0.0% |
| All provinces ⁵ | \$2,972 5.0% | \$3,120 5.0% | \$3,120 0.0% | \$3,120 0.0% |
| Other nonresident | \$4,458 (41.0%) | \$4,680 5.0% | \$4,680 0.0% | \$4,680 0.0% |
| Dickinson State University | | | | |
| Undergraduate | | | | |
| Resident | \$3,828 5.0% | \$4,019 5.0% | \$4,160 3.5% | \$4,306 3.5% |
| Minnesota resident ³ | \$4,075 3.9% | \$4,197 3.0% | \$4,350 3.6% | \$4,578 5.2% |
| Contiguous state/province ⁴ | \$4,785 5.0% | \$5,024 5.0% | \$5,200 3.5% | \$5,382 3.5% |
| Other nonresident | \$10,222 5.0% | \$10,731 5.0% | \$11,106 3.5% | \$11,496 3.5% |
| Lake Region State College ⁶ | | | | |
| Undergraduate | | | | |
| Resident | \$2,919 5.0% | \$3,065 5.0% | \$3,065 0.0% | \$3,065 0.0% |
| Minnesota resident ³ | \$3,998 3.7% | \$4,075 1.9% | \$3,065 (24.8%) | \$3,065 0.0% |
| Contiguous state/province ⁴ | \$2,919 | \$3,065 | \$3,065 | \$3,065 |

| Institution | 2007-08 ¹ | 2008-09 ¹ | 2009-10 ¹ | 2010-11 ¹ |
|---|----------------------|----------------------|----------------------|----------------------|
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Other nonresident | \$2,919 | \$3,065 | \$3,065 | \$3,065 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| International students | \$7,298 | \$7,662 | \$7,662 | \$7,662 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Mayville State University | | | | |
| Undergraduate | | | | |
| Resident | \$3,795 | \$3,985 | \$4,124 | \$4,268 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Minnesota resident ³ | \$4,040 | \$4,162 | \$4,314 | \$4,537 |
| | 3.9% | 3.0% | 3.7% | 5.2% |
| Contiguous state/province ⁴ | \$4,743 | \$4,981 | \$5,156 | \$5,335 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| All Canadian provinces except Saskatchewan and Manitoba | \$5,692 | \$5,977 | \$6,180 | \$6,403 |
| | 5.0% | 5.0% | 3.4% | 3.6% |
| Other nonresident | \$5,692 | \$5,977 | \$6,180 | \$6,403 |
| | 5.0% | 5.0% | 3.4% | 3.6% |
| International students | \$10,132 | \$10,639 | \$11,012 | \$11,396 |
| | | 5.0% | 3.5% | 3.5% |
| Minot State University ⁷ | | | | |
| Undergraduate | | | | |
| Resident | \$3,980 | \$4,179 | \$4,325 | \$4,476 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Minnesota resident ³ | \$4,237 | \$4,365 | \$4,325 | \$4,476 |
| | 3.9% | 3.0% | (0.9%) | 3.5% |
| Contiguous state/province ⁴ | \$4,973 | \$5,224 | \$4,325 | \$4,476 |
| | 5.0% | 5.0% | (17.2%) | 3.5% |
| Other nonresident | \$10,622 | \$11,158 | \$4,325 | \$4,476 |
| | 5.0% | 5.0% | (61.2%) | 3.5% |
| Graduate | | | | |
| Resident | \$5,264 | \$5,527 | \$5,720 | \$5,920 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Minnesota resident ³ | \$6,549 | \$6,745 | \$5,720 | \$5,920 |
| | 4.2% | 3.0% | (15.2%) | 3.5% |
| Contiguous state/province ⁴ | \$7,896 | \$8,291 | \$5,720 | \$5,920 |
| | 5.0% | 5.0% | (31.0%) | 3.5% |
| Other nonresident | \$14,053 | \$14,758 | \$5,720 | \$5,920 |
| | 5.0% | 5.0% | (61.2%) | 3.5% |
| North Dakota State University | | | | |
| Undergraduate | | | | |
| Resident | \$5,013 | \$5,264 | \$5,448 | \$5,639 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Minnesota resident ³ | \$5,343 | \$5,504 | \$5,706 | \$6,002 |
| | 3.9% | 3.0% | 3.7% | 5.2% |
| Contiguous state/province ⁴ | \$7,519 | \$7,895 | \$8,172 | \$8,458 |

| Institution | 2007-08 ¹ | 2008-09 ¹ | 2009-10 ¹ | 2010-11 ¹ |
|---|----------------------|----------------------|----------------------|----------------------|
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Other nonresident | \$13,384 | \$14,053 | \$14,547 | \$15,055 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Graduate | | | | |
| Resident | \$5,376 | \$5,645 | \$5,843 | \$6,048 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Minnesota resident ³ | \$6,549 | \$6,745 | \$7,073 | \$7,415 |
| | 4.2% | 3.0% | 4.9% | 4.8% |
| Contiguous state/province ⁴ | \$8,064 | \$8,467 | \$8,764 | \$9,071 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Other nonresident | \$14,354 | \$15,072 | \$15,600 | \$16,147 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| State College of Science ^{8,9} | | | | |
| Undergraduate | | | | |
| Resident | \$3,207 | \$3,368 | \$3,368 | \$3,368 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Minnesota resident ³ | \$3,990 | \$4,075 | \$4,187 | \$4,382 |
| | 3.1% | 2.1% | 2.7% | 4.7% |
| Contiguous state/province ⁴ | \$4,009 | \$4,209 | \$4,209 | \$4,209 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Other nonresident | \$8,563 | \$8,991 | \$8,991 | \$8,991 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Business and industry partnership program ¹⁰ | | | | |
| Resident | \$3,207 | \$3,368 | \$3,368 | \$3,368 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Minnesota resident ³ | \$3,990 | \$4,075 | \$4,187 | \$4,382 |
| | 3.1% | 2.1% | 2.7% | 4.7% |
| Contiguous state/province ⁴ | \$3,207 | \$3,368 | \$3,368 | \$3,368 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| Other nonresident | \$3,207 | \$3,368 | \$3,368 | \$3,368 |
| | 5.0% | 5.0% | 0.0% | 0.0% |
| University of North Dakota | | | | |
| Undergraduate | | | | |
| Resident | \$5,025 | \$5,276 | \$5,461 | \$5,652 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Minnesota resident ³ | \$5,343 | \$5,504 | \$5,706 | \$6,002 |
| | 3.9% | 3.0% | 3.7% | 5.2% |
| Contiguous state/province ⁴ | \$7,538 | \$7,914 | \$8,191 | \$8,478 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Other nonresident | \$13,418 | \$14,088 | \$14,580 | \$15,091 |
| | 5.0% | 5.0% | 3.5% | 3.5% |
| Graduate | | | | |
| Resident | \$5,405 | \$5,675 | \$5,874 | \$6,080 |
| | 5.0% | 5.0% | 3.5% | 3.5% |

| Institution | 2007-08 ¹ | 2008-09 ¹ | 2009-10 ¹ | 2010-11 ¹ |
|--|----------------------|----------------------|----------------------|----------------------|
| Minnesota resident ³ | \$6,549 4.2% | \$6,745 3.0% | \$7,073 4.9% | \$7,415 4.8% |
| Contiguous state/province ⁴ | \$8,108 5.0% | \$8,513 5.0% | \$8,810 3.5% | \$9,119 3.5% |
| Other nonresident | \$14,432 5.0% | \$15,153 5.0% | \$15,683 3.5% | \$16,233 3.5% |
| School of Law ¹¹ | | | | |
| Resident | \$6,069 5.0% | \$6,372 5.0% | \$6,596 3.5% | \$6,826 3.5% |
| Minnesota resident (newly enrolled prior to 2006-07 academic year) ³ | \$6,549 4.2% | | | |
| Minnesota resident (newly enrolled during the 2006-07 or 2007-08 academic year) ³ | \$16,204 5.0% | | | |
| Minnesota resident (all students regardless of date of enrollment) ³ | | \$9,559 | \$9,893 3.5% | \$10,240 3.5% |
| Contiguous state/province ⁴ | \$9,104 5.0% | \$9,559 5.0% | \$9,893 3.5% | \$10,240 3.5% |
| Other nonresident | \$16,204 5.0% | \$17,015 5.0% | \$17,610 3.5% | \$18,227 3.5% |
| School of Medicine and Health Sciences | | | | |
| Resident | \$21,443 5.0% | \$22,515 5.0% | \$23,303 3.5% | \$24,119 3.5% |
| Minnesota resident ³ | \$22,827 3.9% | \$23,515 3.0% | \$24,376 3.7% | \$25,640 5.2% |
| Minnesota resident (newly enrolled as of the 2006-07 academic year) ³ | \$23,587 5.0% | \$24,767 5.0% | \$25,634 3.5% | \$26,532 3.5% |
| Other nonresident | \$39,690 5.0% | \$41,675 5.0% | \$43,134 3.5% | \$44,644 3.5% |
| Physical therapy ¹² | | | | |
| Resident | \$9,910 5.0% | \$10,406 5.0% | \$10,770 3.5% | \$11,147 3.5% |
| Minnesota resident ³ | \$9,910 5.0% | \$10,406 5.0% | \$10,770 3.5% | \$11,147 3.5% |
| Contiguous state/province ⁴ | \$13,711 5.0% | \$14,397 5.0% | \$14,901 3.5% | \$15,423 3.5% |
| Other nonresident | \$13,711 5.0% | \$14,397 5.0% | \$14,901 3.5% | \$15,423 3.5% |
| Valley City State University ¹³ | | | | |
| Undergraduate | | | | |
| Resident | \$3,941 5.0% | \$4,138 5.0% | \$4,283 3.5% | \$4,433 3.5% |
| Minnesota resident ³ | \$4,195 3.9% | \$4,322 3.0% | \$4,480 3.7% | \$4,712 5.2% |
| Contiguous state/province ⁴ | \$4,926 5.0% | \$5,172 5.0% | \$5,354 3.5% | \$5,541 3.5% |

| Institution | 2007-08 ¹ | 2008-09 ¹ | 2009-10 ¹ | 2010-11 ¹ |
|--|----------------------|----------------------|----------------------|----------------------|
| Other nonresident | \$10,522 5.0% | \$11,048 5.0% | \$11,435 3.5% | \$11,835 3.5% |
| Graduate | | | | |
| Resident | \$5,243 5.0% | \$5,505 5.0% | \$5,698 3.5% | \$5,897 3.5% |
| Minnesota resident ³ | \$6,549 2.7% | \$6,745 3.0% | \$6,981 3.5% | \$5,897 (15.5%) |
| Contiguous state/province ⁴ | \$6,554 5.0% | \$6,881 5.0% | \$7,122 3.5% | \$5,897 (17.2%) |
| Other nonresident | \$13,998 5.0% | \$14,698 5.0% | \$15,212 3.5% | \$5,897 (61.2%) |
| Williston State College ¹⁴ | | | | |
| Undergraduate | | | | |
| Resident | \$2,493 5.0% | \$2,618 5.0% | \$2,618 0.0% | \$2,618 0.0% |
| Minnesota resident ³ | \$3,458 3.1% | \$3,532 2.1% | \$2,618 (25.9%) | \$2,618 (0.0%) |
| Contiguous state/province ⁴ | \$2,493 5.0% | \$2,618 5.0% | \$2,618 0.0% | \$2,618 0.0% |
| Other nonresident | \$3,740 5.0% | \$3,927 5.0% | \$2,618 (33.3%) | \$2,618 0.0% |

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

²Bismarck State College implemented a per credit tuition model beginning in the 2000-01 academic year. For academic years 2000-01 through 2003-04, the institution charged a per credit (part-time) tuition rate for all credit-hours except for the 14th and 15th credits, which were at no charge. Beginning with the 2004-05 academic year, the institution charges a per credit (part-time) tuition rate for all credit-hours. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student.

³Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs. Beginning with the 2009-10 academic year, the reciprocity agreement was revised to allow Lake Region State College, Minot State University, and Williston State College to charge Minnesota students the North Dakota resident tuition rate rather than the rate specified under the agreement.

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

⁵Beginning with the 2002-03 academic year, Dakota College at Bottineau charges resident tuition rates to students from all Canadian provinces.

⁶Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

⁷Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.

⁸Beginning with the 2002-03 academic year, the State College of Science is offering special reduced tuition rates to contiguous state/province and other nonresident students who live on campus with a meal plan. The following is a summary of the special reduced tuition rates:

| | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---------------------------|---------|---------|---------|---------|
| Undergraduate | | | | |
| Contiguous state/province | \$3,207 | \$3,368 | \$3,368 | \$3,368 |
| Other nonresidents | \$3,207 | \$3,368 | \$3,368 | \$3,368 |

- ⁹The State College of Science implemented a per credit tuition model beginning in the 2004-05 academic year. For the 2004-05 academic year, the institution charged a per credit (part-time) tuition rate for all credit-hours except for the 17th and 18th credits, which were at no charge. Beginning with the 2005-06 academic year, the institution charges a per credit (part-time) tuition rate for all credit-hours. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student.
- ¹⁰Beginning with the 2001-02 academic year, the State College of Science charges resident tuition rates to students who are enrolled in a business and industry partnership program except for students from Minnesota who are assessed tuition as specified in the reciprocity agreement between North Dakota and Minnesota.
- ¹¹The University of North Dakota School of Law implemented a per credit tuition model beginning in the 2008-09 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours. The tuition rates shown for the 2008-09, 2009-10, and 2010-11 academic years are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time law student.
- ¹²Physical 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.
- ¹³Valley City State University implemented a per credit tuition model beginning in the 2005-06 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours. The undergraduate tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student. The graduate tuition rates shown are based on a credit load of 12 credit-hours per semester, which is the number of credit-hours taken by an average full-time graduate student. Beginning with the 2010-11 academic year, Valley City State University charges the same online tuition rate to all graduate students.
- ¹⁴Williston State College implemented a per credit tuition model beginning in the 2002-03 academic year. The institution charges a per credit (part-time) tuition rate for all credit-hours except for the 14th, 15th, and 16th credits, which are at no charge. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time student. Beginning with the 2009-10 academic year, Williston State College charges all students the resident tuition rate.

SECTION G - HUMAN SERVICES

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DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Provides a total general fund appropriation of \$927.4 million, \$275.2 million, or 42.2 percent, more than the \$652.1 million appropriated for the 2009-11 biennium.
- Adds \$104.9 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. The schedule below presents recent and projected FMAPs for North Dakota:

| Federal Fiscal Year | North Dakota's FMAP | North Dakota's Enhanced FMAP |
|---------------------|------------------------|--|
| 2008 | 63.75 | N/A |
| 2009 | 63.15 | 69.95 |
| 2010 | 63.01 | 69.95 |
| 2011 | 60.35 (fourth quarter) | 69.95 (first quarter) 66.95 (second quarter) 64.95 (third quarter) |
| 2012 | 55.40 (actual) | N/A |
| 2013 | 55.40 (estimate) | N/A |

- Includes \$69.3 million from the general fund to replace **federal fiscal stimulus funding** appropriated for the 2009-11 biennium.
- Provides \$54.3 million, of which \$25.5 million is from the general fund, for a 3 percent per year **inflationary increase** for human service providers. The 2009 Legislative Assembly approved a 6 percent inflationary increase in the second year of the 2009-11 biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and dentists and a 6 percent per year inflationary increase for providers of other services.
- Removes funding of \$12.8 million from the general fund for medical services and long-term care program expenditures and allows the department to continue unexpended 2009-11 biennium general fund appropriations for the 2011-13 biennium.
- Reduces salaries and wages by \$2,935,680 from the general fund in anticipation of savings from **vacant positions and employee turnover**.

PROGRAM AND POLICY

- Reduces funding for **temporary assistance for needy families (TANF)** costs by \$7.7 million to provide a total of \$16.7 million, of which \$5.5 million is from the general fund, for the 2011-13 biennium. The recommended general fund appropriation of \$5.5 million is the same level of funding as appropriated for the 2009-11 biennium. The reduction is based on the number of recipients and average monthly

payments during the 2009-11 biennium, both of which are lower than anticipated.

- Provides \$165.6 million for **inpatient hospital services** in the medical assistance program, an increase of \$10.8 million, or 7 percent, compared to the projected expenditures for the 2009-11 biennium of \$154.8 million.
- Provides \$75.9 million for **outpatient hospital services** in the medical assistance program, an increase of \$6.9 million, or 10 percent, compared to the projected expenditures for the 2009-11 biennium of \$69 million.
- Provides \$50.5 million for **prescription drugs** in the medical assistance program, an increase of \$5.6 million, or 12.5 percent, compared to the projected expenditures for the 2009-11 biennium of \$44.9 million.
- Includes \$26,307,479, of which \$25,152,575 is from the general fund and \$1,154,904 is from estate collections, for making Medicare Part D prescription drug "**clawback**" payments to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid. The amount provided is an increase of \$6,891,217 from the 2009-11 biennium appropriation of \$19,416,262, of which \$18,624,262 was from the general fund. The increase is due to the FMAP decrease and an increase in the number of dual eligibles.
- Provides \$29.2 million for **premiums** in the medical assistance program, an increase of \$3.7 million, or 14.3 percent, compared to the projected expenditures for the 2009-11 biennium of \$25.5 million.
- Provides \$22.9 million for **psychiatric residential treatment facilities (treatment services for children)** in the medical assistance program, an increase of \$1.7 million, or 8.2 percent, compared to the projected expenditures for the 2009-11 biennium of \$21.1 million.
- Provides \$28 million for **Healthy Steps**--the children's health insurance program--an increase of \$8.2 million, or 41.3 percent, compared to the projected expenditures for the 2009-11 biennium appropriation of \$19.8 million. The executive budget recommends maintaining the Healthy Steps income eligibility level at 160 percent of the federal poverty level based on net income.
- Provides \$459.1 million for **nursing facility care**, an increase of \$33.4 million, or 7.8 percent, compared to the 2009-11 biennium appropriation of \$425.7 million.
- Provides \$26 million for **basic care**, of which \$14.8 million is from the general fund, an increase of \$7.9 million, of which \$6.6 million was from the general fund, compared to the 2009-11 biennium appropriation.

- Provides \$13.8 million for **service payments for elderly and disabled (SPED)** and **expanded SPED** programs, \$3.7 million less than the \$17.5 million appropriated for the 2009-11 biennium.
- Provides \$29.1 million for the Medicaid **personal care option**, \$4.1 million more than the \$25 million appropriated for the 2009-11 biennium. The general fund share of the 2011-13 biennium appropriation is \$12.9 million, \$4.7 million more than the \$8.2 million appropriated for the 2009-11 biennium.
- Provides \$397 million for **developmental disabilities services grants**, of which \$174.2 million is from the general fund. Compared to the 2009-11 biennium, the 2011-13 biennium funding is an increase of \$55.4 million, of which \$63.5 million is from the general fund.

STATE HOSPITAL

- Provides \$733,650 from the general fund for **extraordinary repairs**.
- Provides **one-time funding** of \$1.8 million from the general fund for capital projects.

DEVELOPMENTAL CENTER

- Deletes 39.53 full-time equivalent positions not requested by the department.

HUMAN SERVICE CENTERS

- Adds \$3,431,017 from the general fund for increasing **psychiatric inpatient hospitalization rates**.
- Adds \$1,444,661 from the general fund for contracting for beds in a **crisis stabilization unit** for the seriously mentally ill (North Central Human Service Center).
- Adds \$939,159 from the general fund for contracting for **chemical dependency residential services** (Southeast Human Service Center).
- Adds \$309,128 from the general fund for expanding **residential adult crisis bed capacity** (West Central Human Service Center).

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2011-13 executive budget recommendation includes funding of \$16,739,250, \$7,668,672 less than the 2009-11 appropriation, for the temporary assistance for needy families (TANF) program. The reduction is based on the actual number of TANF recipients and average monthly payments during the 2009-11 biennium, both of which are lower than budgeted.

The 2011-13 executive budget recommendation includes funding to serve an estimated average monthly caseload of 2,253. The September 2010 caseload was 2,035.

The 2011-13 executive budget recommendation anticipates monthly assistance payments to average \$309.57 per case for the 2011-13 biennium. The average payment per case in September 2010 was \$297.37.

The following schedule compares the 2007-09 and 2009-11 biennium appropriations to the 2011-13 executive budget:

| | 2007-09 Biennium Appropriation | 2009-11 Biennium Appropriation | 2011-13 Executive Budget Recommendation | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Appropriation |
|--|--------------------------------------|--------------------------------------|---|---|
| TANF | | | | |
| Federal funds | \$9,766,881 | \$9,380,305 | \$1,734,750 | (\$7,645,555) |
| General fund | 4,314,942 | 5,531,958 | 5,531,958 | 0 |
| Retained funds ¹ | 6,174,667 | 6,174,667 | 5,785,053 | (389,614) |
| Other funds - Child support collections | 5,129,049 | 3,320,992 | 3,687,489 | 366,497 |
| Total - TANF | \$25,385,539 | \$24,407,922 | \$16,739,250 | (\$7,668,672) |
| ¹ These funds are federal funds received for administrative costs incurred by the counties that the state retains per the "swap" agreement with the counties. | | | | |

The Department of Human Services anticipates receiving \$26.4 million of federal TANF block grant funds for each year of the 2011-13 biennium. The department projects carrying forward \$13 million of federal TANF block grant funds from the 2009-11 biennium to the 2011-13 biennium. The executive budget recommends spending \$57.1 million of the federal TANF block grant funds and transferring \$500,000 to the child care block grant in 2011-13. The department anticipates carrying forward \$8.2 million of federal TANF block grant funds from the 2011-13 biennium to the 2013-15 biennium.

MEDICAL SERVICES FUNDING

The 2011-13 executive budget recommendation for medical services includes a total of \$632.7 million. Of this total, \$200.2 million is from the general fund. The actual number of eligible individuals was 57,926 in July 2009 and 63,473 in November 2010.

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

| | 2005-07 Actual Expenditures | 2007-09 Actual Expenditures | 2009-11 Appropriation | 2009-11 Projected Expenditures¹ | 2011-13 Executive Budget | 2011-13 Increase (Decrease) to 2009-11 Projected |
|---------------|--|--|----------------------------------|---|---|---|
| General fund | \$98,079,051 | \$100,244,139 | \$119,205,576 | \$119,685,729 | \$200,203,906 | \$80,518,177 |
| Federal funds | 230,202,910 | 266,595,304 | 338,857,880 | 361,742,595 | 398,842,536 | 37,099,941 |
| Other funds | 13,446,942 | 20,820,318 | 33,301,582 | 37,959,688 | 33,665,914 | (4,293,774) |
| Total | \$341,728,903 | \$387,659,761 | \$491,365,038 | \$519,388,012 | \$632,712,356 | \$113,324,344 |

¹Based upon actual expenditures incurred through August 2010.

Federal Medical Assistance Percentage

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

| Federal Fiscal Year | FMAP | Fiscal Relief and American Recovery and Reinvestment Act of 2009 (ARRA) FMAP |
|----------------------------|---------------------|--|
| 2000 | 70.42% | |
| 2001 | 69.99% | |
| 2002 | 69.87% | |
| 2003 | 68.36% | 72.82% ¹ |
| 2004 | 68.31% | 71.31% ¹ |
| 2005 | 67.49% | |
| 2006 | 65.85% | |
| 2007 | 64.72% | |
| 2008 | 63.75% | |
| 2009 | 63.15% | 69.95% |
| 2010 | 63.01% | 69.95% |
| 2011 | 60.35% | 69.95% (1 st quarter - October 2010-December 2010) 66.95% (2 nd quarter - January 2011-March 2011) 64.95% (3 rd quarter - April 2011-June 2011) |
| 2012 | 55.40% | |
| 2013 | 55.40% ² | |

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

Inflationary Adjustments

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

| | Actual | | Actual | | Recommended | |
|---------------------|---|---|---|---|---|---|
| | July 2007 Inflationary Adjustment | July 2008 Inflationary Adjustment | July 2009 Inflationary Adjustment | July 2010 Inflationary Adjustment | July 2011 Inflationary Adjustment | July 2012 Inflationary Adjustment |
| Inpatient hospital | 4.00% | 5.00% | 0.00% ¹ | 6.00% | 3.00% | 3.00% |
| Outpatient hospital | 4.00% | 5.00% | 0.00% ¹ | 6.00% | 3.00% | 3.00% |
| Home health | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |
| Dental services | 4.00% | 5.00% | 0.00% ¹ | 6.00% | 3.00% | 3.00% |
| Drugs | 6.50% ¹ | 6.50% ¹ | 4.00% brand name ² 2.00% generic ² | 4.00% brand name ² 2.00% generic ² | 4.00% brand name ² 2.00% generic ² | 4.00% brand name ² 2.00% generic ² |
| Physician services | 4.00% | 5.00% | 0.00% ¹ | 6.00% | 3.00% | 3.00% |

¹The 2009 Legislative Assembly provided funding to provide a 6 percent inflationary increase in the second year of the 2009-11 biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and dentists and a 6 percent per year inflationary increase for providers of other services.

²Inflation is based upon federal national health expenditure data.

Detailed Summary

The following schedule compares the 2007-09 biennium actual expenditures and 2009-11 biennium projected expenditures for medical services to the 2011-13 executive budget recommendation:

| | 2007-09 Actual Expenditures | 2009-11 Projected Expenditures ¹ | Percentage Change From Previous Biennium | 2011-13 Executive Budget | Percentage of Total | 2011-13 Executive Budget Increase (Decrease) to 2009-11 | Percentage Increase (Decrease) |
|---|-----------------------------------|---|---|--------------------------------|------------------------|--|--------------------------------------|
| Inpatient hospital | \$100,776,105 | \$154,790,793 | 53.60% | \$165,557,492 | 26.16% | \$10,766,699 | 6.96% |
| Outpatient hospital | 59,071,889 | 68,973,947 | 16.76% | 75,868,920 | 11.99% | 6,894,973 | 10.00% |
| Home health | 2,588,938 | 2,661,101 | 2.79% | 3,200,414 | 0.51% | 539,313 | 20.27% |
| Premiums | 19,075,346 | 25,528,138 | 33.83% | 29,183,783 | 4.61% | 3,655,645 | 14.32% |
| Physician services | 57,591,792 | 103,246,849 | 79.27% | 109,435,068 | 17.30% | 6,188,219 | 5.99% |
| Drugs (net) | 37,496,723 | 44,907,415 | 19.77% | 50,513,555 | 7.98% | 5,606,140 | 12.48% |
| Durable medical equipment | 5,999,093 | 8,105,091 | 35.11% | 8,147,456 | 1.29% | 42,365 | 0.52% |
| Psychiatric residential treatment facilities | 20,648,136 | 21,145,357 | 2.41% | 22,881,622 | 3.62% | 1,736,265 | 8.21% |
| Rural health clinics/federally qualified health centers | 6,962,071 | 8,904,721 | 27.90% | 9,189,620 | 1.45% | 284,899 | 3.20% |
| Indian Health Service | 16,737,906 | 20,854,720 | 24.60% | 29,480,212 | 4.66% | 8,625,492 | 41.36% |
| Chiropractic services | 537,810 | 1,289,508 | 139.77% | 1,278,500 | 0.20% | (11,008) | (0.85%) |
| Dental | 14,466,322 | 23,423,318 | 61.92% | 24,029,520 | 3.80% | 606,202 | 2.59% |
| Hospice services | 559,407 | 677,551 | 21.12% | 718,770 | 0.11% | 41,219 | 6.08% |
| Other, excluding Healthy Steps | 45,148,223 | 34,879,503 | (22.75%) | 103,227,424 | 16.32% | 68,347,921 | 195.95% |
| Total | \$387,659,761 | \$519,388,012 | 33.98% | \$632,712,356 | 100.00% | \$113,324,344 | 21.82% |
| General fund | \$100,244,139 | \$119,685,729 | 19.39% | \$200,203,906 | 31.64% | \$80,518,177 | 67.27% |
| Federal funds | 266,595,304 | 361,742,595 | 35.69% | 398,842,536 | 63.04% | 37,099,941 | 10.26% |
| Other funds | 20,820,318 | 37,959,688 | 82.32% | 33,665,914 | 5.32% | (4,293,774) | (11.31%) |
| Total | \$387,659,761 | \$519,388,012 | 33.98% | \$632,712,356 | 100.00% | \$113,324,344 | 21.82% |

¹Based upon actual expenditures incurred through August 2010.

LONG-TERM CARE SERVICES FUNDING

The 2011-13 executive budget recommendation for long-term care services totals \$950 million. Of this total, \$422.3 million is from the general fund. The schedule below summarizes the total funding recommended for long-term care services:

| | 2005-07 Actual Expenditures | 2007-09 Actual Expenditures | 2009-11 Appropriation | 2009-11 Projected Expenditures¹ | 2011-13 Executive Budget² | 2011-13 Increase (Decrease) to 2009-11 Projected |
|---------------|--|--|----------------------------------|---|---|---|
| General fund | \$205,707,260 | \$230,810,581 | \$283,801,911 | \$271,759,915 | \$422,308,643 | \$150,548,728 |
| Federal funds | 372,652,830 | 424,986,082 | 554,326,370 | 556,607,289 | 524,438,836 | (32,168,453) |
| Other funds | 4,269,591 | 3,422,194 | 11,572,047 | 7,424,475 | 3,275,060 | (4,149,415) |
| Total | \$582,629,681 | \$659,218,857 | \$849,700,328 | \$835,791,679 | \$950,022,539 | \$114,230,860 |

¹Based upon actual expenditures incurred through August 2010.

²The executive budget amounts do not reflect anticipated carryover of unused general fund appropriation authority from the 2009-11 biennium (estimated to be \$12.8 million).

Federal Medical Assistance Percentage

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

Inflationary Adjustments

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

| | Actual | | Actual | | Recommended | |
|--|--|--|--|--|--|--|
| | July 2007 Inflationary Adjustment | July 2008 Inflationary Adjustment | July 2009 Inflationary Adjustment | July 2010 Inflationary Adjustment | July 2011 Inflationary Adjustment | July 2012 Inflationary Adjustment |
| Nursing facilities | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |
| Basic care | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |
| Service payments for elderly and disabled (SPED) | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |
| Expanded SPED | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |
| Home and community-based services waiver | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |
| Targeted case management | 4.00% | 5.00% | 6.00% | 6.00% | 3.00% | 3.00% |

Detail Summary

The following schedule compares 2007-09 expenditures and 2009-11 projected expenditures for long-term care services to the 2011-13 executive budget recommendation:

| | 2007-09 Actual Expenditures | 2009-11 Projected Expenditures¹ | Percentage Change From Previous Biennium | 2011-13 Executive Budget | Percentage of Total | 2011-13 Executive Budget Increase (Decrease) to 2009-11 | 2011-13 Increase (Decrease) to 2009-11 Projected |
|--|--|---|---|---|------------------------------------|--|---|
| Nursing homes | \$350,805,632 | \$411,219,622 | 17.22% | \$459,123,033 ² | 48.34% | \$47,903,411 | 11.65% |
| Basic care assistance | 15,104,482 | 21,194,695 | 40.32% | 25,972,395 | 2.73% | 4,777,700 | 22.54% |
| SPED | 12,230,307 | 12,216,767 | (0.11%) | 13,782,988 | 1.45% | 1,566,221 | 12.82% |
| Expanded SPED | 489,282 | 748,194 | 52.92% | 976,724 | 0.10% | 228,530 | 30.54% |
| Home and community-based services waiver | 5,541,764 | 8,433,045 | 52.17% | 10,268,386 | 1.08% | 1,835,341 | 21.76% |
| Technology dependent waiver | 181,563 | 342,237 | 88.49% | 500,136 | 0.05% | 157,899 | 46.14% |
| Children's medically fragile waiver | 16,658 | 121,754 | 630.90% | 318,780 | 0.03% | 197,026 | 161.82% |
| Targeted case management | 1,088,501 | 1,373,237 | 26.16% | 1,564,749 | 0.16% | 191,512 | 13.95% |
| Personal care option | 17,024,465 | 24,185,111 | 42.06% | 29,149,905 | 3.07% | 4,964,794 | 20.53% |
| Program of all-inclusive care for the elderly | 501,430 | 5,028,615 | 902.85% | 9,370,980 | 0.99% | 4,342,365 | 86.35% |
| Children's hospice waiver | 0 | 846,720 | N/A | 1,770,430 | 0.19% | 923,710 | 109.09% |
| Assisted living rent subsidy pilot | 0 | 200,000 | N/A | 0 | 0.00% | (200,000) | (100.00%) |
| Community of care program | 0 | 120,000 | N/A | 120,000 | 0.01% | 0 | 0.00% |
| Personal needs allowance | 0 | 148,068 | N/A | 108,000 | 0.01% | (40,068) | (27.06%) |
| Developmental disabilities (DD) community-based care | 256,234,773 | 349,613,614 | 36.44% | 396,996,033 | 41.79% | 47,382,419 | 13.55% |
| Total | \$659,218,857 | \$835,791,679 | 26.79% | \$950,022,539 | 100.00% | \$114,230,860 | 13.67% |
| Federal funds | \$424,986,082 | \$556,607,289 | 30.97% | \$524,438,836 | 55.21% | (\$32,168,453) | (5.78%) |
| General fund | 230,810,581 | 271,759,915 | 17.74% | 422,308,643 | 44.45% | 150,548,728 | 55.40% |
| Other funds | 3,422,194 | 7,424,475 | 116.95% | 3,275,060 | 0.34% | (4,149,415) | (55.89%) |
| Total | \$659,218,857 | \$835,791,679 | 26.79% | \$950,022,539 | 100.00% | \$114,230,860 | 13.67% |

¹Based upon actual expenditures incurred through August 2010.

²The executive budget amount does not reflect anticipated carryover of unused general fund appropriation authority from the 2009-11 biennium (estimated to be \$12.8 million).

Individual Program Summary

The following schedule compares the 2011-13 executive budget recommendation to the 2009-11 biennium original appropriations for individual programs:

| | Federal Funds | General Fund | Health Care Trust Fund | "Retained" Funds | County Funds | Loan Proceeds and Other Funds | Total Funds |
|---|-----------------------|----------------------|---------------------------|---------------------|--------------------|-------------------------------------|----------------------|
| Nursing homes¹ | | | | | | | |
| 2011-13 executive recommendation | \$263,357,884 | \$195,559,601 | \$0 | \$0 | \$0 | \$205,548 | \$459,123,033 |
| 2009-11 original appropriation | 286,519,675 | 132,267,271 | 4,124,506 | 0 | 0 | 2,801,758 | 425,713,210 |
| Increase (decrease) | <u>(\$23,161,791)</u> | <u>\$63,292,330</u> | <u>(\$4,124,506)</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$2,596,210)</u> | <u>\$33,409,823</u> |
| Basic care assistance | | | | | | | |
| 2011-13 executive recommendation | \$8,779,531 | \$14,812,502 | \$0 | \$2,284,362 | \$0 | \$96,000 | \$25,972,395 |
| 2009-11 original appropriation | 7,514,011 | 8,219,552 | 0 | 2,284,362 | 0 | 96,000 | 18,113,925 |
| Increase (decrease) | <u>\$1,265,520</u> | <u>\$6,592,950</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$7,858,470</u> |
| SPED | | | | | | | |
| 2011-13 executive recommendation | \$0 | \$13,093,838 | \$0 | \$0 | \$689,150 | \$0 | \$13,782,988 |
| 2009-11 original appropriation | 0 | 16,620,560 | 0 | 0 | 874,767 | 0 | 17,495,327 |
| Increase (decrease) | <u>\$0</u> | <u>(\$3,526,722)</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$185,617)</u> | <u>\$0</u> | <u>(\$3,712,339)</u> |
| Expanded SPED | | | | | | | |
| 2011-13 executive recommendation | \$0 | \$976,724 | \$0 | \$0 | \$0 | \$0 | \$976,724 |
| 2009-11 original appropriation | 0 | 726,578 | 0 | 0 | 0 | 0 | 726,578 |
| Increase (decrease) | <u>\$0</u> | <u>\$250,146</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$250,146</u> |
| Home and community-based services waiver | | | | | | | |
| 2011-13 executive recommendation | \$5,729,642 | \$4,538,744 | \$0 | \$0 | \$0 | \$0 | \$10,268,386 |
| 2009-11 original appropriation | 5,876,101 | 2,831,505 | 0 | 0 | 0 | 0 | 8,707,606 |
| Increase (decrease) | <u>(\$146,459)</u> | <u>\$1,707,239</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,560,780</u> |
| Technology dependent waiver | | | | | | | |
| 2011-13 executive recommendation | \$279,100 | \$221,036 | \$0 | \$0 | \$0 | \$0 | \$500,136 |
| 2009-11 original appropriation | 358,051 | 174,557 | 0 | 0 | 0 | 0 | 532,608 |
| Increase (decrease) | <u>(\$78,951)</u> | <u>\$46,479</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$32,472)</u> |
| Children's medically fragile waiver | | | | | | | |
| 2011-13 executive recommendation | \$177,752 | \$141,028 | \$0 | \$0 | \$0 | \$0 | \$318,780 |
| 2009-11 original appropriation | 771,631 | 376,213 | 0 | 0 | 0 | 0 | 1,147,844 |
| Increase (decrease) | <u>(\$593,879)</u> | <u>(\$235,185)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$829,064)</u> |
| Targeted case management | | | | | | | |
| 2011-13 executive recommendation | \$874,327 | \$690,422 | \$0 | \$0 | \$0 | \$0 | \$1,564,749 |
| 2009-11 original appropriation | 1,316,202 | 641,694 | 0 | 0 | 0 | 0 | 1,957,896 |
| Increase (decrease) | <u>(\$441,875)</u> | <u>\$48,728</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$393,147)</u> |
| Personal care option | | | | | | | |
| 2011-13 executive recommendation | \$16,263,600 | \$12,886,305 | \$0 | \$0 | \$0 | \$0 | \$29,149,905 |
| 2009-11 original appropriation | 16,830,583 | 8,214,016 | 0 | 0 | 0 | 0 | 25,044,599 |
| Increase (decrease) | <u>(\$566,983)</u> | <u>\$4,672,289</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$4,105,306</u> |

Program of all-inclusive care for the elderly

| | | | | | | | |
|----------------------------------|------------------|--------------------|------------|------------|------------|------------|--------------------|
| 2011-13 executive recommendation | \$5,224,270 | \$4,146,710 | \$0 | \$0 | \$0 | \$0 | \$9,370,980 |
| 2009-11 original appropriation | 4,965,829 | 2,427,882 | 0 | 0 | 0 | 0 | 7,393,711 |
| Increase (decrease) | <u>\$258,441</u> | <u>\$1,718,828</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,977,269</u> |

DD community-based care

| | | | | | | | |
|----------------------------------|----------------------|---------------------|------------|------------|------------|----------------------|---------------------|
| 2011-13 executive recommendation | \$222,764,726 | \$174,231,307 | \$0 | \$0 | \$0 | \$0 | \$396,996,033 |
| 2009-11 original appropriation | 229,621,551 | 110,730,341 | 0 | 0 | 0 | 1,190,654 | 341,542,546 |
| Increase (decrease) | <u>(\$6,856,825)</u> | <u>\$63,500,966</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$1,190,654)</u> | <u>\$55,453,487</u> |

Assisted living rent subsidy

| | | | | | | | |
|----------------------------------|------------|------------|--------------------|------------|------------|------------|--------------------|
| 2011-13 executive recommendation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2009-11 original appropriation | 0 | 0 | 200,000 | 0 | 0 | 0 | 200,000 |
| Increase (decrease) | <u>\$0</u> | <u>\$0</u> | <u>(\$200,000)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$200,000)</u> |

Community of care program

| | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|
| 2011-13 executive recommendation | \$0 | \$120,000 | \$0 | \$0 | \$0 | \$0 | \$120,000 |
| 2009-11 original appropriation | 0 | 120,000 | 0 | 0 | 0 | 0 | 120,000 |
| Increase (decrease) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Personal needs allowance

| | | | | | | | |
|----------------------------------|------------|-------------------|------------|------------|------------|------------|-------------------|
| 2011-13 executive recommendation | \$0 | \$108,000 | \$0 | \$0 | \$0 | \$0 | \$108,000 |
| 2009-11 original appropriation | 0 | 148,068 | 0 | 0 | 0 | 0 | 148,068 |
| Increase (decrease) | <u>\$0</u> | <u>(\$40,068)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$40,068)</u> |

Children's hospice waiver

| | | | | | | | |
|----------------------------------|------------------|------------------|------------|------------|------------|------------|------------------|
| 2011-13 executive recommendation | \$988,004 | \$782,426 | \$0 | \$0 | \$0 | \$0 | \$1,770,430 |
| 2009-11 original appropriation | 552,736 | 303,674 | 0 | 0 | 0 | 0 | 856,410 |
| Increase (decrease) | <u>\$435,268</u> | <u>\$478,752</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$914,020</u> |

Total - Long-term care programs

| | | | | | | | |
|----------------------------------|-----------------------|----------------------|----------------------|-------------|--------------------|----------------------|----------------------|
| 2011-13 executive recommendation | \$524,438,836 | \$422,308,643 | \$0 | \$2,284,362 | \$689,150 | \$301,548 | \$950,022,539 |
| 2009-11 original appropriation | 554,326,370 | 283,801,911 | 4,324,506 | 2,284,362 | 874,767 | 4,088,412 | 849,700,328 |
| Increase (decrease) | <u>(\$29,887,534)</u> | <u>\$138,506,732</u> | <u>(\$4,324,506)</u> | <u>\$0</u> | <u>(\$185,617)</u> | <u>(\$3,786,864)</u> | <u>\$100,322,211</u> |

¹The executive budget amount does not reflect anticipated carryover of unused general fund appropriation authority from the 2009-11 biennium (estimated to be \$12.8 million).

HEALTHY STEPS FUNDING (CHILDREN'S HEALTH INSURANCE PROGRAM)

The 2011-13 executive budget recommendation for the Healthy Steps program includes a total of \$28 million. Of this total, \$8.7 million is from the general fund. Compared to the 2009-11 biennium appropriation, the executive budget is recommending an increase of \$6.4 million, \$3.1 million of which is from the general fund.

The executive budget recommends maintaining eligibility requirements for the program at 160 percent of the federal poverty level based on net income and serving a monthly average caseload of 4,256 children for the 2011-13 biennium. In October 2010, 3,678 children were covered by the program. The 2011-13 executive budget includes funding for a monthly premium increase of \$45.32, or 19.82 percent, over the 2009-11 budgeted premium.

The schedule below compares the 2011-13 executive budget recommendation to 2009-11 projected expenditures:

| | 2005-07 Actual Expenditures | 2007-09 Actual Expenditures | 2009-11 Projected Expenditures ¹ | 2011-13 Executive Budget | 2011-13 Executive Budget Increase (Decrease) to 2009-11 Projected | 2011-13 Executive Budget Percentage Increase (Decrease) to 2009-11 Projected |
|---------------|-----------------------------------|-----------------------------------|---|--------------------------------|--|--|
| General fund | \$3,717,122 | \$4,640,320 | \$5,118,646 | \$8,661,586 | \$3,542,940 | 69.22% |
| Federal funds | 11,724,327 | 13,575,371 | 14,695,729 | 19,328,935 | 4,633,206 | 31.53% |
| Other funds | 0 | 0 | 0 | 0 | 0 | |
| Total | \$15,441,449 | \$18,215,691 | \$19,814,375 | \$27,990,521 | \$8,176,146 | 41.26% |

¹Based upon actual expenditures incurred through August 2010.

Federal Medical Assistance Percentage and North Dakota's Allocation

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

| Federal Fiscal Year Ending | FMAP ¹ | North Dakota Allocation |
|-------------------------------|-------------------|---------------------------|
| September 30, 2000 | 79.29% | \$5,656,000 |
| September 30, 2001 | 78.99% | \$6,576,000 |
| September 30, 2002 | 78.91% | \$5,333,000 |
| September 30, 2003 | 77.85% | \$5,437,000 |
| September 30, 2004 | 77.82% | \$5,437,000 |
| September 30, 2005 | 77.24% | \$6,384,719 |
| September 30, 2006 | 76.10% | \$6,346,156 |
| September 30, 2007 | 75.30% | \$7,737,529 |
| September 30, 2008 | 74.63% | \$11,017,680 ² |
| September 30, 2009 | 74.21% | \$15,821,554 |
| September 30, 2010 | 74.11% | \$16,595,628 |
| September 30, 2011 (estimate) | 72.25% | \$17,425,409 ³ |
| September 30, 2012 (estimate) | 68.78% | \$17,773,917 ³ |
| September 30, 2013 (estimate) | 68.78% | \$17,773,917 ³ |

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

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

³These figures are projected based upon costs included in the 2011-13 executive budget recommendation and are contingent upon reauthorization or extension by Congress and approval by the Centers for Medicare and Medicaid Services to maintain eligibility at 160 percent of the federal poverty level based upon net income.

Children Enrolled and Premium Rates

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

| State Fiscal Year Ending | Monthly Average Children Enrolled | Premium Expenditures | Monthly Average Premium Rates |
|--------------------------|-----------------------------------|---------------------------|-------------------------------|
| June 30, 2000 | 1,168 | \$1,321,417 | \$108.64 |
| June 30, 2001 | 2,092 | \$2,955,445 | \$110.35 |
| June 30, 2002 | 2,534 | \$3,823,196 | \$127.17 |
| June 30, 2003 | 2,099 | \$3,213,705 | \$127.67 |
| June 30, 2004 | 2,301 | \$4,220,838 | \$154.30 |
| June 30, 2005 | 2,322 | \$4,348,931 | \$154.78 |
| June 30, 2006 | 3,278 | \$7,156,204 | \$181.90 |
| June 30, 2007 | 3,764 | \$8,285,245 | \$183.45 |
| June 30, 2008 | 4,006 | \$9,725,149 | \$202.32 |
| June 30, 2009 | 3,470 | \$8,496,620 | \$204.03 |
| June 30, 2010 | 3,368 | \$9,262,366 | \$229.18 |
| June 30, 2011 | 3,791 ¹ | \$10,552,009 | \$231.97 ¹ |
| June 30, 2012 | 4,136 ² | \$13,600,657 ² | \$274.03 ² |
| June 30, 2013 | 4,376 ² | \$14,389,864 ² | \$274.03 ² |

¹Projected.

²These figures are projected based upon costs included in the 2011-13 executive budget recommendation and are contingent upon reauthorization or extension by Congress and approval by the Centers for Medicare and Medicaid Services to maintain eligibility at 160 percent of the federal poverty level based upon net income.

DEVELOPMENTAL DISABILITIES

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

DEVELOPMENTAL DISABILITIES PROGRAMS FOR THE 2011-13 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 2003-05 THROUGH 2009-11 APPROPRIATIONS

| | 2003-05 Biennium Appropriations | 2005-07 Biennium Appropriations | 2007-09 Biennium Appropriations | 2009-11 Biennium Appropriations | 2011-13 Executive Budget Recommendation | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Appropriations |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|---|
| Developmental Center at Grafton | | | | | | |
| Total appropriation | \$40,023,854 | \$41,832,051 | \$46,788,914 | \$52,792,908 | \$51,229,778 | (\$1,563,130) |
| (excluding capital improvements) | | | | | | |
| Less estimated income | 31,849,828 | 30,799,576 | 33,330,132 | 39,506,611 | 31,391,817 | (8,114,794) |
| General fund | <u>\$8,174,026</u> | <u>\$11,032,475</u> | <u>\$13,458,782</u> | <u>\$13,286,297</u> | <u>\$19,837,961</u> | <u>\$6,551,664</u> |
| Department of Human Services | | | | | | |
| DD grants | | | | | | |
| Day supports | \$26,858,543 | \$31,024,005 | \$39,272,074 | \$51,867,987 | \$62,031,254 | \$10,163,267 |
| Transitional community living | 11,046,988 | 11,769,990 | 14,006,195 | 17,418,837 | 21,014,522 | 3,595,685 |
| Minimally supervised living | 6,524,252 | 9,910,283 | 16,164,937 | 21,216,554 | 29,821,096 | 8,604,542 |
| Supported living arrangement | 1,324,904 | 655,326 | 784,988 | 1,163,767 | 1,314,023 | 150,256 |
| Congregate care | 3,062,549 | 3,295,933 | 3,782,788 | 3,613,328 | 4,507,088 | 893,760 |
| Family subsidy | 1,792,256 | 1,496,194 | 1,592,071 | 1,746,336 | 901,200 | (845,136) |
| Infant development | 2,371,965 | 4,356,827 | 10,885,129 | 13,630,303 | 12,172,112 | (1,458,191) |
| Family support services - In-home support | 5,227,494 | 7,314,107 | 8,775,281 | 12,755,898 | 16,570,451 | 3,814,553 |
| Family support services - Family care option | 374,817 | 439,670 | 794,373 | 733,290 | 952,008 | 218,718 |
| Family support services - Family care option III | 2,639,705 | 1,504,498 | 5,756,429 | 4,625,280 | 5,796,714 | 1,171,434 |
| Individual supervised living arrangement | 45,039,409 | 47,130,906 | 59,063,409 | 77,425,367 | 84,253,112 | 6,827,745 |
| Specialized placements | 838,537 | 993,153 | 1,233,638 | 1,482,017 | 1,597,120 | 115,103 |
| Title XIX waived services | 1,277,232 | 1,116,374 | 1,018,176 | 1,242,518 | 1,132,416 | (110,102) |
| Extended services | 4,845,895 | 4,246,699 | 4,862,296 | 5,782,794 | 6,060,636 | 277,842 |
| Adult education transition services | 124,432 | 49,180 | 125,414 | 102,894 | 90,068 | (12,826) |
| Self-directed supports | 0 | 2,918,221 | 4,272,942 | 4,422,573 | 4,698,204 | 275,631 |
| Extended home health care ¹ | 0 | 0 | 0 | 0 | 4,207,790 | 4,207,790 |
| Parenting support ¹ | 0 | 0 | 0 | 0 | 101,148 | 101,148 |
| Autism spectrum disorder waiver | 0 | 0 | 0 | 1,038,000 | 1,860,324 | 822,324 |
| Developmental Center transition funds | 0 | 50,000 | 0 | 0 | 0 | 0 |
| DD funding buckets ² | 0 | 0 | 0 | 7,828,457 | 8,422,628 | 594,171 |
| Subtotal | <u>\$113,348,978</u> | <u>\$128,271,366</u> | <u>\$172,390,140</u> | <u>\$228,096,200</u> | <u>\$267,503,914</u> | <u>\$39,407,714</u> |

| | 2003-05 Biennium Appropriations | 2005-07 Biennium Appropriations | 2007-09 Biennium Appropriations | 2009-11 Biennium Appropriations | 2011-13 Executive Budget Recommendation | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Appropriations |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|---|
| Community ICF care | 77,207,149 | 83,107,954 | 100,922,835 | 113,446,346 | 129,492,119 | 16,045,773 |
| Total - DD grants | \$190,556,127 | \$211,379,320 | \$273,312,975 | \$341,542,546 | \$396,996,033 | \$55,453,487 |
| Less estimated income | 128,703,919 | 136,827,159 | 177,760,375 | 230,812,205 ³ | 222,764,726 | (8,047,479) |
| General fund - DD grants | \$61,852,208 | \$74,552,161 | \$95,552,600 | \$110,730,341 | \$174,231,307 | \$63,500,966 |
| Total - Vocational rehabilitation - Supported employment | \$202,198 | \$230,089 | \$261,634 | \$256,713 | \$296,144 | \$39,431 |
| Less estimated income | 202,198 | 230,089 | 261,634 | 256,713 | 296,144 | 39,431 |
| General fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Additional Department of Human Services | | | | | | |
| DD costs | | | | | | |
| Central office | \$4,432,090 | \$5,290,006 | \$6,077,151 | \$8,926,443 | \$9,175,882 | \$249,439 |
| Regional human service centers | 11,249,124 | 12,877,811 | 11,821,503 | 13,486,487 | 13,836,048 | 349,561 |
| Total additional DD costs | \$15,681,214 | \$18,167,817 | \$17,898,654 | \$22,412,930 | \$23,011,930 | \$599,000 |
| Less estimated income | 7,736,590 | 11,175,602 | 10,256,397 | 12,844,385 | 13,302,658 | 458,273 |
| General fund - Additional DD costs | \$7,944,624 | \$6,992,215 | \$7,642,257 | \$9,568,545 | \$9,709,272 | \$140,727 |
| Developmentally disabled facility loan funds - Lands and minerals trust fund | \$3,261,556 | \$1,652,538 ⁴ | \$0 ⁴ | \$0 ⁴ | \$0 ⁴ | \$0 |
| Protection and Advocacy Project | \$3,226,255 | \$3,720,979 | \$4,130,475 | \$4,713,318 | \$5,139,253 | \$425,935 |
| Less estimated income | 2,443,532 | 2,908,886 | 3,201,334 | 2,987,503 | 3,118,888 | 131,385 |
| General fund | \$782,723 | \$812,093 | \$929,141 | \$1,725,815 | \$2,020,365 | \$294,550 |
| Grand total - DD services | \$252,951,204 | \$276,982,794 | \$342,392,652 | \$421,718,415 | \$476,673,138 | \$54,954,723 |
| Less grand total estimated income | 174,197,623 | 183,593,850 | 224,809,872 | 286,407,417 | 270,874,233 | (15,533,184) |
| Grand total - General fund - DD services | \$78,753,581 | \$93,388,944 | \$117,582,780 | \$135,310,998 | \$205,798,905 | \$70,487,907 |

NOTE: The amounts shown for the 2003-05, 2005-07, 2007-09, and 2009-11 bienniums are the adjusted appropriations.

¹Prior to the 2011-13 executive budget recommendation, these services were previously included in family support services - In-home support amounts.

²Enhanced funding for various critical needs provided to children and adults with disabilities.

³Includes Bank of North Dakota loan funds of \$1,190,654.

⁴Beginning in the 2005-07 biennium, the developmentally disabled facility loan fund payments to the common schools trust fund are made pursuant to a continuing appropriation.

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

| Actual | | Executive Recommendation | |
|--------------|-------|--------------------------|-------|
| July 1, 2003 | 0.00% | July 1, 2011 | 3.00% |
| July 1, 2004 | 0.00% | July 1, 2012 | 3.00% |
| July 1, 2005 | 2.65% | | |
| July 1, 2006 | 2.65% | | |
| July 1, 2007 | 4.00% | | |
| July 1, 2008 | 5.00% | | |
| July 1, 2009 | 6.00% | | |
| July 1, 2010 | 6.00% | | |

MENTAL HEALTH SERVICES
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2011-13 BIENNIUM
COMPARED TO THE 2003-05 THROUGH 2007-09 BIENNIUM LEGISLATIVE APPROPRIATIONS

| | 2003-05 Adjusted Appropriations | 2005-07 Adjusted Appropriations | 2007-09 Adjusted Appropriations | 2009-11 Adjusted Appropriations | 2011-13 Executive Budget Recommendation | 2011-13 Executive Budget Increase (Decrease) Compared to 2009-11 Adjusted Appropriations |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|---|
| State Hospital | | | | | | |
| Traditional services | \$32,229,564 | \$33,970,200 | \$42,557,545 | \$46,489,131 | \$49,761,363 | \$3,272,232 |
| Secure services | 2,443,180 | 5,459,220 | 9,570,984 | 10,480,123 | 11,264,915 | 784,792 |
| Capital improvements | 910,840 | 1,383,634 | 6,253,803 | 4,618,531 | 2,533,650 | (2,084,881) |
| Total | \$35,583,584 | \$40,813,054 | \$58,382,332 | \$61,587,785 | \$63,559,928 | \$1,972,143 |
| Less estimated income | 11,715,381 | 10,856,247 | 10,395,697 | 13,742,143 | 12,591,199 | (1,150,944) |
| General fund | \$23,868,203 | \$29,956,807 | \$47,986,635 | \$47,845,642 | \$50,968,729 | \$3,123,087 |
| Department of Human Services | | | | | | |
| Central office - Mental health | \$2,702,553 | \$2,493,459 | \$2,193,011 | \$3,557,993 | \$5,089,731 | \$1,531,738 |
| Central office - Community treatment - Sexual offender population | | | 2,774,562 | 1,864,831 | 1,863,135 | (1,696) |
| Human service centers - Mental health | 27,994,663 ¹ | 28,244,485 ¹ | 34,425,447 ¹ | 39,219,482 ¹ | 40,650,366 ¹ | 1,430,884 |
| Total | \$30,697,216 | \$30,737,944 | \$39,393,020 | \$44,642,306 | \$47,603,232 | \$2,960,926 |
| Less estimated income | 17,930,549 | 16,710,321 | 15,139,316 | 19,412,496 | 19,260,906 | (151,590) |
| General fund | \$12,766,667 | \$14,027,623 | \$24,253,704 | \$25,229,810 | \$28,342,326 | \$3,112,516 |
| Grand total - Mental health services | \$66,280,800 | \$71,550,998 | \$97,775,352 | \$106,230,091 | \$111,163,160 | \$4,933,069 |
| Less grand total estimated income | 29,645,930 | 27,566,568 | 25,535,013 | 33,154,639 | 31,852,105 | (1,302,534) |
| Grand total - General fund - Mental health | \$36,634,870 | \$43,984,430 | \$72,240,339 | \$73,075,452 | \$79,311,055 | \$6,235,603 |

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

| | 2003-05 Adjusted Appropriations | 2005-07 Adjusted Appropriations | 2007-09 Adjusted Appropriations | 2009-11 Adjusted Appropriations | 2011-13 Executive Budget Recommendation | Increase (Decrease) Compared to 2009-11 Appropriations |
|--------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|--|
| General fund | \$11,690,111 | \$13,079,962 | \$20,607,368 | \$21,810,375 | \$24,108,086 | \$2,297,711 |
| Other funds | 16,304,552 | 15,164,523 | 13,818,079 | 17,409,107 | 16,542,280 | (866,827) |
| Total | \$27,994,663 | \$28,244,485 | \$34,425,447 | \$39,219,482 | \$40,650,366 | \$1,430,884 |

SECTION H - CAPITAL CONSTRUCTION

| | |
|--|------|
| SUMMARY OF KEY RECOMMENDATIONS | H-1 |
| MAJOR NEW CAPITAL CONSTRUCTION PROJECTS | H-2 |
| EXTRAORDINARY REPAIRS | H-3 |
| CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING BALANCES | H-8 |
| SALES TAX LIMITATION - BOND PAYMENTS | H-16 |

CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive budget recommendation includes a total of \$1,406,171,011 for capital projects as reflected on the following schedule:

| | General Fund | Special Funds | Total Funds |
|--|----------------------|------------------------|-------------------------|
| Major capital projects - See the major new capital construction schedule on page H-2 | \$57,018,128 | \$112,972,481 | \$169,990,609 |
| Extraordinary repairs - See the extraordinary repairs schedule on page H-3 | 21,434,618 | 15,348,312 | 36,782,930 |
| Department of Transportation bond payments | | 1,189,239 | 1,189,239 |
| Department of Transportation contractor payments | 5,850,000 | 1,057,510,826 | 1,063,360,826 |
| State Water Commission bond payments | | 16,881,750 | 16,881,750 |
| Water projects | | 88,711,828 | 88,711,828 ¹ |
| Institutions of higher education special assessments | 4,302,624 | | 4,302,624 |
| State agency special assessments | 72,146 | 20,000 | 92,146 |
| Payment in lieu of taxes | 35,000 | 1,000,000 ² | 1,035,000 ² |
| ConnectND bond payments | | 5,406,666 | 5,406,666 |
| State Fair bond payments | 210,000 | | 210,000 |
| Other bond payments - See the lease payment schedule beginning on page H-8 | 17,037,380 | 1,170,013 | 18,207,393 |
| Total | \$105,959,896 | \$1,300,211,115 | \$1,406,171,011 |

¹This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project. In addition, the executive budget includes \$314.6 million for local cost-share and water project grants.

²This amount does not include payments in lieu of taxes of approximately \$405,000 estimated to be paid by Workforce Safety and Insurance in the 2011-13 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The executive budget recommendation includes a total of \$17,037,380 from the general fund for 2011-13 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, branch research centers, Main Research Center, State Fair, and Veterans' Home.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2011-13 biennium is estimated to be \$32,750,660 based on projected sales, use, and motor vehicle excise tax collections included in the 2011-13 executive budget.

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

Please see the **CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES** for additional information.

**MAJOR NEW CAPITAL CONSTRUCTION EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2011-13 BIENNIUM
COMPARED TO 2009-11 LEGISLATIVE APPROPRIATIONS**

| Bill No. | Agency or Institution | Project | 2011-13 Executive Budget Recommendations | | | 2009-11 Legislative Appropriations | | |
|---|--|--|--|---------------------|---------------------|------------------------------------|-----------------------------------|----------------------------------|
| | | | General Fund | Special Funds | Bonding | General Fund | Special Funds | Bonding |
| HB 1003 | Bismarck State College (227) | Plant Services Building | \$1,500,000 | | | | | |
| | | Student Union renovation and addition (revenue bonds) | | \$500,000 | \$7,000,000 | | | |
| HB 1003 | Williston State College (229) | Campus branding | | 1,500,000 | | | | |
| | | Science laboratory remodel | | 1,320,000 | | | | |
| HB 1003 | University of North Dakota (UND) (230) | Energy and Environmental Research Center Slurry Building expansion | | 2,700,000 | | | | |
| | | Joint North Dakota University System and UND information technology facility | 11,200,000 | | | | | |
| | | University town home apartments (revenue bonds) | | | 5,000,000 | | | |
| | | Wilkerson Hall renovation and addition (revenue bonds) | | | 14,000,000 | | | |
| HB 1003 | North Dakota State University (NDSU) (235) | Bison Sports Arena renovation | | 29,100,000 | | | | |
| | | Information technology infrastructure | | 2,000,000 | | | | |
| | | Indoor practice facility | | 5,000,000 | | | | |
| HB 1003 | State College of Science (238) | Forkner Hall renovation (revenue bonds) | | | 5,000,000 | | | |
| | | Frank Vertin football complex | | 1,500,000 | | | | |
| | | Old Main renovation | 8,180,000 | | | | | |
| | | Schulz Hall renovation (revenue bonds) | | | 4,000,000 | | | |
| HB 1003 | Dickinson State University (239) | Stoxen Library | 8,800,000 | | | | | |
| HB 1003 | Minot State University (241) | Landscape plan (Phases 2 and 3 of 10-year plan) | | 800,000 | | | | |
| | | Old Main classroom remodel | | 750,000 | | | | |
| | | Resident apartments (revenue bonds) | | | 3,500,000 | | | |
| HB 1003 | Valley City State University (242) | Lokken Field turf | | 815,000 | | | | |
| | | Rhoades Science Center addition and renovation | 7,971,000 | | | | | |
| HB 1007 | Veterans' Home (313) | Heated storage area for new maintenance building | | 6,000 | | | | |
| SB 2013 | Department of Human Services (325) | State Hospital capital projects (fire safety and electrical projects) | 1,800,000 | | | | | |
| HB 1006 | Aeronautics Commission (412) | Terminal and wildlife fencing at International Peace Garden airport | | 230,000 | | | | |
| SB 2021 | Workforce Safety and Insurance (485) | Backup generator for building | | 466,250 | | | | |
| HB 1011 | Highway Patrol (504) | Emergency vehicle operations course | 3,558,300 | 531,700 | | | | |
| HB 1015 | Department of Corrections and Rehabilitation (530) | James River Correctional Center ET building - Cabinet unit ventilator | 574,640 | | | | | |
| | | Youth Correctional Center - Utility tunnel roof and roadway improvements | 43,328 | | | | | |
| SB 2016 | Adjutant General (540) | Federal construction projects | | 20,000,000 | | | | |
| | | State Radio tower equipment | 2,100,000 | | | | | |
| HB 1020 | NDSU Main Research Center (640) | Research greenhouse complex | 6,991,650 | 2,502,931 | | | | |
| SB 2017 | Game and Fish Department (720) | District office storage buildings | | 200,000 | | | | |
| | | Land acquisition | | 800,000 | | | | |
| SB 2019 | Parks and Recreation Department (750) | Garrison Bay marina dock purchase | 240,000 | | | | | |
| | | Garrison Bay marina electrical and water systems | 175,000 | | | | | |
| | | Graham's Island access road five-foot grade raise | 2,484,800 | 400,000 | | | | |
| | | Graham's Island campground expansion | 350,000 | 350,000 | | | | |
| | | Lewis and Clark State Park campground renovations | 240,000 | | | | | |
| | | Lewis and Clark State Park road repairs | 565,000 | | | | | |
| | | Little Missouri Bay showerhouse | 90,000 | | | | | |
| | | Multiuse trail development | 55,000 | 220,000 | | | | |
| | | Information technology ethernet installation at various parks | 99,410 | | | | | |
| HB 1012 | Department of Transportation (801) | Land and buildings | | 2,780,600 | | | | |
| Total 2011-13 executive budget recommendation | | | <u>\$57,018,128</u> | <u>\$74,472,481</u> | <u>\$38,500,000</u> | | | |
| Total 2009-11 legislative appropriations | | | | | | <u>\$145,004,310</u> ¹ | <u>\$242,862,974</u> ¹ | <u>\$62,179,500</u> ¹ |

¹ Represents the total appropriation for major new capital construction provided by the 2009 Legislative Assembly. Please refer to the Legislative Council's *Analysis of Legislative Changes to the Executive Budget 2009-11 Biennium* for details regarding the 2009-11 appropriations. The 2009 Legislative Assembly authorized the State Board of Higher Education to issue \$62,179,500 of revenue bonds.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2011-13 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

| Agency or Institution | 2011-13 Executive Budget Recommendations | | |
|---|--|---------------|-------------|
| | General Fund | Special Funds | Total |
| Office of Management and Budget (110) | | | |
| Capitol Café and hallway remodel | | \$700,000 | \$700,000 |
| Exterior repairs to Capitol | \$2,800,000 | | 2,800,000 |
| Legislative wing brass and wood restoration | | 1,000,000 | 1,000,000 |
| Capitol south entrance remodeling | | 900,000 | 900,000 |
| Capitol grounds electrical system repairs | 200,000 | | 200,000 |
| Capitol elevator panel replacement | 38,000 | | 38,000 |
| Exterior signage for Capitol grounds | | 400,000 | 400,000 |
| Improvements to the Liberty Memorial Building | 650,000 | | 650,000 |
| Capitol mechanical repairs | 390,000 | | 390,000 |
| Capitol grounds north parking lot repairs | 400,000 | | 400,000 |
| Total - Office of Management and Budget | \$4,478,000 | \$3,000,000 | \$7,478,000 |
| Bismarck State College (227) | | | |
| Infrastructure repairs | \$212,000 | | \$212,000 |
| Building exterior | 175,000 | | 175,000 |
| Miscellaneous small projects less than \$50,000 | 30,673 | | 30,673 |
| Total - Bismarck State College | \$417,673 | | \$417,673 |
| Lake Region State College (228) | | | |
| Building exterior | \$73,367 | | \$73,367 |
| Mechanical and electrical upgrades | 82,000 | | 82,000 |
| Total - Lake Region State College | \$155,367 | | \$155,367 |
| Williston State College (229) | | | |
| Interior finishes | \$197,801 | | \$197,801 |
| Total - Williston State College | \$197,801 | | \$197,801 |
| University of North Dakota (230) | | | |
| Building exterior maintenance | \$747,000 | | \$747,000 |
| Interior finishes | 225,000 | | 225,000 |
| Mechanical and electrical upgrades | 732,500 | | 732,500 |
| Miscellaneous small projects under \$50,000 | 264,650 | | 264,650 |
| Paving and area lighting | 725,545 | | 725,545 |
| Structural repairs | 840,171 | | 840,171 |
| Utilities and infrastructure | 876,700 | | 876,700 |
| Total - University of North Dakota | \$4,411,566 | | \$4,411,566 |

| | | |
|--|-------------|-------------|
| North Dakota State University (235) | | |
| Building exterior maintenance | \$750,000 | \$750,000 |
| Interior finishes | 100,000 | 100,000 |
| Mechanical and electrical upgrades | 750,000 | 750,000 |
| Miscellaneous small projects under \$50,000 | 332,244 | 332,244 |
| Paving and area lighting | 200,000 | 200,000 |
| Structural repairs | 100,000 | 100,000 |
| Utilities and infrastructure | 500,000 | 500,000 |
| Total - North Dakota State University | \$2,732,244 | \$2,732,244 |
| State College of Science (238) | | |
| Building exterior | \$350,000 | \$350,000 |
| Mechanical and electrical upgrade | 125,000 | 125,000 |
| Interior finishes | 200,000 | 200,000 |
| Paving and area lighting | 55,000 | 55,000 |
| Utilities and infrastructure | 45,000 | 45,000 |
| Miscellaneous small projects less than \$5,000 | 237,379 | 237,379 |
| Total - State College of Science | \$1,012,379 | \$1,012,379 |
| Dickinson State University (239) | | |
| Interior finishes | \$53,708 | \$53,708 |
| Mechanical and electrical upgrades | 176,000 | 176,000 |
| Miscellaneous projects under \$50,000 | 79,370 | 79,370 |
| Utilities and infrastructure | 100,000 | 100,000 |
| Total - Dickinson State University | \$409,078 | \$409,078 |
| Mayville State University (240) | | |
| Building exterior maintenance | \$179,496 | \$179,496 |
| Miscellaneous projects under \$50,000 | 179,496 | 179,496 |
| Total - Mayville State University | \$358,992 | \$358,992 |
| Minot State University (241) | | |
| Interior finishes | \$299,620 | \$299,620 |
| Mechanical and electrical upgrades | 500,000 | 500,000 |
| Paving and area lighting | 50,000 | 50,000 |
| Utilities and infrastructure | 50,000 | 50,000 |
| Total - Minot State University | \$899,620 | \$899,620 |
| Valley City State University (242) | | |
| Building exterior maintenance | \$40,000 | \$40,000 |
| Interior finishes | 100,000 | 100,000 |
| Mechanical and electrical upgrades | 100,000 | 100,000 |
| Miscellaneous small projects under \$50,000 | 52,319 | 52,319 |
| Paving and lighting | 20,000 | 20,000 |
| Special assessments | 26,000 | 26,000 |
| Structural repairs | 50,000 | 50,000 |
| Utilities and infrastructure | 20,000 | 20,000 |
| Total - Valley City State University | \$408,319 | \$408,319 |

| | | | |
|--|-------------|------------------------|-----------------------|
| Dakota College at Bottineau (243) | | | |
| Building exterior maintenance | \$10,000 | | \$10,000 |
| Interior finishes | 5,782 | | 5,782 |
| Mechanical and electrical upgrades | 21,000 | | 21,000 |
| Miscellaneous small projects under \$50,000 | 49,000 | | 49,000 |
| Paving and area lighting | 10,000 | | 10,000 |
| Structural repairs | 9,725 | | 9,725 |
| Utilities and infrastructure | 10,000 | | 10,000 |
| Total - Dakota College at Bottineau | \$115,507 | | \$115,507 |
| Forest Service (244) | | | |
| Miscellaneous small projects under \$50,000 | \$41,543 | | \$41,543 |
| Total - Forest Service | \$41,543 | | \$41,543 |
| School for the Deaf (252) | | | |
| Apartment building and garage demolition | \$2,600 | \$14,400 | \$17,000 |
| Blackhurst Dormitory repairs | | 250,400 | 250,400 |
| Kitchen/dining repairs | 101,200 | | 101,200 |
| School building repairs | | 520,200 | 520,200 |
| Gym roof repair | | 59,730 | 59,730 |
| Utility transformer repair | | 50,000 | 50,000 |
| Total - School for the Deaf | \$103,800 | \$894,730 ¹ | \$998,530 |
| North Dakota Vision Services - School for the Blind (253) | | | |
| Base budget extraordinary repairs | \$7,453 | \$32,047 | \$39,500 |
| Total - North Dakota Vision Services - School for the Blind | \$7,453 | \$32,047 | \$39,500 ² |
| State Department of Health (301) | | | |
| Repairs to the laboratory building and Environmental Training Center | | \$316,329 | \$316,329 |
| Total - State Department of Health | | \$316,329 | \$316,329 |
| Veterans' Home (313) | | | |
| Irrigation system for new site | | \$187,000 | \$187,000 |
| Landscaping around new facility | \$25,000 | | 25,000 |
| Mill, overlay, and new truck road | | 65,000 | 65,000 |
| Repair irrigation system on current grounds | 55,000 | | 55,000 |
| Reshape and grade oxbow | 46,500 | 30,000 | 76,500 |
| Side and shingle three-stall garage | | 7,000 | 7,000 |
| Streetlighting | | 55,000 | 55,000 |
| Total - Veterans' Home | \$126,500 | \$344,000 | \$470,500 |
| Department of Human Services (325) | | | |
| Parking lot repairs - Southeast Human Service Center | \$35,671 | | \$35,671 |
| State Hospital extraordinary repairs | 733,650 | | 733,650 |
| Developmental Center extraordinary repairs | 579,469 | | 579,469 |
| Total - Department of Human Services | \$1,348,790 | | \$1,348,790 |
| Aeronautics Commission (412) | | | |
| Runway rejuvenation at the International Peace Garden airport | | \$100,000 | \$100,000 |
| Total - Aeronautics Commission | | \$100,000 | \$100,000 |

| | | | |
|--|-------------|-------------|-------------|
| Department of Corrections and Rehabilitation (530) | | | |
| State Penitentiary repair and maintenance projects | \$173,940 | | \$173,940 |
| James River Correctional Center repair and maintenance projects | 446,300 | | 446,300 |
| Missouri River Correctional Center repair and maintenance projects | 45,000 | | 45,000 |
| Youth Correctional Center repair and maintenance projects | 319,500 | | 319,500 |
| Total - Department of Corrections and Rehabilitation | \$984,740 | | \$984,740 |
| Adjutant General (540) | | | |
| Extraordinary repairs at state-supported buildings | \$385,381 | \$5,000,000 | \$5,385,381 |
| Total - Adjutant General | \$385,381 | \$5,000,000 | \$5,385,381 |
| State Seed Department (616) | | | |
| Extraordinary repairs | | \$165,692 | \$165,692 |
| Total - State Seed Department | | \$165,692 | \$165,692 |
| North Dakota State University Main Research Center (640) | | | |
| Building exterior repairs | \$268,093 | | \$268,093 |
| Mechanical and electrical repairs | 268,093 | | 268,093 |
| Interior repairs | 268,093 | | 268,093 |
| Structural repairs | 134,047 | | 134,047 |
| Paving and area lighting | 134,046 | | 134,046 |
| Utilities and infrastructure | 268,093 | | 268,093 |
| Total - North Dakota State University Main Research Center | \$1,340,465 | | \$1,340,465 |
| State Historical Society (701) | | | |
| Fort Abercrombie bank stabilization | \$350,000 | \$650,000 | \$1,000,000 |
| Historic site exhibits | 90,000 | | 90,000 |
| Historic site repairs | 306,000 | | 306,000 |
| Total - State Historical Society | \$746,000 | \$650,000 | \$1,396,000 |
| Game and Fish Department (720) | | | |
| Department facility repairs | | \$300,000 | \$300,000 |
| Fishing area projects | | 875,000 | 875,000 |
| Wildlife management area improvements | | 290,170 | 290,170 |
| Total - Game and Fish Department | | \$1,465,170 | \$1,465,170 |
| Parks and Recreation Department (750) | | | |
| Amphitheater rehabilitation at various sites | \$60,000 | | \$60,000 |
| Boundary fences at various sites | 39,500 | | 39,500 |
| Sewer lift repairs at various sites | 25,000 | | 25,000 |
| Statewide multiuse trail rehabilitation | 30,000 | | 30,000 |
| Beaver Lake State Park repair and maintenance projects | 78,500 | | 78,500 |
| Cross Ranch State Park repair and maintenance projects | 69,500 | | 69,500 |
| Fort Abraham Lincoln State Park repair and maintenance projects | 75,000 | | 75,000 |
| Fort Ransom State Park repair and maintenance projects | 88,000 | | 88,000 |
| Fort Stevenson State Park repair and maintenance projects | 47,800 | | 47,800 |
| Icelandic State Park repair and maintenance projects | 35,100 | | 35,100 |
| Little Missouri State Park repair and maintenance projects | 30,000 | | 30,000 |
| Lake Metigoshe State Park repair and maintenance projects | 49,000 | | 49,000 |
| Lake Sakakawea State Park repair and maintenance projects | 85,000 | | 85,000 |
| Turtle River State Park repair and maintenance projects | 41,000 | | 41,000 |

| | | | |
|---|---------------------|---------------------|---------------------|
| Total - Parks and Recreation Department | \$753,400 | | \$753,400 |
| Department of Transportation (801) | | | |
| Asbestos abatement in Highway Building | | \$2,463,544 | \$2,463,544 |
| Miscellaneous district improvements | | 916,800 | 916,800 |
| Total - Department of Transportation | | <u>\$3,380,344</u> | <u>\$3,380,344</u> |
| Total 2011-13 executive budget recommendation - Extraordinary repairs | <u>\$21,434,618</u> | <u>\$15,348,312</u> | <u>\$36,782,930</u> |

¹ Of the \$894,730 provided from special funds for extraordinary repairs at the School for the Deaf, \$835,000 consists of a transfer from the general fund to the school's operating fund of carryover funding from the 2009-11 biennium provided for the remodel of the Trades Building.

² North Dakota Vision Services - School for the Blind also received contingent funding approval of \$150,000 to remodel the school building. The funding is contingent on the current tenant not renewing the lease set to expire in June 2012. The funding is available only to the extent improvements are necessary to accommodate a new tenant.

CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|--|--|--------------------|-------------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| 1985 Legislative Assembly approved: Developmental Center - Renovations (\$3,900,000) State Penitentiary - Phase II construction (\$7,500,000) State Hospital - Renovations (\$3,400,000) | 1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds) - Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011) | \$17,275,000 | \$11,340,000 | \$2,018,514 | \$1,838,699 | \$0 | \$2,695,000 | \$0 | \$0 |
| 1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center (\$2,475,000) | | | | | | | | | |
| 1989 Legislative Assembly approved: North Dakota State University - Computer Center (\$5,375,000) University of North Dakota - United Hospital north unit (\$1,720,000) State College of Science - Agricultural mechanics building (\$2,916,000) University of North Dakota - Abbott Hall addition (\$3,300,000) | 2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds) - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C (2010) | 28,808,000 | 15,145,000 ¹ | 5,847,795 | 0 | 0 | 0 | 0 | 0 |

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|--|--|-------------------------|--------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| Minot State University - Library (\$7,728,000) State Board of Higher Education - Selected handicapped accessibility projects (\$1,600,000) State Penitentiary - Phase III construction (\$5,000,000) Veterans' Home - Construction and remodeling (\$1,169,000) 1993 Legislative Assembly approved: | | | | | | | | | |
| North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061) Minot State University - Memorial Library renovation (\$2,550,000) Job Service North Dakota - Grand Forks office building (\$1,735,000) Adjutant General - Grand Forks Armory (\$375,000) Youth Correctional Center - Building demolition and asbestos removal (\$250,000) | 2002 Series C lease revenue refunding bonds used to refund 1993 Series B North Dakota Building Authority revenue bonds (3% to 4.3% - 12-year bonds) (2014) | 13,333,061 ² | 10,665,000 | 2,285,223 | 2,322,433 | 2,380,520 | 6,150,000 | 4,180,000 | 2,060,000 |

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|--|--|---------------------------|--------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| 1995 Legislative Assembly approved: Bismarck State College - Science and mathematics center (\$8,060,000) University of North Dakota - Abbott Hall renovations (\$2,371,769) North Dakota State University - Emission control renovations on power plant (\$2,145,000) Dickinson State University - Klinefelter Hall renovations (\$2,750,000) | 2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds) (2017) | 15,326,769 ³ | 16,425,000 | 2,884,467 | 2,898,366 | 2,996,490 | 10,145,000 | 7,915,000 | 5,495,000 |
| 1997 Legislative Assembly approved: State College of Science - Bute Gym remodeling (\$1,700,000) Minot State University - Moore Hall renovation (\$4,000,000) Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000) | 2006 Series A North Dakota Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020) | 10,782,500 ^{4,5} | 9,750,000 | 1,946,503 | 1,642,282 | 1,999,800 | 8,430,000 | 7,330,000 | 5,800,000 |
| 1999 Legislative Assembly approved: North Dakota State University - Animal facility (\$2,207,500) | | | | | | | | | |

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|---|---|-------------------------|--------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| Youth Correctional Center - Pine Cottage (\$1,475,000) | | | | | | | | | |
| 1997 Legislative Assembly approved: | | | | | | | | | |
| University of North Dakota - Renovation and addition to the Ed James Wing of the medical school building (\$3,000,000) | 1998 Series C North Dakota Building Authority revenue bonds (3.2% to 4.35% - 10-year bonds) (2008) | 3,000,000 ⁶ | 3,400,000 | 725,645 | 0 | 0 | 0 | 0 | 0 |
| 1999 Legislative Assembly approved: | | | | | | | | | |
| Williston State College - Health and Wellness Center (\$3,000,000) | 2006 Series B North Dakota Building Authority revenue refunding bonds (4.15% - 16-year bonds) - Used to refund a portion of the 2001 Series A North Dakota Building Authority revenue bonds (2022) - Remaining 2001 Series A North Dakota Building Authority revenue bonds (4.13% to 4.35%) (2010) | 10,850,000 ⁷ | 9,770,000 | 1,926,170 | 1,865,574 | 2,073,025 | 10,855,000 | 9,650,000 | 8,325,000 |
| 2001 Legislative Assembly approved: | | | | | | | | | |
| Minot State University - Old Main renovation (\$7,850,000) | | | | | | | | | |
| 2001 Legislative Assembly approved: | | | | | | | | | |
| State Department of Health - Laboratory addition (\$2,700,000) | 2002 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2022) | 5,002,000 ⁸ | 6,035,000 | 899,554 | 961,687 | 1,000,429 | 5,000,000 | 4,475,000 | 3,900,000 |
| Job Service North Dakota - Bismarck service delivery office (\$2,302,000) | | | | | | | | | |

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|---|--|-------------------------|--------------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| 2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex (\$960,000) Department of Corrections and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$2,662,890) Dickinson State University - Murphy Hall - Phase I addition (\$5,882,047) Mayville State University - Steamline replacement - Phase II (\$1,355,000) Valley City State University - Graichen Gymnasium elevator and emergency exits (\$785,300) | 2003 Series B North Dakota Building Authority revenue bonds (4.09% - 20-year bonds) (2023) | 11,645,237 ⁹ | 13,080,000 ¹⁰ | 1,952,986 | 2,026,715 | 2,048,541 | 10,930,000 | 9,680,000 | 8,350,000 |
| 2005 Legislative Assembly approved: Office of Management and Budget - Fire suppression system (\$3,155,000) Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691) North Dakota State University - Hazardous material handling and storage facility (\$3,500,000) | 2005 Series A North Dakota Building Authority revenue bonds (4.50% - 20-year bonds) (2025) | 28,848,248 | 37,955,000 ¹¹ | 910,805 | 5,348,988 | 6,081,260 | 37,955,000 | 34,500,000 | 30,740,000 |

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|--|-----------------------------|--------------------|--------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| State College of Science - Electrical distribution (\$736,000) Dickinson State College - Murphy Hall (\$4,100,557) Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000) Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements (\$980,000) Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000) North Central Research Center - Agronomy laboratory and greenhouse (\$440,000) Central Grasslands Research Center - Office addition (\$270,000) Main Research Center - Greenhouse complex (\$2,000,000) State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000) | | | | | | | | | |

| Project | Bond Issue (Payoff Year) | Cost of Project | Amount Financed | Lease Payments | | | Outstanding Principal Balance June 30, 2009 | Outstanding Principal Balance June 30, 2011 | Outstanding Principal Balance June 30, 2013 |
|---|-----------------------------|--------------------|--------------------|-------------------------------|----------------------------------|----------------------------------|--|--|--|
| | | | | 2007-09 Actual Payments | 2009-11 Estimated Payments | 2011-13 Estimated Payments | | | |
| State Historical Society and Heritage Center - Research collections expansion (\$5,500,000) Parks and Recreation Department - Turtle River State Park administrative office (\$350,000) | | | | | | | | | |
| Total | | \$144,870,815 | \$133,565,000 | \$21,397,662 | \$18,904,744 | \$18,580,065 | \$92,160,000 | \$77,730,000 | \$64,670,000 |
| Breakdown of payments | | | | | | | | | |
| General fund | | | | \$19,091,733 ¹² | \$17,058,339 ¹² | \$17,037,201 ¹² | | | |
| Agency contributions | | | | 2,305,929 | 1,846,405 | 1,542,864 | | | |
| Total | | | | \$21,397,662 | \$18,904,744 | \$18,580,065 | | | |

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

| Institution | Type of Facility | Total Contributions | Contributions Made Through the 2007-09 Biennium |
|-------------------------------|--|---------------------|---|
| North Dakota State University | Computer technology transfer center | \$1,343,000 | \$1,343,000 |
| State College of Science | Agricultural mechanics technology facility | 300,000 | 300,000 |
| University of North Dakota | Abbott Hall addition | 825,000 | 825,000 |
| Minot State University | Library facility | 1,932,000 | 1,932,000 |
| Total | | \$4,400,000 | \$4,400,000 |

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

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

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

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

| Institution/Agency | Type of Facility | Total Contributions | Contributions Made Through the 2003-05 Biennium |
|--------------------------|-----------------------------|---------------------|---|
| Minot State University | Library renovation | \$255,000 | \$255,000 |
| Job Service North Dakota | Grand Forks office building | 1,735,000 | |
| Total | | \$1,990,000 | \$255,000 |

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

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

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

| Institution/Agency | Type of Facility | Total Contributions | Contributions Made Through the 2003-05 Biennium |
|----------------------------|--------------------------------|---------------------|---|
| Bismarck State College | Science and mathematics center | \$1,060,000 | \$1,060,000 |
| University of North Dakota | Abbott Hall renovation | 871,769 | 871,769 |
| Dickinson State University | Klinefelter Hall renovation | 275,000 | 275,000 |
| Total | | \$2,206,769 | \$2,206,769 |

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

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

⁵House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and the Health and Wellness Center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

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

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

⁶In 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.

⁷House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million was available prior to construction, the State Building Authority only bonded for \$3 million of the \$4.5 million project. Williston State College will have paid \$1.5 million by the end of the 2009-11 biennium.

Senate Bill No. 2023 (2001) included a section stating that \$2,299,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the renovation of Old Main. Minot State University's local responsibility is to be paid in 10 annual payments with each of the first two annual payments being \$315,000 and each of the remaining eight annual payments being \$208,625. Minot State University will have paid \$1,811,750 by the end of the 2009-11 biennium with \$487,250 remaining.

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

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

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

House Bill No. 1003 (2003) appropriated \$8,022,347 of special funds for the issuance of bonds for three University System projects by the State Building Authority. In addition, \$830,000 of capital bond payments from the 2001-03 biennium was used for bond issuance buydown. Dickinson State University also provided \$250,000 during the 2005-07

biennium to assist in the retirement of the bonds.

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

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

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

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

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

¹²North Dakota Century Code Section 54-17.2-23 provided that 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The 1993 Legislative Assembly repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1995 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 1997 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The 2001 Legislative Assembly clarified the statute to provide that the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2009-11 through the 2017-19 bienniums and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the February 2009 revenue forecast for the 2009-11 biennium and the August 2010 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

| Biennium | Total Payments | Other Funds | General Fund | 10 Percent of Equivalent of 1 Percent | Estimated Excess General Fund Resources Available for Bond Payments |
|----------|----------------|-------------|--------------|---------------------------------------|---|
| 2009-11 | \$18,904,744* | \$1,846,405 | \$17,058,339 | \$28,034,880 | \$10,976,541 |
| 2011-13 | \$18,580,065* | \$1,542,864 | \$17,037,201 | \$32,750,660 | \$15,713,459 |
| 2013-15 | \$17,285,013* | \$970,980 | \$16,314,033 | \$34,060,686 | \$17,746,653 |
| 2015-17 | \$14,709,843* | \$841,032 | \$13,868,811 | \$35,423,114 | \$21,554,303 |
| 2017-19 | \$12,635,076* | \$846,786 | \$11,788,290 | \$36,840,038 | \$25,051,748 |

*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The 1998 Series C and 2003 Series A bond issuances were paid off during the 2007-09 biennium, and the 1998 Series B bond issuance will be paid off during the 2009-11 biennium. During the 2013-15 biennium, the 2002 Series C bond issue will be paid off. During the 2015-17 biennium, the 2002 Series D bond issue will be paid off. During the 2017-19 biennium, the 2006 Series A bond issue will be paid off. The 2002 Series A was refunded in late 2010, and the savings have not been reflected in these numbers.

SECTION I - STATE EMPLOYEES

| | |
|--|------|
| SUMMARY OF KEY RECOMMENDATIONS | I-1 |
| ANALYSIS OF FULL-TIME EQUIVALENT CHANGES BY AGENCY | I-3 |
| HISTORY OF STATE EMPLOYEE SALARY INCREASES | I-12 |
| ELECTED OFFICIALS' SALARIES | I-15 |

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to an average of 3 percent of salaries effective July 1, 2011, and 3 percent effective July 1, 2012. Salary increases must be based on merit and equity and are not to be given across the board. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. Specific language regarding the salary increases is included in Section 11 of 2011 Senate Bill No. 2015--the appropriation bill for the Office of Management and Budget.

RETIREMENT CONTRIBUTIONS

The executive budget includes a recommended increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, it is recommended that employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.

EQUITY ADJUSTMENTS

The 2011-13 executive budget recommendation for selected agencies includes a total of \$1.6 million for equity compensation adjustments. Of the \$1.6 million, \$518,112 is from the general fund and \$1.1 million from special funds included in agency budgets as follows:

- Attorney General's office - \$192,293 from the general fund - Primarily for forensic scientists in the Crime Laboratory.
- State Department of Health - \$70,000 from the general fund - Primarily for air quality and environmental engineers.
- Industrial Commission - \$255,819 from the general fund - Primarily for geologists and petroleum engineers.
- Department of Transportation - \$1.1 million from special funds - Primarily for heavy equipment operators.

HIGHER EDUCATION

The executive budget recommendation authorizes the State Board of Higher Education in Section 9 of 2011 House Bill No. 1003 to adjust full-time equivalent (FTE) positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2013-15 budget request.

The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the total funding recommended for the North Dakota University System. The executive budget funding level provides

for 3 percent annual salary increases and health insurance premium increases.

EXECUTIVE BRANCH ELECTED OFFICIALS

The executive budget recommendation provides funding for executive branch elected officials' salary increases equal to 3 percent of salaries effective July 1, 2011, and 3 percent effective July 1, 2012. Specific language regarding the salary increases is included in Section 11 of 2011 Senate Bill No. 2015--the appropriation bill for the Office of Management and Budget--and the statutory changes necessary are included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges salary increases of 5 percent for each year of the biennium. Salary increases for Supreme Court justices are also 5 percent for each year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or an average of 3 percent of salaries effective July 1, 2011, and 3 percent of salaries effective July 1, 2012. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$886.62 per month for employee health insurance (an increase of \$60.96, or 7.4 percent, compared to the 2009-11 premium of \$825.66). A recent history of monthly health insurance premiums provided for each employee is listed below:

| | |
|----------------------------------|-------|
| 1995-97 | \$265 |
| 1997-99 | \$301 |
| 1999-2001 | \$350 |
| 2001-03 | \$409 |
| 2003-05 | \$489 |
| 2005-07 | \$554 |
| 2007-09 | \$658 |
| 2009-11 | \$826 |
| 2011-13 executive recommendation | \$887 |

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program is increasing by \$.12 from the 2009-11 rate of \$1.42 per month to \$1.54 per month.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2011-13 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

| | General Fund | Special Funds | Total |
|--|---------------------|----------------------|--------------|
| Salary increase - 3% July 2011 and 3% July 2012 | \$23,920,117 | \$20,892,142 | \$44,812,259 |
| Employee assistance program increase | 14,680 | 12,172 | 26,852 |
| Health insurance premium increase | 7,179,809 | 5,995,847 | 13,175,656 |
| State share of the retirement contribution increase 1%, excluding higher education | 4,845,355 | 4,218,195 | 9,063,550 |
| Equity adjustment for selected agencies to address salary equity issues | 518,112 | 1,100,000 | 1,618,112 |
| Total | \$36,478,073 | \$32,218,356 | \$68,696,429 |

FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2011-13 biennium includes a total of 11,257.07 FTE positions, 81.43 FTE positions more than the 2009-11 authorized level. The recommendation includes the addition of 158.75 new FTE positions and the deletion of 77.32 FTE positions. The cost of the 158.75 new FTE positions totals \$14,242,246 for the 2011-13 biennium, including salary and health insurance increases. Of this amount, \$6,972,092 is from the general fund. Funding reductions relating to the 77.32 deleted positions total \$7,805,705 for the 2011-13 biennium. Of this amount, \$1,727,836 is from the general fund.

**ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS
RECOMMENDED IN THE 2011-13 EXECUTIVE BUDGET**

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|---|---|--------------------|--------------------|--|
| | | | | General Fund | Special Funds | Total | |
| | | | GENERAL GOVERNMENT | | | | |
| 18.00 | 18.00 | 0.00 | 101 - Governor's office | | | | 18.00 |
| 28.00 | 28.00 | 0.00 | 108 - Secretary of State | | | | 28.00 |
| 132.50 | 131.50 | (1.00) | 110 - Office of Management and Budget | | | | 131.50 |
| | | | Deletes: | | | | |
| | | | (1.00) FTE accounting/budget specialist II (ConnectND position) | (\$31,366) | | (\$31,366) | |
| | | | <u>(1.00)</u> | <u>(\$31,366)</u> | <u>\$0</u> | <u>(\$31,366)</u> | |
| 328.20 | 328.20 | 0.00 | 112 - Information Technology Department | | | | 338.20 |
| | | | Adds: | | | | |
| | | | 1.00 FTE programmer analyst III | \$164,813 | | \$164,813 | |
| | | | 1.00 FTE training officer II | 164,814 | | 164,814 | |
| | | | 1.00 FTE senior programmer analyst | 111,441 | | 111,441 | |
| | | | 1.00 FTE information technology program administrator II | | \$205,165 | 205,165 | |
| | | | 1.00 FTE information technology program administrator II | | 205,165 | 205,165 | |
| | | | 1.00 FTE training officer II | | 140,082 | 140,082 | |
| | | | 2.00 FTE PowerSchool specialists | | 265,194 | 265,194 | |
| | | | Deletes: | | | | |
| | | | (1.00) FTE office assistant III | | (80,900) | (80,900) | |
| | | | (1.00) FTE office assistant III | | (51,171) | (51,171) | |
| | | | (1.00) FTE teacher III | | (94,099) | (94,099) | |
| | | | (1.00) FTE education program director | | (169,645) | (169,645) | |
| | | | (1.00) FTE teacher IV | | (83,049) | (83,049) | |
| | | | (1.00) FTE policy and planning position | | | | |
| | | | <u>(2.00) FTE removed and added as PowerSchool specialists</u> | | <u>(250,850)</u> | <u>(250,850)</u> | |
| | | | <u>0.00</u> | <u>\$441,068</u> | <u>\$85,892</u> | <u>\$526,960</u> | |
| 51.80 | 50.80 | (1.00) | 117 - State Auditor | | | | 50.80 |
| | | | Deletes: | | | | |
| | | | (1.00) FTE clerical position | | (\$107,862) | (\$107,862) | |
| | | | <u>(1.00)</u> | <u>\$0</u> | <u>(\$107,862)</u> | <u>(\$107,862)</u> | |
| 7.00 | 7.00 | 0.00 | 120 - State Treasurer | | | | 7.00 |
| 202.50 | 202.50 | 0.00 | 125 - Attorney General | | | | 202.50 |
| 133.00 | 133.00 | 0.00 | 127 - Tax Department | | | | 133.00 |
| 5.00 | 5.00 | 0.00 | 140 - Office of Administrative Hearings | | | | 5.00 |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|--|---|------------------|--------------------|--|
| | | | | General Fund | Special Funds | Total | |
| 34.00 | 34.00 | 0.00 | 160 - Legislative Council | | | | 34.00 |
| 342.00 | 346.00 | 4.00 | 180 - Judicial branch | | | | 346.00 |
| | | | Adds: | | | | |
| | | | 2.00 FTE juvenile court officer I | \$328,084 | | \$328,084 | |
| | | | 1.00 FTE law clerk | 149,992 | | 149,992 | |
| | | | 1.00 FTE deputy clerk of district court II | 129,150 | | 129,150 | |
| | | | <u>4.00</u> | <u>\$607,226</u> | <u>\$0</u> | <u>\$607,226</u> | |
| 30.00 | 30.00 | 0.00 | 188 - Commission on Legal Counsel for Indigents | | | | 33.00 |
| 17.00 | 18.00 | 1.00 | 190 - Retirement and Investment Office | | | | 18.00 |
| | | | Adds: | | | | |
| | | | 1.00 FTE deputy chief investment officer | | \$316,824 | \$316,824 | |
| | | | <u>1.00</u> | <u>\$0</u> | <u>\$316,824</u> | <u>\$316,824</u> | |
| 33.00 | 33.00 | 0.00 | 192 - Public Employees Retirement System | | | | 33.00 |
| <u>1,362.00</u> | <u>1,365.00</u> | <u>3.00</u> | TOTAL GENERAL GOVERNMENT | <u>\$1,016,928</u> | <u>\$294,854</u> | <u>\$1,311,782</u> | <u>1,378.00</u> |
| | | | OTHER EDUCATION | | | | |
| 99.75 | 99.75 | 0.00 | 201 - Department of Public Instruction | | | | 99.75 |
| 21.75 | 24.75 | 3.00 | 226 - Land Department | | | | 26.75 |
| | | | Adds: | | | | |
| | | | 1.00 FTE auditor III (minerals royalty auditor) | | \$157,684 | \$157,684 | |
| | | | 1.00 FTE accounting budget specialist I (Investment and Administrative Division) | | 115,395 | 115,395 | |
| | | | 1.00 FTE office assistant III (energy development impact) | | 90,189 | 90,189 | |
| | | | <u>3.00</u> | <u>\$0</u> | <u>\$363,268</u> | <u>\$363,268</u> | |
| 29.75 | 29.75 | 0.00 | 250 - State Library | | | | 29.75 |
| 43.94 | 43.94 | 0.00 | 252 - School for the Deaf | | | | 43.94 |
| 29.50 | 29.50 | 0.00 | 253 - North Dakota Vision Services - School for the Blind | | | | 30.00 |
| | | | Adds: | | | | |
| | | | 0.50 FTE music instructor | \$69,499 | | \$69,499 | |
| | | | Deletes: | | | | |
| | | | (0.50) FTE superintendent position | (135,082) | | (135,082) | |
| | | | <u>0.00</u> | <u>(\$65,583)</u> | <u>\$0</u> | <u>(\$65,583)</u> | |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|---|---|--------------------|--------------------|--|
| | | | | General Fund | Special Funds | Total | |
| 28.50 | 28.50 | 0.00 | 270 - State Board for Career and Technical Education | | | | 28.50 |
| <u>253.19</u> | <u>256.19</u> | <u>3.00</u> | TOTAL OTHER EDUCATION | <u>(\$65,583)</u> | <u>\$363,268</u> | <u>\$297,685</u> | <u>258.69</u> |
| | | | HEALTH AND WELFARE | | | | |
| 343.50 | 343.50 | 0.00 | 301 - State Department of Health | | | | 350.30 |
| | | | Adds: | | | | |
| | | | 1.00 FTE injury prevention program position | \$125,557 | | \$125,557 | |
| | | | 1.00 FTE performance improvement manager | | \$174,103 | 174,103 | |
| | | | Deletes: | | | | |
| | | | (2.00) FTE positions reassigned by the department to the above new positions | | | | |
| | | | <u>0.00</u> | <u>\$125,557</u> | <u>\$174,103</u> | <u>\$299,660</u> | |
| 4.00 | 4.00 | 0.00 | 305 - Tobacco Prevention and Control Executive Committee | | | | 7.50 |
| 120.72 | 120.72 | 0.00 | 313 - Veterans' Home | | | | 120.72 |
| 4.00 | 4.00 | 0.00 | 316 - Indian Affairs Commission | | | | 4.00 |
| 7.00 | 7.00 | 0.00 | 321 - Department of Veterans' Affairs | | | | 8.00 |
| 472.60 | 490.60 | 18.00 | 325 - Department of Human Services (excluding State Hospital and Developmental Center) | | | | 502.60 |
| | | | Adds: | | | | |
| | | | 1.00 FTE office assistant II | \$49,517 | \$26,546 | \$76,063 | |
| | | | 1.00 FTE office assistant II | 49,517 | 26,546 | 76,063 | |
| | | | 1.00 FTE office assistant II | 49,517 | 26,546 | 76,063 | |
| | | | 1.00 FTE information technology administrator | 22,685 | 204,165 | 226,850 | |
| | | | 1.00 FTE training officer II | 17,805 | | 17,805 | |
| | | | 1.00 FTE attorney II | 62,715 | 121,742 | 184,457 | |
| | | | 1.00 FTE medical claims processing specialist II | 19,668 | 61,236 | 80,904 | |
| | | | 1.00 FTE human services program specialist | 6,158 | 19,173 | 25,331 | |
| | | | 1.00 FTE human services program administrator IV | 13,801 | 41,401 | 55,202 | |
| | | | 1.00 FTE human services program administrator IV | 54,708 | 54,707 | 109,415 | |
| | | | 1.00 FTE administrative assistant I | 11,669 | 9,913 | 21,582 | |
| | | | 1.00 FTE human services program administrator III | 58,652 | 58,651 | 117,303 | |
| | | | 1.00 FTE human services program administrator III | 3,955 | 143,611 | 147,566 | |
| | | | 1.00 FTE human services program administrator III | 3,955 | 143,611 | 147,566 | |
| | | | 1.00 FTE human services program administrator III | 3,955 | 143,611 | 147,566 | |
| | | | 1.00 FTE human services program administrator III | 3,955 | 143,611 | 147,566 | |
| | | | 1.00 FTE human services program administrator III | 3,955 | 143,611 | 147,566 | |
| | | | 1.00 FTE human services program administrator III | 3,955 | 143,611 | 147,566 | |
| | | | <u>18.00</u> | <u>\$440,142</u> | <u>\$1,512,292</u> | <u>\$1,952,434</u> | |
| 441.29 | 400.76 | (40.53) | Department of Human Services - Developmental Center | | | | 400.76 |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|---|---|------------------|---------------|--|
| | | | | General Fund | Special Funds | Total | |
| | | | Transfers: | | | | |
| | | | (1.00) FTE position to the State Hospital | | | | |
| | | | Deletes: | | | | |
| | | | (39.53) FTE positions not requested by the agency | (\$1,448,609) | (\$2,291,585) | (\$3,740,194) | |
| | | | (40.53) | (\$1,448,609) | (\$2,291,585) | (\$3,740,194) | |
| 466.51 | 467.51 | 1.00 | Department of Human Services - State Hospital | | | | 467.51 |
| | | | Transfers: | | | | |
| | | | 1.00 FTE position from the Developmental Center | | | | |
| 836.48 | 837.48 | 1.00 | Department of Human Services - Human service centers | | | | 837.48 |
| | | | Adds: | | | | |
| | | | 1.00 FTE physician | \$284,474 | \$148,977 | \$433,451 | |
| 2,216.88 | 2,196.35 | (20.53) | (20.53) Department of Human Services subtotal | (\$723,993) | (\$630,316) | (\$1,354,309) | 2,208.35 |
| 28.50 | 28.50 | 0.00 | 360 - Protection and Advocacy Project | | | | 28.50 |
| 284.05 | 261.76 | (22.29) | 380 - Job Service North Dakota | | | | 261.76 |
| | | | Adds: | | | | |
| | | | 1.00 FTE customer service specialist | | \$110,987 | \$110,987 | |
| | | | 0.50 FTE administrative officer II | | 60,818 | 60,818 | |
| | | | 0.50 FTE administrative assistant I | | 36,754 | 36,754 | |
| | | | Deletes: | | | | |
| | | | (24.29) positions not requested by the agency | | (2,948,708) | (2,948,708) | |
| | | | (22.29) | \$0 | (\$2,740,149) | (\$2,740,149) | |
| 3,008.65 | 2,965.83 | (42.82) | TOTAL HEALTH AND WELFARE | (\$598,436) | (\$3,196,362) | (\$3,794,798) | 2,989.13 |
| | | | REGULATORY | | | | |
| 45.50 | 50.50 | 5.00 | 401 - Insurance Department | | | | 54.50 |
| | | | Adds: | | | | |
| | | | 1.00 FTE insurance company examiner | | \$149,869 | \$149,869 | |
| | | | 1.00 FTE research analyst | | 144,938 | 144,938 | |
| | | | 1.00 FTE insurance company financial analyst | | 145,012 | 145,012 | |
| | | | 1.00 FTE insurance form rate analyst | | 62,287 | 62,287 | |
| | | | 1.00 FTE state health insurance counselor | | 133,845 | 133,845 | |
| | | | 5.00 | \$0 | \$635,951 | \$635,951 | |
| 61.06 ¹ | 73.06 | 12.00 | 405 - Industrial Commission | | | | 78.75 |
| | | | Adds: | | | | |
| | | | 1.00 FTE geologist (subsurface minerals program) | \$159,814 | | \$159,814 | |
| | | | 1.00 FTE legal assistant II (2009-11 contingent position) | 125,749 | | 125,749 | |
| | | | 2.00 FTE petroleum engineer (one was a 2009-11 contingent position) | 138,356 | | 138,356 | |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|--|---|--------------------|--------------------|--|
| | | | | General Fund | Special Funds | Total | |
| | | | 6.00 FTE engineering technician IV (field inspection) | 564,336 | | 564,336 | |
| | | | 1.00 FTE oil and gas production analyst | 116,341 | | 116,341 | |
| | | | 1.00 FTE engineering technician IV (measurement specialist) | 124,871 | | 124,871 | |
| | | | <u>12.00</u> | <u>\$1,229,467</u> | <u>\$0</u> | <u>\$1,229,467</u> | |
| 12.00 | 12.00 | 0.00 | 406 - Labor Commissioner | | | | 12.00 |
| 43.00 | 43.00 | 0.00 | 408 - Public Service Commission | | | | 43.00 |
| 6.00 | 6.00 | 0.00 | 412 - Aeronautics Commission | | | | 6.00 |
| 29.00 | 29.00 | 0.00 | 413 - Department of Financial Institutions | | | | 29.00 |
| 9.00 | 9.00 | 0.00 | 414 - Securities Department | | | | 9.00 |
| 176.50 | 176.50 | 0.00 | 471 - Bank of North Dakota | | | | 176.50 |
| 46.00 | 46.00 | 0.00 | 473 - Housing Finance Agency | | | | 46.00 |
| 131.00 | 135.00 | 4.00 | 475 - Mill and Elevator Association | | | | 137.00 |
| | | | Adds: | | | | |
| | | | 2.00 FTE car checker | | \$231,322 | \$231,322 | |
| | | | 1.00 FTE sales representative | | 147,481 | 147,481 | |
| | | | 1.00 FTE laboratory technician | | 114,802 | 114,802 | |
| | | | <u>4.00</u> | <u>\$0</u> | <u>\$493,605</u> | <u>\$493,605</u> | |
| 247.14 | 247.14 | 0.00 | 485 - Workforce Safety and Insurance | | | | 248.14 |
| <u>806.20</u> | <u>827.20</u> | <u>21.00</u> | TOTAL REGULATORY | <u>\$1,229,467</u> | <u>\$1,129,556</u> | <u>\$2,359,023</u> | <u>839.89</u> |
| | | | PUBLIC SAFETY | | | | |
| 194.00 | 197.00 | 3.00 | 504 - Highway Patrol | | | | 200.00 |
| | | | Adds: | | | | |
| | | | 1.00 FTE Highway Patrol officer I (motor carrier operations) | \$119,680 | \$17,883 | \$137,563 | |
| | | | 1.00 FTE Highway Patrol officer I (motor carrier operations) | 119,680 | 17,883 | 137,563 | |
| | | | 1.00 FTE Highway Patrol officer I (motor carrier operations) | 119,680 | 17,883 | 137,563 | |
| | | | <u>3.00</u> | <u>\$359,040</u> | <u>\$53,649</u> | <u>\$412,689</u> | |
| 735.29 | 802.29 | 67.00 | 530 - Department of Corrections and Rehabilitation | | | | 813.29 |
| | | | Adds: | | | | |
| | | | 41.00 FTE correctional officer II | \$1,530,899 | | \$1,530,899 | |
| | | | 7.00 FTE health care orderly | 215,873 | | 215,873 | |
| | | | 5.00 FTE correctional caseworker | 207,385 | | 207,385 | |
| | | | 2.00 FTE correctional unit manager | 92,371 | | 92,371 | |
| | | | 2.00 FTE industries specialist II | | \$90,700 | 90,700 | |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|--|---|--------------------|--------------------|--|
| | | | | General Fund | Special Funds | Total | |
| | | | 1.00 FTE industries specialist I | | 110,387 | 110,387 | |
| | | | 1.50 FTE registered nurse II | 69,638 | | 69,638 | |
| | | | 1.00 FTE dental assistant | 30,839 | | 30,839 | |
| | | | 1.00 FTE administrative assistant I | 29,798 | | 29,798 | |
| | | | 1.00 FTE correctional supervisor II | 47,953 | | 47,953 | |
| | | | 1.00 FTE food services director I | 41,477 | | 41,477 | |
| | | | 1.00 FTE storekeeper I | 86,649 | | 86,649 | |
| | | | 1.00 FTE systems mechanic II | 42,169 | | 42,169 | |
| | | | 1.00 FTE training officer I | 40,788 | | 40,788 | |
| | | | 0.50 FTE registered pharmacy technician | 19,448 | | 19,448 | |
| | | | <u>67.00</u> | <u>\$2,455,287</u> | <u>\$201,087</u> | <u>\$2,656,374</u> | |
| 232.00 | 242.00 | 10.00 | 540 - Adjutant General | | | | 252.00 |
| | | | Adds: | | | | |
| | | | 5.00 FTE firefighters at Hector Field | | \$517,572 | \$517,572 | |
| | | | 4.00 FTE regional emergency management coordinators | \$157,684 | 473,052 | 630,736 | |
| | | | 1.00 FTE maintenance position at Camp Grafton | 19,896 | 59,688 | 79,583 | |
| | | | <u>10.00</u> | <u>\$177,580</u> | <u>\$1,050,311</u> | <u>\$1,227,891</u> | |
| <u>1,161.29</u> | <u>1,241.29</u> | <u>80.00</u> | TOTAL PUBLIC SAFETY | <u>\$2,991,907</u> | <u>\$1,305,047</u> | <u>\$4,296,954</u> | <u>1,265.29</u> |
| | | | AGRICULTURE AND ECONOMIC DEVELOPMENT | | | | |
| 68.00 | 70.25 | 2.25 | 601 - Department of Commerce | | | | 68.25 |
| | | | Adds: | | | | |
| | | | 0.25 FTE tourism position | | | | |
| | | | 1.00 FTE energy director (Office of Energy Development) | \$243,549 | | \$243,549 | |
| | | | 1.00 FTE program manager (Office of Energy Development) | 125,216 | | 125,216 | |
| | | | <u>2.25</u> | <u>\$368,765</u> | <u>\$0</u> | <u>\$368,765</u> | |
| 74.50 ² | 74.50 | 0.00 | 602 - Department of Agriculture | | | | 76.50 |
| | | | Adds: | | | | |
| | | | 1.00 FTE agriculture program specialist II | \$120,350 | | \$120,350 | |
| | | | Deletes: | | | | |
| | | | (1.00) FTE pesticide registration specialist position authorized by the 2009 Legislative Assembly for the 2009-11 biennium only | (112,779) | | (112,779) | |
| | | | <u>0.00</u> | <u>\$7,571</u> | <u>\$0</u> | <u>\$7,571</u> | |
| 30.00 | 30.00 | 0.00 | 616 - State Seed Department | | | | 30.00 |
| 52.30 ³ | 52.30 | 0.00 | 627 - Upper Great Plains Transportation Institute | | | | 51.65 |
| 95.49 ³ | 95.49 | 0.00 | 628 - Branch research centers | | | | 113.49 |
| 255.75 ³ | 255.75 | 0.00 | 630 - North Dakota State University Extension Service | | | | 268.75 |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|---|---|--------------------|--------------------|--|
| | | | | General Fund | Special Funds | Total | |
| 11.00 ³ | 11.00 | 0.00 | 638 - Northern Crops Institute | | | | 11.00 |
| 329.26 ³ | 329.26 | 0.00 | 640 - Main Research Center | | | | 364.26 |
| 3.00 | 3.00 | 0.00 | 649 - Agronomy Seed Farm | | | | 3.00 |
| 2.00 | 2.00 | 0.00 | 670 - Racing Commission | | | | 2.00 |
| <u>921.30</u> | <u>923.55</u> | <u>2.25</u> | TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT | <u>\$376,336</u> | <u>\$0</u> | <u>\$376,336</u> | <u>988.90</u> |
| | | | NATURAL RESOURCES AND HIGHWAYS | | | | |
| 62.00 | 63.00 | 1.00 | 701 - State Historical Society | | | | 70.00 |
| | | | Adds: | | | | |
| | | | 1.00 FTE exhibit specialist II | \$61,738 | | \$61,738 | |
| | | | <u>1.00</u> | <u>\$61,738</u> | <u>\$0</u> | <u>\$61,738</u> | |
| 5.00 | 5.00 | 0.00 | 709 - Council on the Arts | | | | 5.00 |
| 157.00 | 157.00 | 0.00 | 720 - Game and Fish Department | | | | 158.00 |
| 53.00 | 54.00 | 1.00 | 750 - Department of Parks and Recreation | | | | 56.50 |
| | | | Adds: | | | | |
| | | | 1.00 FTE grants/contracts officer I | | \$111,238 | \$111,238 | |
| | | | <u>1.00</u> | <u>\$0</u> | <u>\$111,238</u> | <u>\$111,238</u> | |
| 86.00 | 87.00 | 1.00 | 770 - State Water Commission | | | | 88.00 |
| | | | Adds: | | | | |
| | | | 1.00 FTE water development division director | \$231,899 | | \$231,899 | |
| | | | <u>1.00</u> | <u>\$231,899</u> | <u>\$0</u> | <u>\$231,899</u> | |
| 1,054.50 | 1,066.50 | 12.00 | 801 - Department of Transportation | | | | 1,073.50 |
| | | | Adds: | | | | |
| | | | 1.00 FTE transportation technician II | | \$103,402 | \$103,402 | |
| | | | 1.00 FTE transportation technician II | | 103,402 | 103,402 | |
| | | | 1.00 FTE transportation technician II | | 103,402 | 103,402 | |
| | | | 1.00 FTE transportation technician II | | 103,402 | 103,402 | |
| | | | 1.00 FTE transportation technician II | | 103,402 | 103,402 | |
| | | | 1.00 FTE transportation technician II | | 103,402 | 103,402 | |
| | | | 1.00 FTE driver's license examiner I | | 90,293 | 90,293 | |
| | | | 1.00 FTE driver's license examiner I | | 90,293 | 90,293 | |
| | | | 1.00 FTE driver's license examiner I | | 90,293 | 90,293 | |
| | | | 1.00 FTE driver's license examiner I | | 90,293 | 90,293 | |
| | | | 1.00 FTE licensing specialist II | | 101,550 | 101,550 | |
| | | | <u>1.00 FTE licensing specialist II</u> | <u></u> | <u>101,550</u> | <u>101,550</u> | |
| | | | <u>12.00</u> | <u>\$0</u> | <u>\$1,184,684</u> | <u>\$1,184,684</u> | |

| 2009-11 FTE Positions | Executive Recommendation 2011-13 FTE Positions | Increase (Decrease) | Agency/FTE Increase (Decrease) | Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions | | | 2011-13 FTE Positions in Agency Budget Request ¹ |
|-----------------------------|---|------------------------|---|---|-------------|-------------|--|
| | | | | General | Special | | |
| | | | | Fund | Funds | Total | |
| 1,417.50 | 1,432.50 | 15.00 | TOTAL NATURAL RESOURCES AND HIGHWAYS | \$293,637 | \$1,295,922 | \$1,589,559 | 1,451.00 |
| SUMMARY TOTALS | | | | | | | |
| 1,362.00 | 1,365.00 | 3.00 | General Government | \$1,016,928 | \$294,854 | \$1,311,782 | 1,378.00 |
| 253.19 | 256.19 | 3.00 | Other Education | (65,583) | 363,268 | 297,685 | 258.69 |
| 3,008.65 | 2,965.83 | (42.82) | Health and Welfare | (598,436) | (3,196,362) | (3,794,798) | 2,989.13 |
| 806.20 | 827.20 | 21.00 | Regulatory | 1,229,467 | 1,129,556 | 2,359,023 | 839.89 |
| 1,161.29 | 1,241.29 | 80.00 | Public Safety | 2,991,907 | 1,305,047 | 4,296,954 | 1,265.29 |
| 921.30 | 923.55 | 2.25 | Agriculture and Economic Development | 376,336 | 0 | 376,336 | 988.90 |
| 1,417.50 | 1,432.50 | 15.00 | Natural Resources and Highways | 293,637 | 1,295,922 | 1,589,559 | 1,451.00 |
| 8,930.13 | 9,011.56 | 81.43 | TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION) | \$5,244,256 | \$1,192,285 | \$6,436,541 | 9,170.90 |
| HIGHER EDUCATION | | | | | | | |
| 23.30 ⁴ | 23.30 | 0.00 | 215 - North Dakota University System office | | | | 24.30 |
| 111.51 ⁴ | 111.51 | 0.00 | 227 - Bismarck State College | | | | 114.56 |
| 37.50 ⁴ | 37.50 | 0.00 | 228 - Lake Region State College | | | | 40.00 |
| 43.42 ⁴ | 43.42 | 0.00 | 229 - Williston State College | | | | 44.42 |
| 651.91 ⁴ | 651.91 | 0.00 | 230 - University of North Dakota | | | | 658.16 |
| 137.43 ⁴ | 137.43 | 0.00 | 232 - University of North Dakota School of Medicine and Health Sciences | | | | 162.43 |
| 584.88 ⁴ | 584.88 | 0.00 | 235 - North Dakota State University | | | | 584.88 |
| 164.87 ⁴ | 164.87 | 0.00 | 238 - State College of Science | | | | 164.87 |
| 92.96 ⁴ | 92.96 | 0.00 | 239 - Dickinson State University | | | | 93.96 |
| 58.72 ⁴ | 58.72 | 0.00 | 240 - Mayville State University | | | | 61.22 |
| 187.83 ⁴ | 187.83 | 0.00 | 241 - Minot State University | | | | 187.83 |
| 90.37 ⁴ | 90.37 | 0.00 | 242 - Valley City State University | | | | 91.37 |
| 34.81 ⁴ | 34.81 | 0.00 | 243 - Dakota College at Bottineau | | | | 36.81 |
| 26.00 ⁴ | 26.00 | 0.00 | 244 - Forest Service | | | | 28.00 |
| 2,245.51 | 2,245.51 | 0.00 | TOTAL HIGHER EDUCATION | \$0 | \$0 | \$0 | 2,292.81 |
| 11,175.64 | 11,257.07 | 81.43 | TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION) | \$5,244,256 | \$1,192,285 | \$6,436,541 | 11,463.71 |

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

¹ The 2009-11 FTE positions for the Industrial Commission do not include 2 FTE positions that the agency hired, subject to Emergency Commission approval during the 2009-11 biennium, that were funded with funding from the lands and minerals trust fund due to the average drilling rig count exceeding 100 active rigs. The Industrial Commission is requesting funding from the general fund for those positions for the 2011-13 biennium.

² The 2009-11 FTE positions for the Agriculture Commissioner include 1 FTE meat inspection position that the agency was authorized to hire subject to Emergency Commission approval. The department has not filled the position, but the position is included in the department's 2011-13 biennium budget as an existing position

³ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 8 of Senate Bill No. 2020 (2009):

| | 2009-11 Legislative Authorization | Adjusted FTE Level | Variance |
|---|--|-----------------------------------|-----------------|
| Upper Great Plains Transportation Institute | 53.95 | 52.30 | (1.65) |
| Branch research centers | 97.26 | 95.49 | (1.77) |
| North Dakota State University Extension Service | 268.63 | 255.75 | (12.88) |
| Northern Crops Institute | 11.20 | 11.00 | (0.20) |
| Main Research Center | 352.39 | 329.26 | (23.13) |
| Agronomy Seed Farm | 3.00 | 3.00 | 0.00 |
| Total | <u>786.43</u> | <u>746.80</u> | <u>(39.63)</u> |

⁴ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 20 of Senate Bill No. 2003 (2009) to the level supported by the general fund:

| | 2009-11 Legislative Authorization | Adjusted FTE Level | Variance |
|--|--|-----------------------------------|-----------------|
| North Dakota University System office | 21.30 | 23.30 | 2.00 |
| Bismarck State College | 110.93 | 111.51 | 0.58 |
| Lake Region State College | 32.97 | 37.50 | 4.53 |
| Williston State College | 41.10 | 43.42 | 2.32 |
| University of North Dakota | 625.28 | 651.91 | 26.63 |
| University of North Dakota School of Medicine and Health Sciences | 144.92 | 137.43 | (7.49) |
| North Dakota State University | 515.76 | 584.88 | 69.12 |
| State College of Science | 157.24 | 164.87 | 7.63 |
| Dickinson State University | 91.10 | 92.96 | 1.86 |
| Mayville State University | 55.39 | 58.72 | 3.33 |
| Minot State University | 189.82 | 187.83 | (1.99) |
| Valley City State University | 86.86 | 90.37 | 3.51 |
| Dakota College at Bottineau | 31.75 | 34.81 | 3.06 |
| Forest Service | 27.00 | 26.00 | (1.00) |
| Total | <u>2,131.42</u> | <u>2,245.51</u> | <u>114.09</u> |

ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

| Year | General Salary Increase Provided or Proposed | Annual Inflation* |
|-------------------|--|-------------------|
| 1973 | 5% | 6.2% |
| 1974 | 4% | 11.0% |
| 1975 | 5% (in addition to an 11.9% salary adjustment) | 9.1% |
| 1976 | 5% | 5.7% |
| 1977 | 5% | 6.5% |
| 1978 | 5% | 7.6% |
| 1979 | 6.5% | 11.3% |
| 1980 | 6.5% | 13.5% |
| 1981 | 9% (in addition to a 10% salary adjustment) | 10.3% |
| 1982 | 8% (reduced by Governor's budget allotments) | 6.2% |
| 1983 | 2% contribution to retirement | 3.2% |
| 1984 | 2% contribution to retirement | 4.3% |
| 1985 | 9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees | 3.5% |
| 1986 | 4% with a minimum of \$50 per month; the Governor deferred this increase for agencies under the Governor's control to January 1, 1987 | 1.9% |
| 1987 | 0% | 3.7% |
| 1988 | 0% | 4.1% |
| 1989 | 11.4% higher education faculty at the University of North Dakota and North Dakota State University; 9.5% higher education faculty at other four-year universities; 7.3% higher education faculty at two-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees | 4.8% |
| 1990 | 7% higher education faculty at four-year universities, 5% higher education faculty at two-year colleges, 0% all other state employees | 5.4% |
| 1991 | 4% with a minimum of \$50 per month | 4.2% |
| 1992 | \$40 per month | 3.0% |
| 1993 | \$60 per month | 3.0% |
| 1994 | 3% (to the extent available from agency savings) | 2.6% |
| 1995 | 2% | 2.8% |
| 1996 | 3% (includes 1% for salary inequity correction and merit increases) | 2.9% |
| 1997 | 3% (includes 1.5% for salary inequity correction and merit increases) | 2.3% |
| 1998 | 3% (includes 1.5% for salary inequity correction and merit increases; in addition, the North Dakota University System received a \$3.2 million pool of funds for the 1997-99 biennium to address salary compression, market, and equity problems) | 1.5% |
| 1999 | 2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity | 2.2% |
| 2000 | 2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity. An additional 1% was provided to the extent the increase could be paid with existing agency resources. | 3.4% |
| 2001 ¹ | 3% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity | 2.8% |
| 2002 ¹ | 2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity | 1.6% |

| Year | General Salary Increase Provided or Proposed | Annual Inflation* |
|-------------------|--|-------------------|
| 2003 | Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated full-time equivalent (FTE) positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided was required to be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The judicial branch eliminated four vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase. | 2.3% |
| 2004 | Up to 2% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided was required to be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The executive branch and the judicial branch did not eliminate positions to receive salary increases on January 1, 2005. | 2.7% |
| 2005 | 4% | 3.4% |
| 2006 | 4% | 3.2% |
| 2007 ² | 4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board) | 2.8% |
| 2008 ² | 4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board) | 4.2% |
| 2009 ³ | 5% with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board) | (.4%) |
| 2010 ³ | 5% with a minimum of \$100 per month (salary increases are to be based on merit and equity and are not to be given across the board) | 1.6% (projected) |
| 2011 ⁴ | 3% (salary increases are to be based on merit and equity and are not to be given across the board) | 1.5% (projected) |
| 2012 ⁴ | 3% (salary increases are to be based on merit and equity and are not to be given across the board) | 2.5% (projected) |

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

¹In addition, the 2001 Legislative Assembly provided:

- \$5 million, \$2.7 million of which was from the general fund, for market equity compensation adjustments for classified employees as approved by Human Resource Management Services.
- \$4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount was used for salary increases to address equity issues.
- \$178,233, \$142,697 of which was from the general fund, for salary equity adjustments for elected and appointed officials.

²In addition, the 2007 Legislative Assembly provided \$10 million, \$5 million of which was from the general fund and \$5 million of special funds, for market equity salary adjustments based on market data for classified employees. Employees furthest from market were to receive the largest increase (Senate Bill No. 2189).

The 2007-09 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

³In addition, the 2009 Legislative Assembly provided an appropriation of \$15,984,000, of which \$9 million is from the general fund, to the Office of Management and Budget to address salary equity issues. House Bill No. 1015 provided the statewide equity pool be used for market equity compensation adjustments for classified and nonclassified state employees of executive branch agencies, institutions, and departments, excluding entities under the control of the State Board of Higher Education. The market equity increases were to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan needed to give priority to employees who were employed by the state for the greatest length of time and were furthest below their salary range midpoint. The Office of Management and Budget, in developing the plan, was to consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming.

The 2009-11 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

⁴In addition, the executive budget recommends salary equity increases for the following agencies:

- Attorney General's office - \$192,293 from the general fund - Primarily for forensic scientists in the Crime Laboratory.
- State Department of Health - \$70,000 from the general fund - Primarily for the air quality and environmental engineers.
- Industrial Commission - \$255,819 from the general fund - Primarily for geologists and petroleum engineers.
- Department of Transportation - \$1.1 million from special funds - Primarily for heavy equipment operators.

The executive budget also provides funding for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2011-13 biennium includes funding to provide salary increases of 3 percent effective July 1, 2011, and 3 percent effective July 1, 2012, for elected officials. The statutory changes necessary to adjust elected officials' salaries as recommended are included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the 2009 Legislative Assembly and the salary being proposed in the executive budget.

| State Official | Statutory Annual Salary Authorized by 2009 Legislative Assembly | | Proposed Annual Salary Included in the 2011-13 Executive Budget Recommendation | |
|--------------------------------------|--|------------------------|---|------------------------|
| | Effective July 1, 2009 | Effective July 1, 2010 | Effective July 1, 2011 | Effective July 1, 2012 |
| Governor | \$105,034 | \$110,285 | \$113,594 | \$117,001 |
| Lieutenant Governor | \$81,538 | \$85,615 | \$88,183 | \$90,829 |
| Secretary of State | \$83,550 | \$87,728 | \$90,360 | \$93,071 |
| Attorney General | \$91,719 | \$96,304 ¹ | \$134,135 | \$138,159 |
| Superintendent of Public Instruction | \$95,116 | \$99,872 | \$102,868 | \$105,954 |
| Tax Commissioner | \$90,678 | \$95,212 | \$98,068 | \$101,010 |
| Insurance Commissioner | \$83,550 | \$87,728 | \$90,360 | \$93,071 |
| Public Service Commissioners (3) | \$85,830 | \$90,122 | \$92,826 | \$95,611 |
| Agriculture Commissioner | \$85,830 | \$90,122 | \$92,826 | \$95,610 |
| State Auditor | \$83,550 | \$87,728 | \$90,360 | \$93,071 |
| State Treasurer | \$78,900 | \$82,845 | \$85,330 | \$87,890 |

¹Current statutory provisions provide that the salary of the Attorney General is \$96,304 through December 31, 2010, \$113,266 through June 30, 2011, and \$130,228 thereafter.

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

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

| | Statutory Annual Salary Authorized by 2009 Legislative Assembly | | Proposed Annual Salary Included in the 2011-13 Judicial Branch Budget Request | |
|---------------------------------|--|------------------------|--|------------------------|
| | Effective July 1, 2009 | Effective July 1, 2010 | Effective July 1, 2011 | Effective July 1, 2012 |
| Supreme Court Chief Justice | \$127,589 | \$133,968 | \$140,666 | \$147,700 |
| Other Supreme Court justices | \$124,027 | \$130,228 | \$136,739 | \$143,576 |
| District court presiding judges | \$116,930 | \$122,777 | \$128,916 | \$135,362 |
| Other district court judges | \$113,648 | \$119,330 | \$125,297 | \$131,561 |

SECTION J - TRUST FUND ANALYSES

| | |
|---|------|
| BUDGET STABILIZATION FUND | J-1 |
| CENTERS OF EXCELLENCE FUND | J-2 |
| COMMUNITY HEALTH TRUST FUND | J-4 |
| HEALTH CARE TRUST FUND | J-9 |
| LANDS AND MINERALS TRUST FUND | J-10 |
| LEGACY FUND | J-12 |
| PERMANENT OIL TAX TRUST FUND | J-13 |
| PROPERTY TAX RELIEF SUSTAINABILITY FUND | J-14 |
| RESOURCES TRUST FUND | J-15 |
| STATE AID DISTRIBUTION FUND | J-17 |
| STATE DISASTER RELIEF FUND | J-19 |
| STUDENT LOAN TRUST FUND | J-21 |
| TOBACCO PREVENTION AND CONTROL TRUST FUND | J-23 |
| TOBACCO SETTLEMENT TRUST FUND | J-25 |
| WATER DEVELOPMENT TRUST FUND | J-28 |

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|--------------------------|----------------|------------------|----------------|
| Beginning balance | | \$324,936,548 | | \$329,556,954 |
| Add estimated revenues | | | | |
| Transfer from general fund | \$4,620,406 ¹ | | \$0 | |
| Investment income | 0 ² | | 0 ² | |
| Total estimated revenues | | 4,620,406 | | 0 |
| Total available | | \$329,556,954 | | \$329,556,954 |
| Less estimated expenditures and transfers | | | | |
| None | | | | |
| Total estimated expenditures and transfers | | 0 ³ | | 0 ³ |
| Estimated ending balance | | \$329,556,954 | | \$329,556,954 |

¹North Dakota Century Code Chapter 54-27.2 provides that any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund except that, beginning July 1, 2009, the balance in the budget stabilization fund may not exceed 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on the executive budget estimate of a June 30, 2011, general fund balance of \$84,247,950 and the executive recommendation providing total 2011-13 biennium general fund appropriations of \$3,295,569,541; therefore, the maximum balance in the fund is limited to \$329,556,954.

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

³No transfers from the budget stabilization fund are anticipated.

FUND HISTORY

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

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

ANALYSIS OF THE CENTERS OF EXCELLENCE FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|-----------------------------|---------------------------|---------------------------|--------------------------|
| Beginning balance | | \$0 | | \$15,079,298 |
| Add revenues | | | | |
| Transfer from the general fund | \$15,000,000 ^{1,2} | | \$15,000,000 ¹ | |
| Contingent transfer from the general fund | 5,000,000 ³ | | | |
| Unexpended 2009-11 appropriation relating to the Great Plains Applied Energy Research Center | | | 5,000,000 ⁴ | |
| Transfer from the general fund | 4,450,000 ⁵ | | | |
| Transfer from the permanent oil tax trust fund | 6,620,541 ⁶ | | | |
| Investment income | 69,848 | | 69,848 | |
| Total revenues | | 31,140,389 | | 20,069,848 |
| Total available | | \$31,140,389 | | \$35,149,146 |
| Less expenditures and transfers | | | | |
| Legal fees - Attorney General's office | \$2,240 ⁷ | | \$2,240 ⁷ | |
| Centers of excellence grants funding distributions | 16,000,851 | | 25,622,141 | |
| Economic impact studies | 33,000 ⁷ | | 33,000 ⁷ | |
| Centers of Excellence Summit | 15,000 ^{7,8} | | 15,000 ^{7,8} | |
| Other administrative expenses | 10,000 ⁷ | | 10,000 ⁷ | |
| Total expenditures and transfers | | 16,061,091 | | 25,682,381 |
| Estimated ending balance | | \$15,079,298 ⁹ | | \$9,466,765 ⁹ |

¹The 2009 Legislative Assembly appropriated \$15 million from the general fund for transfer to the centers of excellence fund for providing funding to centers of excellence for the 2009-11 biennium. The executive budget provides for a transfer of \$15 million from the general fund to the centers of excellence fund for the 2011-13 biennium.

²Of the money appropriated by the 2009 Legislative Assembly for centers of excellence, Section 23 of 2009 Senate Bill No. 2018 requires \$10 million be made available for centers of excellence enhancement grants during the biennium beginning July 1, 2009, and ending June 30, 2011. Through October 2010, the Centers of Excellence Commission has awarded \$8.65 million of the \$10 million appropriated for centers of excellence enhancement grants to the following projects:

| | |
|--|-------------|
| University of North Dakota | |
| Center of Excellence for Unmanned Aircraft Systems Research, Education, and Training | \$2,754,000 |
| Grand Forks Air Force Base realignment business transition | 200,000 |
| North Dakota Unmanned Aircraft Systems Airspace Initiative | 100,000 |
| Unmanned aircraft systems software and curriculum development | 600,000 |
| North Dakota State University | |
| Research 1 expansion | 4,000,000 |
| Materials and Nanotechnology Center | 1,000,000 |
| Total | \$8,654,000 |

The remaining balance available for centers of excellence enhancement grants during the 2009-11 biennium is expected to be fully awarded by the end of the biennium.

³The Legislative Assembly provided a contingent general fund appropriation of \$5 million for transfer to the centers of excellence fund for providing additional centers of excellence funding for the 2009-11 biennium. The Office of Management and Budget was authorized to transfer this funding only if actual general fund revenues for the period July 1, 2009, through December 1, 2009, exceed estimated general fund revenues for that period by at least \$5 million, as determined by the Office of Management and Budget, based on the legislative estimates made at the close of the 2009 legislative session. The conditions were met and the transfer was made.

⁴The 2011-13 executive budget provides for the continuation of the 2009-11 biennium \$5 million general fund appropriation provided to the Department of Commerce for a grant to the Great Plains Applied Energy Research Center to the 2011-13 biennium. Any unexpended funds are to be transferred to the centers of excellence fund for centers of entrepreneurship excellence grants.

⁵The 2009 Legislative Assembly in House Bill No. 1015 provided \$4.45 million from the general fund for transfer to the centers of excellence fund for 2007-09 centers of excellence awarded but not distributed project funding.

⁶The 2009 Legislative Assembly in Section 27 of Senate Bill No. 2018 authorized the Department of Commerce to continue any unspent funds appropriated for the centers of excellence program for the 2007-09 biennium to the 2009-11 biennium. The Office of Management and Budget was to transfer any unexpended funds from these appropriations to the centers of excellence fund at the end of the 2007-09 biennium. Pursuant to this directive, the Office of Management and Budget transferred \$6,620,541--the amount remaining from the \$15 million appropriation for the 2007-09 biennium--from the permanent oil tax trust fund to the centers of excellence fund.

⁷North Dakota Century Code Section 15-69-05(6) limits funds used for administrative expenses to 2.5 percent of the funds appropriated for the program for that biennium. The 2009 Legislative Assembly appropriated a total of \$20 million for the program for the 2009-11 biennium which limited administrative expenses to \$500,000 for the 2009-11 biennium. The 2011-13 executive budget appropriates a total of \$15 million for the program for the 2011-13 biennium which limits administrative expenses to \$375,000 for the 2011-13 biennium.

⁸The Centers of Excellence Summit was a forum held in Fargo on May 27, 2010. Section 15-69-05(6) authorizes the commission to spend a portion of its administrative costs for centers of excellence forums.

⁹The 2009-11 biennium estimated ending balance includes \$14,794,298 that is expected to be obligated for centers of excellence proposals approved in the 2009-11 biennium and previous bienniums. From the 2009-11 appropriation, \$285,000 is anticipated to be unawarded for centers of excellence grants. The entire 2011-13 estimated ending balance is expected to be obligated for centers of excellence proposals approved in the 2011-13 biennium and previous bienniums.

FUND HISTORY

Section 15-69-06 (2009 Senate Bill No. 2018) establishes a centers of excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of excellence program. Interest earned on money in the fund is retained in the fund.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|----------------------------|------------------------|----------------------------|------------------------|
| Beginning balance | | \$1,299,379 | | \$0 |
| Add estimated revenues and general fund transfers | | | | |
| Transfers to date from the tobacco settlement trust fund | \$2,081,687 ¹ | | \$0 | |
| Projected remaining transfers from the tobacco settlement trust fund | 2,291,559 | | 4,583,118 | |
| Contingent general fund transfer | 671,987 ² | | | |
| Total estimated revenues | | 5,045,233 ³ | | 4,583,118 ³ |
| Total available | | \$6,344,612 | | \$4,583,118 |
| Less estimated expenditures and transfers | | | | |
| State Department of Health (2009 SB 2004; 2009 SB 2227; 2011 HB 1004) | | | | |
| Tobacco prevention and control | \$2,302,098 ^{4,5} | | \$3,510,496 ^{4,5} | |
| Dentists' loan program | 448,448 ⁶ | | 260,000 ⁶ | |
| Tobacco Quitline | 1,069,000 ^{5,7} | | | |
| Tobacco cessation coordinator and operating expenses | 139,397 ^{5,8} | | | |
| Physician and medical loan repayment program | 127,500 ⁹ | | 75,000 ⁹ | |
| Veterinarian loan repayment program | 245,776 ¹⁰ | | 310,000 ¹⁰ | |
| Women's Way program | 304,332 ¹¹ | | | |
| Stroke registry and prevention program | 472,700 ¹² | | 222,624 ¹² | |
| Colorectal cancer screening initiative, including carryover authority pursuant to Section 9 of 2009 SB 2004 | 338,233 ¹³ | | | |
| Emergency medical services grants | 300,000 ¹⁴ | | | |
| Dental grant program | 10,000 ¹⁵ | | 10,000 ¹⁵ | |
| Department of Human Services | | | | |
| Breast and cervical cancer assistance (2009 HB 1012) | 587,128 ¹⁶ | | | |
| Total estimated expenditures and transfers | | 6,344,612 | | 4,388,120 |
| Estimated ending balance | | \$0 | | \$194,998 |

¹As of November 2010, two transfers totaling \$2,081,687 have been made from the tobacco settlement trust fund for the 2009-11 biennium. Total transfers of \$27,898,754 have been made from the tobacco settlement trust fund to the community health trust fund.

²Contingent general fund transfer - Section 4 of 2009 Senate Bill No. 2004 provides for a general fund transfer of up to \$2,405,371 to the community health trust fund if money in the community health trust fund is not sufficient to provide for legislative appropriations for the biennium beginning July 1, 2009, and ending June 30, 2011. Due to anticipated expenditures being lower than appropriated and the 2009-11 biennium beginning balance being more than projected, the department anticipates general fund transfers necessary to meet anticipated expenditures will total \$671,987.

³Revenues - Interest earned on the community health trust fund is deposited in the state general fund.

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

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

| | Actual and Estimated Total Tobacco Settlement Proceeds | Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund | Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1) | | |
|----------------------------|--|--|--|------------------------------------|--------------------------------|
| | | | Common Schools Trust Fund | Water Development Trust Fund | Community Health Trust Fund |
| Actual payment April 2008 | \$36.4 million | N/A | \$16.4 million | \$16.4 million | \$3.6 million |
| Actual payment April 2009 | 39.2 million | \$14.1 million | 11.3 million | 11.3 million | 2.5 million |
| Estimated 2009-11 biennium | 68.3 million | 24.5 million | 19.7 million | 19.7 million | 4.4 million |
| Estimated 2011-13 biennium | 70.3 million | 24.5 million | 20.6 million | 20.6 million | 4.6 million |
| Estimated 2013-15 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2015-17 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2017-19 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2019-21 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2021-23 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2023-25 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Total | \$571.6 million | \$118.3 million | \$204.0 million | \$204.0 million | \$45.3 million |

⁴Section 54-27-25 provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2009 Legislative Assembly appropriated \$2.3 million to the State Department of Health for tobacco prevention and control programs. The 2011-13 executive budget recommendation provides \$3,510,496 from the community health trust fund to the State Department of Health for tobacco prevention and control programs.

⁵Initiated measure No. 3 provides that at least 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. Based on the estimated 2009-11 biennium transfers to the community health trust fund from the tobacco settlement trust fund of \$4,373,246, a minimum of \$3,498,597 (80 percent) is to be provided for tobacco prevention and control. Using the anticipated expenditures of \$2,302,098 for tobacco prevention and control, \$1,069,000 for the Tobacco Quitline, and \$139,397 for the tobacco cessation coordinator and operating expenses, the anticipated expenditures for the 2009-11 biennium total \$3,510,495, or 80.3 percent of the transfers to the community health trust fund from the tobacco settlement trust fund. Based on the estimated 2011-13 biennium transfers to the community health trust fund from the tobacco settlement trust fund of \$4,583,118, a minimum of \$3,666,494 (80 percent) is to be provided for tobacco prevention and control. The 2011-13 executive budget recommends appropriations of \$3,510,496 for tobacco prevention and control from the community health trust fund, or \$155,998 less than required by the initiated measure.

⁶The dentists' loan repayment program, which is administered by the Health Council, was established in 2001 Senate Bill No. 2276 (North Dakota Century Code Chapter 43-28.1). Each year the Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds, not to exceed a total of \$80,000 per applicant, for the repayment of their educational loans. The funds are payable over a four-year period (\$20,000 per year). The dental loan repayment program is to provide the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. Senate Bill No. 2152 (2007) provides that a dentist practicing in Bismarck, Fargo, or Grand Forks must have received dental medical payments of at least \$20,000 in the form of medical assistance reimbursement or practiced at least two full workdays per week at a public health clinic or nonprofit dental clinic in order to qualify for the dentists' loan repayment program. The 2009 Legislative Assembly appropriated \$483,448 from the community health trust fund for the dentists' loan repayment program. The 2011-13 executive budget recommends \$440,000, of which \$180,000 is from the general fund and \$260,000 is from the community health trust fund, for the dentists' loan repayment program, \$43,448 less than the 2009-11 biennium. Dentists accepted into the program per biennium include:

| Biennium (Number of Dentists Accepted Into Program) | Communities Served |
|---|---|
| 2001-03 biennium (3) | Minot (2) Larimore |
| 2003-05 biennium (6) | Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck West Fargo |
| 2005-07 biennium (4) | Fargo Community Health Center Bismarck (serving special populations) Mott Minot |
| 2007-09 biennium (6) | Park River Bismarck Grand Forks Cando/Devils Lake Rugby Wishek |
| 2009-11 biennium (6) | Bismarck Fargo Jamestown Larimore Valley City Williston |

In addition, the 2009 Legislative Assembly provided in Senate Bill No. 2358 an appropriation of \$180,000 from the general fund for a loan repayment program for dentists in public health and nonprofit dental clinics. The bill created a new section to Chapter 43-28.1 and provides that if funds are appropriated, the Health Council is to select up to three dentists who provide or will provide dental services for three years in a public health clinic or nonprofit dental clinic that uses a sliding fee schedule to bill patients for loan repayment grants. The grant award is \$60,000 per recipient and is paid over a two-year period. The department has accepted three dentists--one each from Bismarck, Fargo, and Grand Forks--into the program during the 2009-11 biennium. The department anticipates the entire \$180,000 general fund appropriation will be expended. The 2011-13 executive budget does not include funding for this loan repayment program for dentists in public health and nonprofit dental clinics.

⁷The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the quitline to provide nicotine replacement therapy and cessation counseling. The 2009 Legislative Assembly appropriated \$1,069,000 to fund the quitline for the 2009-11 biennium. The 2011-13 executive budget does not include direct funding for the quitline but includes \$3,510,496 from the community health trust fund for tobacco prevention and control programs.

⁸The 2007 Legislative Assembly authorized one full-time equivalent tobacco prevention coordinator position and related funding for salaries and wages (\$117,101) and operating expenses (\$22,296) for the position. The 2009 Legislative Assembly appropriated \$139,397 for the tobacco prevention coordinator position. The 2011-13 executive budget does not include direct funding for the tobacco prevention coordinator position but includes \$3,510,496 from the community health trust fund for tobacco prevention and control programs.

⁹Chapter 43-17.2 provides for the state community matching physician loan repayment program. A qualifying physician may receive up to \$22,500 per year for up to two years for a total of \$45,000. Section 43-12.2-01 provides for mid-level practitioners to receive up to \$2,500 per year for up to four years for a total of \$10,000. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and mid-level practitioners. The 2009 Legislative Assembly appropriated \$75,000 from the general fund and \$272,500 from the community health trust fund for the program, including \$67,500 provided in Senate Bill No. 2227 which removes the limit on the number of recipients and increases the limit on the maximum loan repayment from \$10,000 to \$30,000 for the medical personnel loan repayment program relating to mid-level practitioners. The 2011-13 executive budget recommends \$420,000, of which

\$345,000 is from the general fund and \$75,000 is from the community health trust fund, for the medical personnel loan repayment program, \$72,500 more than the 2009-11 biennium. Physicians and mid-level practitioners accepted into the program per biennium include:

| Biennium (Number of Physicians Accepted Into Program) | Communities Served |
|---|--|
| 2007-09 biennium (4) | Dickinson (2) Devils Lake Wishek |
| 2009-11 biennium (6 to date) | Bottineau Dickinson (2) Jamestown Wahpeton Williston |

| Biennium (Number of Mid-Level Practitioners Accepted Into Program) | Communities Served |
|--|---|
| 2007-09 biennium (3) | Grafton Turtle Lake/McClusky Williston/Bowman |
| 2009-11 biennium (2 to date) | Oakes (2) |

¹⁰The 2009 Legislative Assembly appropriated \$350,000 from the community health trust fund for the veterinarian loan repayment program. The 2011-13 executive budget recommends \$445,000, of which \$135,000 is from the general fund and \$310,000 is from the community health trust fund, for the veterinarian loan repayment program, \$95,000 more than the 2009-11 biennium.

¹¹The 2009 Legislative Assembly provided \$404,332, of which \$304,332 is from the community health trust fund and \$100,000 is from the general fund, for the Women's Way program. The 2011-13 executive budget recommends \$400,500 from the general fund for Women's Way program maintenance, \$3,832 less than the 2009-11 biennium.

¹²The 2009 Legislative Assembly appropriated \$472,700 from the community health trust fund for a stroke registry and prevention program. The 2011-13 executive budget recommends \$473,324, of which \$250,700 is from the general fund and \$222,624 is from the community health trust fund, for a state stroke registry, \$624 more than the 2009-11 biennium.

¹³The 2007 Legislative Assembly appropriated \$150,000 from the community health trust fund and \$50,000 from the general fund for a grant to the North Dakota Cancer Coalition to provide for a colorectal cancer screening initiative. The 2009 Legislative Assembly provided in Section 9 of Senate Bill No. 2004 that any unexpended funds from the 2007-09 appropriation may be expended during the 2009-11 biennium and appropriated an additional \$300,000 from the community health trust fund for grants to continue the current program and to provide a colorectal cancer screening pilot initiative for low-income underinsured and uninsured men and women aged 50 to 64 living in counties with a population exceeding 15,000, including \$34,225 for the department to contract for program management, data management, and outreach oversight. Unexpended funds from the 2007-09 biennium appropriation totaled \$38,233, and the department anticipates spending these carryover funds in addition to the \$300,000 appropriated for the 2009-11 biennium. The 2011-13 executive budget recommends \$477,600 from the general fund for a colorectal cancer screening initiative.

¹⁴The 2009 Legislative Assembly appropriated \$300,000 from the community health trust fund for emergency medical services training grants. The 2011-13 executive budget recommends \$300,000 from the general fund for emergency medical services training grants.

¹⁵Senate Bill No. 2152 (2007) provides for a dental grant program. A dentist who has graduated from an accredited dental school within the previous five years and is licensed to practice in North Dakota may submit an application to the Health Council for a grant for the purpose of establishing a dental practice in North Dakota cities with a population of 7,500 or less. The Health Council may award a maximum of two grants per year with a maximum grant award of \$50,000 per applicant to be used for buildings, equipment, and operating expenses. The community in which the dentist is located must provide a 50 percent match. The grant must be distributed in equal amounts over a five-year period, and the dentist must commit to practice in the community for five years. The 2009 Legislative Assembly appropriated \$10,000 from the community health trust fund for the dental grant program. To date in the 2009-11 biennium, the State Department of Health has provided funding to one dentist in Larimore and anticipates the entire \$10,000 appropriation will be expended. The 2011-13 executive budget

recommends \$30,000, of which \$20,000 is from the general fund and \$10,000 is from the community health trust fund, for the dental grant program, \$20,000 more than the 2009-11 biennium.

¹⁶The 2009 Legislative Assembly appropriated \$790,015 to the Department of Human Services for providing the state matching funds for medical assistance coverage for women screened and found to have breast and cervical cancer. The department anticipates spending \$587,128 of the funds appropriated for the 2009-11 biennium. The 2011-13 executive budget provides \$790,015 from the general fund to the Department of Human Services for breast and cervical cancer assistance for the 2011-13 biennium.

FUND HISTORY

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

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

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

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

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|-----------------------|-------------|------------------|----------------|
| Beginning balance | | \$3,484,946 | | \$238,644 |
| Add estimated revenues | | | | |
| Investment earnings | \$28,944 | | \$7,498 | |
| Loan repayments - Principal and interest | 1,099,260 | | 1,107,884 | |
| Total estimated revenues | | 1,128,204 | | 1,115,382 |
| Total available | | \$4,613,150 | | \$1,354,026 |
| Less estimated expenditures and transfers | | | | |
| State Department of Health quick response unit pilot project (2009 SB 2004) | \$50,000 ¹ | | | |
| Department of Human Services nursing facilities (medical assistance program) (2009 HB 1012) | 4,124,506 | | | |
| Department of Human Services remodeling of a nursing facility to assisted living and basic care grant (2009 HB 1327) | 200,000 | | | |
| Total estimated expenditures and transfers | | 4,374,506 | | 0 ² |
| Estimated ending balance | | \$238,644 | | \$1,354,026 |

¹The 2009 Legislative Assembly appropriated \$125,000 from the health care trust fund for the State Department of Health quick response unit pilot project for the 2009-11 biennium. The department anticipates spending \$50,000 of the \$125,000 appropriation for the 2009-11 biennium.

²Section 24 of 2009 House Bill No. 1012 amends North Dakota Century Code Section 50-30-02 to provide that money in the health care trust fund may not be included in draft appropriation acts under Section 54-44.1-06.

FUND HISTORY

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

ANALYSIS OF THE LANDS AND MINERALS TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|---------------------------|---------------|---------------------------|---------------|
| Beginning balance | | \$32,586,643 | | \$213,931,550 |
| Add estimated revenues | | | | |
| Production royalties | \$41,802,122 | | \$49,896,000 | |
| Mineral leases | 704,742 | | 694,412 | |
| Oil and gas bonuses | 173,852,266 | | 40,000,000 | |
| Investment earnings | 1,863,500 | | 2,701,789 | |
| Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249) | 464,174 | | 203,727 | |
| Total estimated revenues | | 218,686,804 | | 93,495,928 |
| Total available | | \$251,273,447 | | \$307,427,478 |
| Less estimated expenditures and transfers | | | | |
| Payments to common schools trust fund - Developmentally disabled loan fund Nos. 2 and 3 (2005 SB 2013 - Continuing appropriation) | \$697,344 ¹ | | \$306,065 ¹ | |
| Industrial Commission - Oil and Gas Division contingency (2009 SB 2014) | 314,242 ² | | | |
| Transfer to the general fund (2009 SB 2013) | 35,000,000 | | 239,000,000 | |
| Career and technical education and academic scholarship program | | | 10,000,000 ³ | |
| Office of Management and Budget - Heritage Center expansion (2007 SB 2341) | 499,835 ⁴ | | | |
| Administrative costs/other fees | 830,476 | | 800,000 | |
| Total estimated expenditures and transfers | | 37,341,897 | | 250,106,065 |
| Estimated ending balance | | \$213,931,550 | | \$57,321,413 |
| Restricted fund income | \$53,049,169 ⁵ | | \$57,049,169 ⁵ | |
| Ending balance - Undesignated | | \$160,882,381 | | \$272,244 |

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

²Industrial Commission - Department of Mineral Resources contingency - Senate Bill No. 2014 (2009) provides a \$515,207 contingency appropriation from the lands and minerals trust fund. If funds are required due to the average drilling rig count exceeding 100 active rigs for each month in any consecutive three-month period, the Oil and Gas Division may spend \$319,041 of these funds and hire up to two full-time equivalent (FTE) positions, upon Emergency Commission approval. If funds are required due to receipt of an application for solution mining of potash or uranium, the Geological Survey Division may spend \$196,166 of these funds and hire up to one FTE position, upon Emergency Commission approval. In June 2010, the Emergency Commission approved a request from the Industrial Commission to hire two FTE positions and expend \$221,500 for salaries (\$156,000) and operating expenses (\$65,000). In September 2010, the Emergency Commission approved additional funding of \$97,541 for operating expenses. The division anticipates spending \$314,342 for the 2009-11 biennium.

³The 2011-13 executive budget provides a continuing appropriation from the lands and minerals trust fund for funding for the career and technical education and academic scholarship program enacted by the 2009 Legislative Assembly. The 2009 Legislative Assembly appropriated \$3 million from the general fund for the program for the 2009-11 biennium.

⁴Office of Management and Budget - Senate Bill No. 2341 (2007) provided a contingent appropriation of \$1.5 million from the lands and minerals trust fund to the Office of Management and Budget for the Heritage Center expansion project. The appropriation was only available when the State Historical Society certified to the

Office of Management and Budget that \$1.5 million of other funds had been received or pledged for the project. The State Historical Society certified to the Office of Management and Budget in May 2007 that \$1.5 million of other funds had been received or pledged for the project. The Office of Management and Budget spent \$1,000,164 of the \$1.5 million for the Heritage Center expansion project during the 2007-09 biennium and anticipates spending the remainder of \$499,835 on the project during the 2009-11 biennium.

⁵These funds represent oil and gas bonuses received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Based on the outcome of legal settlements, these funds may need to be returned. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve pending the settlement of mineral ownership title disputes.

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 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 LEGACY FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS
(REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

| | 2009-11 Biennium | | 2011-13 Biennium | |
|---|------------------|-----|----------------------------|----------------|
| Beginning balance | | \$0 | | \$0 |
| Add estimated revenues | | | | |
| 30 percent of oil and gas gross production and extraction tax collections | | | \$612,468,299 ¹ | |
| Investment earnings | | | 6,090,000 | |
| Total estimated revenues | | | | 618,558,299 |
| Total available | | | | \$618,558,299 |
| Total estimated expenditures and transfers | | | | 0 ² |
| Estimated ending balance | | \$0 | | \$618,558,299 |

¹Estimated revenues - The executive budget revenue forecast for the 2011-13 biennium projects oil and gas gross production tax and oil extraction tax revenues to total \$2,041,560,997 for the 2011-13 biennium. Thirty percent of the projected revenues is \$612,468,299.

²The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide that 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|---|----------------------------|-----------------|---------------------------|-----------------|
| Beginning balance | | \$489,727,017 | | \$620,101,616 |
| Add estimated revenues | | | | |
| Oil and gas production and extraction tax collections based on current law | \$890,208,857 ¹ | | \$699,271,039 | |
| Total estimated revenues | | 890,208,857 | | 699,271,039 |
| Adjustments in executive budget recommendation | | | | |
| Increase cap on allocations to the oil and gas impact grant fund (2011 HB 1013) | | | (92,000,000) ² | |
| Total adjustments | | | | (\$92,000,000) |
| Total available | | \$1,379,935,874 | | \$1,227,372,655 |
| Less estimated expenditures and transfers | | | | |
| Transfer to the general fund (2009 HB 1015; 2011 SB 2015) | \$140,000,000 | | \$232,000,000 | |
| Transfer to centers of excellence fund (2009 SB 2018) | 6,620,541 ³ | | | |
| Higher education (2009 SB 2003; 2011 HB 1003) | 12,691,145 | | 2,320,000 | |
| Grant assistance payments to tribally controlled community colleges (2009 HB 1394; 2011 HB 1003) | 700,000 | | 1,000,000 | |
| Dickinson Research Center (2009 SB 2020) | 925,000 | | | |
| Department of Human Services - Medicaid management information system replacement project carryover authority | 1,130,027 | | 1,474,362 | |
| Property tax relief - Transfer to general fund (2009 SB 2199) | 295,000,000 | | | |
| Property tax relief - Transfer to property tax relief sustainability fund (2009 SB 2199; 2011 SB 2015) | 295,000,000 | | 388,580,000 | |
| Property tax relief (deficiency appropriation) (2011 SB 2023) | 4,233,000 | | | |
| Water project grants (2009 HB 1305) | 2,526,445 | | | |
| Prairie Public Broadcasting (2009 HB 1015) | 1,008,100 | | | |
| Transfer to highway fund for state, county, and township road projects (2011 SB 2015) | | | 370,600,000 | |
| Total estimated expenditures and transfers | | 759,834,258 | | 995,974,362 |
| Estimated ending balance | | \$620,101,616 | | \$231,398,293 |

¹Estimated collections reflect actual collections of \$429,798,186 through October 2010 and **December 2010 revised revenue projections** of \$460,410,671 for the remainder of the biennium.

²The executive budget recommends increasing the maximum biennial allocation to the oil and gas impact grant fund from the current level of \$8 million to \$100 million.

³Section 27 of 2009 Senate Bill No. 2018 allows the Department of Commerce to continue any unspent funds appropriated for the centers of excellence program for the 2007-09 biennium to the 2009-11 biennium. The Office of Management and Budget is to transfer any unexpended funds from the appropriations to the centers of excellence fund at the end of the 2007-09 biennium. Pursuant to this directive, the Office of Management and Budget transferred \$6,620,541, the amount remaining from the \$15 million appropriation for the 2007-09 biennium, from the permanent oil tax trust fund to the centers of excellence fund.

FUND HISTORY

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

**ANALYSIS OF THE PROPERTY TAX RELIEF SUSTAINABILITY FUND
FOR THE 2009-11 AND 2011-13 BIENNIUMS
(REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

| | 2009-11 Biennium | | 2011-13 Biennium | |
|---|------------------|---------------|------------------|---------------|
| Beginning balance | | \$0 | | \$295,000,000 |
| Add estimated revenues | | | | |
| Transfer from the permanent oil tax trust fund (Section 11 of 2009 SB 2199; Section 5 of 2011 SB 2015) | \$295,000,000 | | \$388,580,000 | |
| Transfer from permanent oil tax trust fund (Section 2 of 2011 SB 2023) | 4,233,000 | | | |
| Total estimated revenues | | 299,233,000 | | 388,580,000 |
| Total available | | \$299,233,000 | | \$683,580,000 |
| Less estimated expenditures and transfers | | | | |
| Supplemental appropriation for mill levy reduction grants to school districts (Section 1 of 2011 SB 2023) | \$4,233,000 | | | |
| Mill levy reduction grants to school districts (Section 5 of 2011 SB 2013) | | | \$341,790,000 | |
| Total estimated expenditures and transfers | | 4,233,000 | | 341,790,000 |
| Estimated ending balance | | \$295,000,000 | | \$341,790,000 |

FUND HISTORY

North Dakota Century Code Section 57-64-05 (2009 Senate Bill No. 2199) establishes a property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|---|------------------|--------------------------|------------------|--------------------------|
| Beginning balance | | \$87,378,167 | | \$128,447,646 |
| Add estimated revenues | | | | |
| Oil extraction tax collections | \$129,947,875 | | \$199,812,353 | |
| Repayments and reimbursements | 3,504,000 | | 3,509,000 | |
| Investment earnings/miscellaneous income | 2,217,604 | | 1,101,820 | |
| Total estimated revenues | | 135,669,479 ¹ | | 204,423,173 |
| Total available | | \$223,047,646 | | \$332,870,819 |
| Less estimated expenditures and transfers | | | | |
| State Water Commission - Grants, projects, and project administration | \$94,258,000 | | \$332,400,000 | |
| State Water Commission - Beaver Bay embankment feasibility study | 342,000 | | 0 | |
| Total estimated expenditures and transfers | | 94,600,000 ² | | 332,400,000 ³ |
| Estimated ending balance | | \$128,447,646 | | \$470,819 |

¹Estimated revenues - 2009-11 - The estimated revenues for the 2009-11 biennium reflect actual revenues through October 2010 and estimated revenues for the remainder of the biennium based on the executive revenue forecast. The current estimate of revenues for the biennium is **\$82,876,138 more than the estimate of \$52,793,341** made at the close of the 2009 legislative session. The increase is attributable to the following changes:

| | |
|---|--------------|
| Increase in oil extraction tax collections | \$80,163,534 |
| Increase in repayments and reimbursements | 1,495,000 |
| Increase in investment income | 1,217,604 |
| Net increase from revenue amount previously estimated for 2009-11 | \$82,876,138 |

²Sections 1 and 5 of House Bill No. 1020 (2009) appropriate \$188.4 million, or any additional amounts that become available, from the resources trust fund for defraying the expenses of the State Water Commission for the 2009-11 biennium. In addition, Senate Bill No. 2305 (2009) appropriates \$342,000 from the resources trust fund to the State Water Commission for conducting a Beaver Bay embankment feasibility study. The State Water Commission estimates 2009-11 expenditures from the resources trust fund to total \$94.6 million.

³Sections 1 and 4 of Senate Bill No. 2020 (2011) appropriate \$332.4 million, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium.

FUND HISTORY

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

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

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

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

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

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

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|------------------|--------------------------|------------------|---------------|
| Beginning balance | | \$0 | | \$0 |
| Add estimated revenues | | | | |
| Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%) | | 117,600,364 ¹ | | 136,850,406 |
| Total available | | \$117,600,364 | | \$136,850,406 |
| Less estimated expenditures and transfers | | | | |
| Payments to political subdivisions | | | | |
| County share (53.7%) | \$63,151,395 | | \$73,488,668 | |
| City share (46.3%) | 54,448,969 | | 63,361,738 | |
| Total estimated expenditures and transfers | | 117,600,364 | | 136,850,406 |
| Estimated ending balance | | \$0 | | \$0 |

NOTE: The amounts shown reflect the revised 2009-11 revenue forecast (December 2010) and the executive budget revenue forecast for the 2011-13 biennium.

¹Total revenues of \$106,731,983 were anticipated to be deposited in the fund for the 2009-11 biennium based on the forecast at the close of the 2009 Legislative Assembly.

FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

| Population Category | | | |
|---|------------|-------------------------------------|------------|
| Counties | Percentage | Cities (Based on Population) | Percentage |
| 17 counties with the largest population (allocated equally) | 20.48% | 80,000 or more | 19.4% |
| 17 counties with the largest population (allocated based on population) | 43.52% | 20,000 or more but less than 80,000 | 34.5% |
| Remaining counties (allocated equally) | 14.40% | 10,000 or more but less than 20,000 | 16.0% |
| Remaining counties (allocated based on population) | 21.60% | 5,000 or more but less than 10,000 | 4.9% |
| | | 1,000 or more but less than 5,000 | 13.1% |
| | | 500 or more but less than 1,000 | 6.1% |
| | | 200 or more but less than 500 | 3.4% |
| | | Less than 200 | 2.6% |
| Total | 100.00% | | 100.0% |

ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE 2007-09, 2009-11, AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2007-09 Biennium | | 2009-11 Biennium | | 2011-13 Biennium | |
|--|---------------------------|--------------|--------------------------|--------------|------------------|--------------|
| Beginning balance | | \$0 | | \$37,623,216 | | \$21,826,914 |
| Add revenues | | | | | | |
| Transfer from the general fund | \$43,000,000 ¹ | | | | | |
| Interest income | | | \$250,000 | | \$250,000 | |
| National Guard reimbursements | | | 69,055 | | | |
| Total revenues | | 43,000,000 | | 319,055 | | 250,000 |
| Total available | | \$43,000,000 | | \$37,942,271 | | \$22,076,914 |
| Less estimated expenditures of Adjutant General under 2009 SB 2012 | | | | | | |
| Specifically authorized expenditures under Sections 6, 7, and 8 | | | | | | |
| Emergency snow removal grants | \$5,376,784 ² | | | | | |
| Disaster costs relating to 2009 flooding | | | \$5,268,457 ³ | | | |
| Expenditures authorized by the Budget Section under Section 8 | | | | | | |
| Disaster costs relating to disasters occurring prior to 2009 | | | 2,522,948 ⁴ | | | |
| Disaster costs relating to the January 2010 winter snowstorm | | | 1,814,327 ^{4,5} | | | |
| Disaster costs relating to 2010 flooding | | | 2,660,904 ^{4,5} | | | |
| Disaster costs relating to the April 2010 ice storm | | | 3,453,906 ^{4,5} | | | |
| Other agency expenditures under Section 4 | | | | | | |
| Disaster costs relating to 2009 flooding | | | 202,329 ^{4,6} | | | |
| Disaster costs relating to disasters occurring prior to 2009 | | | 192,486 ^{4,6} | | | |
| Less estimated expenditures of Adjutant General (2011 SB 2016) | | | | | | |
| Disaster costs relating to 2009 flooding | | | | | \$2,900,000 | |
| Disaster costs relating to the January 2010 winter snowstorm | | | | | 500,000 | |
| Disaster costs relating to 2010 flooding | | | | | 3,043,000 | |
| Disaster costs relating to the April 2010 ice storm | | | | | 1,400,000 | |
| Total estimated expenditures and transfers | | 5,376,784 | | 16,115,357 | | 7,843,000 |
| Estimated ending balance | | \$37,623,216 | | \$21,826,914 | | \$14,233,914 |

¹Section 5 of 2009 Senate Bill No. 2012 provided that the Office of Management and Budget transfer \$43 million from the general fund to the state disaster relief fund during the 2007-09 biennium.

²Section 6 of 2009 Senate Bill No. 2012 authorized up to \$20 million from the state disaster relief fund to be used for providing emergency snow removal grants to counties, cities, and townships in accordance with Section 7 of 2009 Senate Bill No. 2012. Section 7 of 2009 Senate Bill No. 2012 provided that a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 50 percent of the costs incurred by the county, township, or city for the period January 2009 through March 2009 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Department of Emergency Services distributed these grants prior to June 30, 2009.

³Section 8 of 2009 Senate Bill No. 2012 provides that a political subdivision receiving federal emergency relief funding relating to disasters occurring from January 2009 through June 2009 may apply to the Department of Emergency Services for an emergency relief grant of up to 50 percent of the local match required to receive the federal emergency relief funding. The department expects to distribute \$3,158,099 for these 50 percent local matching share grants. The department expects to distribute \$2,312,687 for flood mitigation assistance grants, hazard mitigation grants, mission assignments, and administrative costs relating to 2009 flooding pursuant to Section 6 of 2009 Senate Bill No. 2012.

⁴The Budget Section approved the following requests from the Adjutant General totaling \$12,953,952, of which \$10,452,085 is expected to be spent in the 2009-11 biennium, relating to the use of the state disaster relief fund pursuant to Section 8 of 2009 Senate Bill No. 2012:

- Request for funding to provide the state match for costs associated with disasters prior to 2009--\$2,718,952 (March 2010).
- Request for funding to provide 10 percent match for the costs associated with the January 2010 winter snowstorm--\$2,336,250 (March 2010).
- Request for funding to provide the state match for costs associated with 2010 flooding--\$2,781,250 (June 2010).
- Request for funding to provide the state match for costs associated with the April 2010 ice storm--\$2,000,000 (June 2010).
- Request for funding to provide the state match for costs associated with the April 2010 ice storm--\$2,005,000 (December 2010).
- Request for funding to provide the state match for costs associated with 2010 flooding--\$1,112,500 (December 2010).

⁵Section 6 of 2009 Senate Bill No. 2012 authorized up to \$23 million from the state disaster relief fund to be used for paying costs relating to the 2009 flood disaster, snow removal damage to roads, and other disasters in accordance with Section 8 of Senate Bill No. 2012.

⁶The Adjutant General has also used funding from the state disaster relief fund to pay for:

- 97 percent of the cost of repairing a parking lot damaged during staging for the 2009 flood event that did not qualify for Federal Emergency Management Agency reimbursement--\$21,909.
- 97 percent of the cost of raising the grade level of a county road to protect the road from rising flood waters and ensure continued public use. The expenditure did not qualify for Federal Emergency Management Agency reimbursement--\$180,420.
- The repayment of the federal share of home buyouts made through the hazard mitigation grant program in 1998 that were later deemed ineligible by Federal Emergency Management Agency inspectors--\$192,486.

FUND HISTORY

North Dakota Century Code Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. Money in the fund is to be used subject to legislative appropriations for providing funding for defraying the expenses of state disasters, including providing funds required to match federal funds for expenses associated with presidential-declared disasters in the state. Any interest or other fund earnings must be deposited in the fund.

ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium ¹ | | 2011-13 Biennium ¹ | |
|--|-------------------------------|---------------------------|-------------------------------|---------------------------|
| Beginning balance | | \$19,272,800 | | \$17,286,230 |
| Add estimated revenues | | | | |
| Fund earnings (net) | \$25,000 ² | | \$25,000 ² | |
| Total available | | \$19,297,800 | | \$17,311,230 |
| Less estimated expenditures and transfers | | | | |
| Funding for veterinary medical education program | \$990,970 ³ | | \$465,307 ⁴ | |
| Funding for the North Dakota University System information technology services | 1,020,600 ⁵ | | 539,437 ⁶ | |
| Total estimated expenditures and transfers | | 2,011,570 | | 1,004,744 |
| Estimated ending balance | | \$17,286,230 ⁷ | | \$16,306,486 ⁸ |

¹This analysis reflects the estimated revenues, expenditures, and ending balance for the 1979 bond resolution only. The estimated June 30, 2011, ending balance for the 1996 bond resolution is \$28,240,000.

²The projected income for the 2009-11 and 2011-13 bienniums is based on interest rates as of December 1, 2010.

³The 2009 Legislative Assembly provided a \$990,970 appropriation from the student loan trust fund for continuing the Kansas State University veterinary medical education program.

⁴The 2011-13 executive budget includes \$465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program. This represents a funding decrease of \$525,663 from the 2009-11 biennium program appropriation from the student loan trust fund. The executive budget provides a general fund increase of \$510,000 for the program to offset the reduced funding from the student loan trust fund.

⁵The 2009 Legislative Assembly provided a \$1,020,600 appropriation from the student loan trust fund to the University System information technology services pool for ConnectND positions within the University System. The positions were previously paid from Bank of North Dakota funding.

⁶The 2011-13 executive budget includes \$539,437 of funding from the student loan trust fund for the University System information technology services pool for ConnectND positions within the University System. This represents a funding decrease of \$481,163 from the 2009-11 biennium program appropriation from the student loan trust fund. The executive budget provides the information technology services pool with a general fund increase of \$590,000 to offset the reduced funding from the student loan trust fund.

⁷Based on current fund earnings estimates, \$1,986,570 of fund principal will be used during the 2009-11 biennium.

⁸Based on current fund earnings estimates and the 2011-13 executive budget recommendation, \$979,744 of fund principal will be used during the 2011-13 biennium. The Industrial Commission estimates that sufficient funding will be available in the fund after the reduction of fund principal to fulfill required debt service payments.

FUND HISTORY

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

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

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

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

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

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

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

**ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND
FOR THE 2009-11 AND 2011-13 BIENNIUMS
(REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

| | 2009-11 Biennium | | 2011-13 Biennium | |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| Beginning balance | | \$14,107,486 | | \$25,901,527 |
| Add estimated revenues | | | | |
| Tobacco settlement revenues collected to date | \$12,274,393 ¹ | | \$0 | |
| Projected tobacco settlement revenues | 12,274,393 ² | | 24,548,786 ² | |
| Investment income | 127,255 | | 213,616 | |
| Total estimated revenues | | 24,676,041 ³ | | 24,762,402 ³ |
| Total available | | \$38,783,527 | | \$50,663,929 |
| Less estimated expenditures and transfers | | | | |
| Tobacco Prevention and Control Executive Committee expenditures | \$12,882,000 ⁴ | | \$12,922,614 ⁴ | |
| Total estimated expenditures and transfers | | 12,882,000 | | 12,922,614 |
| Estimated ending balance | | \$25,901,527 | | \$37,741,315 |

¹As of November 2010, the state has received two tobacco settlement payments totaling \$33,091,258 for the 2009-11 biennium, of which \$20,816,865 was deposited in the tobacco settlement trust fund and \$12,274,393 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$305,399,942, including \$265,189,809 under subsection IX(c)(1) of the Master Settlement Agreement and \$40,210,133 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$305,399,942, \$278,987,538 has been deposited into the tobacco settlement trust fund and \$26,412,404 has been deposited into the tobacco prevention and control trust fund.

²Estimated payments for the remainder of the 2009-11 biennium and the 2011-13 biennium are based on the amount received in 2010.

³Initiated measure No. 3 approved in the November 2008 general election provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly in Section 39 of House Bill No. 1015 provided that any money deposited in the water development trust fund under North Dakota Century Code Section 54-27-25 may only be spent pursuant to legislative appropriation.

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

| | Actual and Estimated Total Tobacco Settlement Proceeds | Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund | Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1) | | |
|----------------------------|--|--|--|------------------------------------|--------------------------------|
| | | | Common Schools Trust Fund | Water Development Trust Fund | Community Health Trust Fund |
| Actual payment April 2008 | \$36.4 million | N/A | \$16.4 million | \$16.4 million | \$3.6 million |
| Actual payment April 2009 | 39.2 million | \$14.1 million | 11.3 million | 11.3 million | 2.5 million |
| Estimated 2009-11 biennium | 68.3 million | 24.5 million | 19.7 million | 19.7 million | 4.4 million |
| Estimated 2011-13 biennium | 70.3 million | 24.5 million | 20.6 million | 20.6 million | 4.6 million |
| Estimated 2013-15 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2015-17 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2017-19 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2019-21 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2021-23 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2023-25 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Total | \$571.6 million | \$118.3 million | \$204.0 million | \$204.0 million | \$45.3 million |

⁴Section 35 of House Bill No. 1015 (2009) appropriated \$12,882,000 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee for the purpose of providing a level of funding that will meet the annual level recommended by the Centers for Disease Control and Prevention for North Dakota as published in its *Best Practices for Comprehensive Tobacco Control* for the 2009-11 biennium. The 2011-13 executive budget recommendation provides \$12,922,614 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee.

FUND HISTORY

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

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

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

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

The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly in Section 39 of House Bill No. 1015 provided that any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

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

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|---|---------------------------|-----------------------------|------------------|-----------------------------|
| Beginning balance | | \$0 | | \$0 |
| Add estimated revenues | | | | |
| Tobacco settlement revenues collected to date | \$20,816,865 ¹ | | \$0 | |
| Projected tobacco settlement revenues | 22,915,593 | | 45,831,186 | |
| Total estimated revenues | | 43,732,458 ² | | 45,831,186 ² |
| Total available | | \$43,732,458 ^{3,4} | | \$45,831,186 ^{3,4} |
| Less estimated expenditures and transfers | | | | |
| Transfers to the community health trust fund | \$4,373,246 | | \$4,583,118 | |
| Transfers to the common schools trust fund | 19,679,606 | | 20,624,034 | |
| Transfers to the water development trust fund | 19,679,606 | | 20,624,034 | |
| Total estimated expenditures and transfers | | 43,732,458 | | 45,831,186 |
| Estimated ending balance | | \$0 | | \$0 |

¹As of November 2010, the state has received two tobacco settlement payments totaling \$33,091,258 for the 2009-11 biennium, of which \$20,816,865 was deposited in the tobacco settlement trust fund and \$12,274,393 was deposited in the tobacco prevention and control trust fund. To date, the state has received total tobacco settlement collections of \$305,399,942, including \$265,189,809 under subsection IX(c)(1) of the Master Settlement Agreement and \$40,210,133 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$305,399,942, \$278,987,538 has been deposited into the tobacco settlement trust fund and \$26,412,404 has been deposited into the tobacco prevention and control trust fund.

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

In the November 2008 general election, voters approved initiated measure No. 3 that amends Section 54-27-25 to provide that a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continues through 2017, was deposited beginning in 2009 in the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729, which, because it was received prior to passage of the measure, was allocated pursuant to Section 54-27-25 prior to amendment. Remaining tobacco settlement trust fund revenues have been estimated based on the Office of Management and Budget revised estimated collections and the average of actual revenues received into the tobacco settlement trust fund in fiscal years 2009 and 2010 and do not include anticipated strategic contribution payments, which are deposited in the tobacco prevention and control trust fund.

³In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the full payment. The total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total actual and estimated collections as revised by the Office of Management and Budget are:

| Biennium | 1999 Original Estimated Collections | Actual and Office of Management and Budget Revised Estimated Collections |
|--|-------------------------------------|--|
| 1999-2001 | \$57,593,770 | \$52,900,784 |
| 2001-03 | 61,143,578 | 53,636,363 |
| 2003-05 | 51,271,214 | 46,310,010 |
| 2005-07 | 51,271,214 | 43,828,118 |
| 2007-09 | 82,231,080 | 75,633,409 |
| 2009-11 | 82,231,080 | 68,281,244 |
| 2011-13 | 82,231,080 | 70,379,972 |
| 2013-17 (\$82,231,080/\$73,687,266 per biennium) | 164,462,160 | 147,374,532 |
| 2017-25 (\$58,591,490/\$52,503,832 per biennium) | 234,365,960 | 210,015,328 |
| Total | \$866,801,136 | \$768,359,760 |

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

| | Actual and Estimated Total Tobacco Settlement Proceeds | Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund | Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1) | | |
|----------------------------|--|--|---|------------------------------|-----------------------------|
| | | | Common Schools Trust Fund | Water Development Trust Fund | Community Health Trust Fund |
| Actual payment April 2008 | \$36.4 million | N/A | \$16.4 million | \$16.4 million | \$3.6 million |
| Actual payment April 2009 | 39.2 million | \$14.1 million | 11.3 million | 11.3 million | 2.5 million |
| Estimated 2009-11 biennium | 68.3 million | 24.5 million | 19.7 million | 19.7 million | 4.4 million |
| Estimated 2011-13 biennium | 70.3 million | 24.5 million | 20.6 million | 20.6 million | 4.6 million |
| Estimated 2013-15 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2015-17 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2017-19 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2019-21 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2021-23 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2023-25 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Total | \$571.6 million | \$118.3 million | \$204.0 million | \$204.0 million | \$45.3 million |

FUND HISTORY

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

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

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

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

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

| | 2009-11 Biennium | | 2011-13 Biennium | |
|--|--------------------------|-------------------------|---------------------------|-------------------------|
| Beginning balance | | \$21,010,583 | | \$25,614,113 |
| Add estimated revenues | | | | |
| Transfers to date from tobacco settlement trust fund | \$9,367,589 ¹ | | \$0 | |
| Projected remaining transfers from tobacco settlement trust fund | 10,312,017 | | 20,624,034 | |
| Total estimated revenues | | 19,679,606 ² | | 20,624,034 ² |
| Total available | | \$40,690,189 | | \$46,238,147 |
| Less estimated expenditures and transfers | | | | |
| State Water Commission (2009 HB 1020; 2011 SB 2020) | | | | |
| Water projects | \$0 ³ | | \$20,307,984 ⁴ | |
| Bond payments | 15,076,076 ³ | | 16,881,750 ⁴ | |
| Administrative expenses | 0 ³ | | 0 ⁴ | |
| Total estimated expenditures and transfers | | 15,076,076 | | 37,189,734 |
| Estimated ending balance | | \$25,614,113 | | \$9,048,413 |

¹For the 2009-11 biennium, two transfers totaling \$9,367,589 have been made from the tobacco settlement trust fund as of November 2010. Total transfers of \$125,544,392 have been made from the tobacco settlement trust fund to the water development trust fund.

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

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

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

| | Actual and Estimated Total Tobacco Settlement Proceeds | Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund | Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1) | | |
|----------------------------|--|--|--|------------------------------------|-----------------------------------|
| | | | Common Schools Trust Fund | Water Development Trust Fund | Community Health Trust Fund |
| Actual payment April 2008 | \$36.4 million | N/A | \$16.4 million | \$16.4 million | \$3.6 million |
| Actual payment April 2009 | 39.2 million | \$14.1 million | 11.3 million | 11.3 million | 2.5 million |
| Estimated 2009-11 biennium | 68.3 million | 24.5 million | 19.7 million | 19.7 million | 4.4 million |
| Estimated 2011-13 biennium | 70.3 million | 24.5 million | 20.6 million | 20.6 million | 4.6 million |
| Estimated 2013-15 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2015-17 biennium | 73.7 million | 27.6 million | 20.8 million | 20.8 million | 4.5 million |
| Estimated 2017-19 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2019-21 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2021-23 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Estimated 2023-25 biennium | 52.5 million | N/A | 23.6 million | 23.6 million | 5.3 million |
| Total | \$571.6 million | \$118.3 million | \$204.0 million | \$204.0 million | \$45.3 million |

³The 2009 Legislative Assembly provided a total of \$30,843,001, or any additional amount that becomes available, from the water development trust fund for bond payments and water projects. Total 2009-11 biennium bond payments are estimated to total \$15,076,076. The State Water Commission does not anticipate expenditures for water projects from the water development trust fund during the 2009-11 biennium.

⁴Sections 1 and 4 of Senate Bill No. 2020 (2011) appropriate \$37,189,734, or any additional funding that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2011-13 biennium. Bond payments for the 2011-13 biennium are estimated to total \$16,881,750. The remaining balance of approximately \$20.3 million will be available for State Water Commission projects.

FUND HISTORY

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

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

In the November 2008 general election, voters approved initiated measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continue in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement relating to strategic contribution payments, which began in 2008 and continue through 2017, will, beginning in 2009, be deposited into the newly created tobacco prevention and control trust fund. The measure also provides that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee to adequately provide for the comprehensive plan. The 2009 Legislative Assembly in Section 39 of House Bill No. 1015 provided that any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

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

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