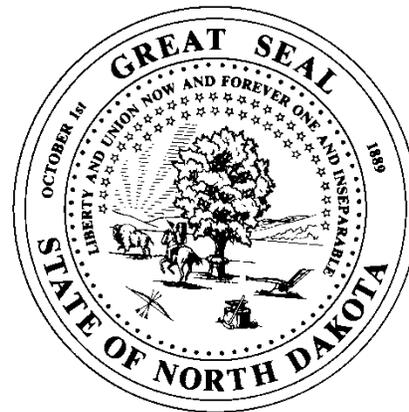


ANALYSIS OF 2021-23 EXECUTIVE BUDGET

Supplement to the

Report of the Legislative Management

Budget Section



67th Legislative Assembly

January 2021

LEGISLATIVE ANALYSIS OF 2021-23 EXECUTIVE BUDGET SUPPLEMENT TO THE REPORT OF THE LEGISLATIVE MANAGEMENT'S BUDGET SECTION

North Dakota Century Code 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 3, 2020, the Legislative Assembly met in joint session to receive from Governor Doug Burgum the executive budget and revenue proposals. After adjournment of the organizational session, the Budget Section, chaired by Senator Terry M. Wanzek, heard the detailed presentation of the governor's budget on December 3, 2020. The governor's proposed budget is for the period beginning July 1, 2021, through June 30, 2023, or the 2021-23 biennium.

An analysis of the recommended appropriations and estimated revenues contained in the 2021-23 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, 2021	\$311,954,541 ¹
Add estimated 2021-23 biennium general fund revenues and transfers	4,581,131,201
Total resources available	\$4,893,085,742
Less recommended 2021-23 biennium general fund appropriations	4,835,670,367 ²
Estimated general fund balance - June 30, 2023	\$57,415,375 ³

¹This amount reflects the following recommendations proposed to occur prior to July 1, 2021:

- Estimated 2019-21 biennium unspent general fund appropriations (turnback) of \$190.6 million.
- Deficiency appropriations of \$60.8 million.

²The executive budget includes \$101.8 million of one-time general fund appropriations.

³Projected June 30, 2023, balances for other major special funds are as follows:

- Strategic investment and improvements fund unobligated balance - \$264.6 million.
- Tax relief fund - \$200 million.
- Foundation aid stabilization fund undesignated balance - \$12.8 million.
- Budget stabilization fund - \$482 million.
- Legacy fund - \$7,634.2 million.

TOTAL APPROPRIATIONS SUMMARY

	2019-21 Legislative Appropriations	Increase (Decrease)	2021-23 Executive Budget
General fund	\$4,843,563,166	(\$7,892,799)	\$4,835,670,367
Estimated income	9,847,034,571	336,830,818	10,183,865,389
Total all funds	\$14,690,597,737	\$328,938,019	\$15,019,535,756

2021-23 BIENNIUM GENERAL FUND REVENUES

1. Reflects total **2021-23 biennium general fund resources** of \$4,893 million, an increase of \$5 million, or 0.1 percent, compared to the 2019-21 biennium forecast prepared at the close of the 2019 legislative session.
2. Includes an **estimated beginning general fund balance** of \$312 million with no transfer to the budget stabilization fund anticipated for the 2019-21 biennium. The projected July 1, 2021, balance made at the close of the 2019 legislative session was \$44 million.
3. Includes estimated **2019-21 biennium unspent general fund appropriation authority (turnback)** of \$191 million at the end of the 2019-21 biennium.
4. Major areas of **revenue change** compared to the 2019-21 biennium forecast prepared at the close of the 2019 legislative session:
 - a. Sales and use taxes **decreasing** by \$208 million, or 11 percent.
 - b. Individual income taxes **decreasing** by \$16 million, or 2 percent.

- c. Corporate income taxes **increasing** by \$56 million, or 43 percent.
 - d. Oil and gas tax collections **increasing** by \$100 million, or 25 percent.
 - e. Insurance tax collections **increasing** by \$14 million, or 20 percent.
5. Includes **transfers to the general fund** of \$840 million compared to \$1,041 million based on the 2019-21 biennium forecast prepared at the close of the 2019 legislative session. Major transfers for the 2021-23 biennium in the executive budget include:
 - a. \$140 million from Bank of North Dakota profits, the same as the 2019-21 biennium.
 - b. \$400 million from the strategic investment and improvements fund compared to \$764 million in the 2019-21 biennium.
 - c. \$23 million from the tax relief fund compared to \$9 million in the 2019-21 biennium.
 - d. \$244 million from the budget stabilization fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 to 10 percent of the general fund budget.
 6. Anticipates \$560 million of legacy fund earnings available at the end of the 2021-23 biennium. The governor recommends transferring the earnings to special funds for spending during the 2023-25 biennium.

OIL TAX COLLECTIONS AND ALLOCATIONS

1. Anticipates **oil production** to remain at 1.2 million barrels per day for the remainder of the 2019-21 biennium and to range from 1.1 million to 1.2 million barrels per day in the 2021-23 biennium. In September 2020, oil production averaged 1.22 million barrels per day.
2. Anticipates **oil prices** remaining at \$32 per barrel for the remainder of the 2019-21 biennium and increasing from \$34.50 to \$36 per barrel in the 2021-23 biennium. The average oil price in November 2020 was \$37 per barrel based on the average of the West Texas Intermediate price (\$41) and the Flint Hill Resources price (\$33).
3. Adjusts the oil tax revenue allocation formula to increase the allocation to the general fund from \$400 million to \$500 million.

2021-23 GENERAL FUND APPROPRIATIONS

	2019-21 Legislative Appropriations	Increase (Decrease)	2021-23 Executive Budget
Ongoing appropriations	\$4,794,924,098	(\$61,008,189)	\$4,733,915,909
One-time appropriations	48,639,068	53,115,390	101,754,458
Total	\$4,843,563,166	(\$7,892,799)	\$4,835,670,367

1. Includes general fund appropriations of \$4,835.7 million, a decrease of \$7.9 million compared to the 2019-21 biennium appropriation of \$4,843.6 million.
2. Major general fund appropriations increases (decreases) relate to:
 - a. Department of Public Instruction (DPI) - (\$123.3 million).
 - b. Department of Human Services - \$101.3 million.
 - c. State Department of Health - \$52.5 million.
 - d. Higher education - (\$21.1 million).
 - e. Information Technology Department - (\$10.7 million)
 - f. Judicial branch - \$8.5 million.

2021-23 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of \$10.2 billion, an increase of \$336.8 million compared to the 2019-21 biennium appropriation.
2. Major special funds appropriations increases (decreases) relate to:
 - a. Higher education - (\$376.3 million).
 - b. State Water Commission - (\$268.7 million).
 - c. Department of Transportation - \$246.3 million.
 - d. Office of Management and Budget - \$136.8 million.
 - e. DPI - \$136.3 million.
 - f. Information Technology Department - (\$68.9 million).
 - g. Department of Career and Technical Education - \$45.1 million.
 - h. Department of Human Services - (\$36.1 million).
 - i. Parks and Recreation Department - \$29.8 million.
 - j. Estimated federal funding - \$467.5 million.

2021-23 BIENNIUM ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Reflects ongoing general fund revenues, including transfers from the Bank of North Dakota, the Mill and Elevator Association, the lottery, and the gas tax administration, of \$3,913.6 million and recommends \$4,733.9 million of ongoing general fund appropriations, resulting in an estimated shortfall of \$820.3 million.
2. Recommends \$101.8 million of one-time general fund appropriations from the estimated \$979.5 million of one-time general fund resources for the 2021-23 biennium.
3. Retains an estimated \$57.4 million in the general fund at the end of the 2021-23 biennium.

MAJOR TRANSFERS AND REVENUE ALLOCATION CHANGES

1. Provides for a transfer of \$400 million from the **strategic investment and improvements fund** to the general fund.
2. Provides for a transfer of \$244.5 million from the **budget stabilization fund** to the general fund.
3. Provides for a transfer of \$23 million from the **tax relief fund** to the general fund.
4. Provides for a transfer of \$140 million from the profits of the **Bank of North Dakota** to the general fund.
5. Provides for a transfer of \$174.4 million from the **tax relief fund** to the social services finance fund.
6. Increases the amount of the state share of **oil and gas tax deposits** in the general fund from \$400 million to \$500 million per biennium.

USE OF LEGACY FUND EARNINGS

1. Allocates 2019-21 biennium legacy fund earnings as follows:
 - a. General fund - \$335.6 million.
 - b. Common schools trust fund - \$64.4 million.
 - c. Information Technology Department cybersecurity - \$25 million.
 - d. Unmanned aircraft systems fund - \$27 million.
 - e. Innovation loan fund - \$30 million.
 - f. Housing incentive fund - \$8 million.
 - g. Parks and Recreation Department infrastructure upgrades - \$10 million.
 - h. Environmental quality restoration fund - \$5 million.
 - i. State parks gift fund - \$10 million.
 - j. Higher education challenge grant program - \$10 million.
 - k. Any remaining amounts to be deposited in the general fund.
2. Transitions to spending legacy fund earnings in the subsequent biennium by not using any 2021-23 biennium earnings in the 2021-23 biennium budget.
3. Recommends a percent of market value method of determining the amount of earnings to spend each biennium using 8 percent of the 5-year average of the funds assets.
4. Deposits future legacy fund earnings into special funds as follows:
 - a. Economic diversification and strategic initiatives fund - provide programs and initiatives that support economic diversification and community development and strategic initiatives (20 percent of earnings).
 - b. Research and innovation fund - provide programs and initiatives that support research and innovation (10 percent of earnings).

- c. Government transformation fund - provide programs and initiatives that transfer the delivery of government services and make government more efficient (10 percent of earnings).
- d. Legacy projects fund - provide projects that have a positive effect on the state and diversifies the economy (20 percent of earnings).
- e. Legacy bond sinking fund - debt service payments on bonds issued - See the **INFRASTRUCTURE BONDING** section below (40 percent of earnings).

- 5. Includes \$3,000,000 of one-time funding from the foundation aid stabilization fund to increase funding for teacher mentoring to provide a total of \$4,806,899, of which \$1,806,899 is ongoing funding from the general fund.
- 6. Provides for a transfer of \$35 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund during the 2021-23 biennium.

ELEMENTARY AND SECONDARY EDUCATION

- 1. Provides \$2,196 million, of which \$1,570 million is from the general fund, \$193 million is from the foundation aid stabilization fund, and \$433 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:

	2019-21 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2021-23 Executive Budget (Amounts Shown in Millions)
State school aid	\$2,098.2	\$14.0	\$2,112.2
Transportation aid payments	56.5	0	56.5
Rapid enrollment grants	3.0	(3.0)	0
Special education - Contracts	24.0	3.0	27.0
Total	\$2,181.7	\$14.0	\$2,195.7
General fund	\$1,690.9	(\$121.2)	\$1,569.7
Foundation aid stabilization fund	113.0	80.0	193.0
State tuition fund	377.8	55.2	433.0
Total	\$2,181.7	\$14.0	\$2,195.7

- 2. Provides **integrated formula payments** totaling \$2,112 million, an increase of \$14 million from the integrated formula payments provided during the 2019-21 biennium. When compared to the appropriation for the 2019-21 biennium, the increase of \$14 million includes a decrease in funding from the general fund of \$124.2 million and increases in funding from the foundation aid stabilization fund of \$83 million and the state tuition fund of \$55.2 million. The executive budget recommendation provides the increase in funding from the foundation aid stabilization fund of \$83 million is one-time funding.
- 3. Provides integrated **per student payment rates** will remain at \$10,036 during both years of the 2021-23 biennium, the same as the 2nd year of the 2019-21 biennium.
- 4. Increases funding by \$14 million for the cost-to-continue integrated formula payments and enrollment growth.

HIGHER EDUCATION

- 1. Decreases total **general fund** support by \$21.1 million from the 2019-21 appropriations. Ongoing general fund support is decreased by \$19.4 million, from \$648.7 million to \$629.3 million, while one-time general fund appropriations are decreased by \$1.7 million, from \$11.8 million to \$10.1 million.
- 2. Decreases appropriations from **special funds** by \$376.3 million, or 16.1 percent. The decrease relates primarily to decreases in special funds authority for capital projects at Lake Region State College, the University of North Dakota, North Dakota State University, Dickinson State University, Valley City State University, and Dakota College at Bottineau.
- 3. Increases the authorized number of **full-time equivalent (FTE) positions** from 6,609.87 to 6,675.10, an increase of 65.23 positions. The increase relates primarily to position increases made by North Dakota University System institutions in response to budget adjustments approved for the 2019-21 biennium.
- 4. Decreases funding by \$31.5 million from the general fund to be distributed to institutions through the **higher education funding formula** for student credit-hour production (\$1.2 million decrease), inflationary adjustments (\$9.4 million increase), and a 7.5 percent base budget reduction (\$39.7 million decrease).
- 5. Appropriates one-time funding of \$20 million, including \$10 million from the general fund and \$10 million from 2019-21 legacy fund earnings for the **higher education challenge fund** to provide matching grants for academic enhancements to University System institutions.
- 6. Appropriates one-time funding of \$19 million from bond proceeds to continue the **capital building fund program**.
- 7. Appropriates one-time funding of \$14 million from bond proceeds for the **agriculture products development center** project at North Dakota State University. This amount is in addition to the \$40 million of state funds appropriated by the 2019 Legislative Assembly, including a 2017-19 biennium appropriation of \$20 million from the general fund and a 2019-21 biennium appropriation of \$20 million from bond proceeds.

HUMAN SERVICES

1. Provides a total general fund appropriation of \$1,563.9 million, \$101.2 million, or 6.9 percent, more than the \$1,462.7 million 2019-21 biennium general fund appropriation.
2. Reduces \$45.8 million from the general fund for estimated reductions in state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP).
3. Provides \$124.3 million from the general fund for cost to continue, and anticipated **cost, caseload, and utilization changes** in the department's budget.
4. Adds 12 FTE positions to transfer the administration of **Medicaid Expansion** to the department and changes the payment rate for Medicaid Expansion from commercial rates to fee-for-service rates. The change is estimated to save \$82.9 million, of which \$9.1 million is from the general fund.
5. Replaces ongoing funding of \$1 million appropriated during the 2019-21 biennium from the health care trust fund and \$6 million appropriated from the tobacco prevention and control trust fund with funding from the general fund.
6. Provides \$28.3 million, of which \$13.9 million is from the general fund, for 1 percent annual **inflationary increases** for human service providers in the 2021-23 biennium.
7. Transfers \$174.4 million from the tax relief fund to the human service finance fund and appropriates the funding for costs associated with the **county social and human services program**. The executive budget also appropriates \$1,323,223 from the general fund for the program.
8. Authorizes the construction of a **new behavioral health hospital and clinic** through a 40-year public-private partnership agreement.
9. Appropriates \$35 million of one-time funding, of which \$4.3 million is from the general fund, for the first phase to replace the **Medicaid management information system**.

CAPITAL CONSTRUCTION

1. The executive budget recommendation includes a total of \$1,617,108,123 for capital projects as reflected on the following schedule:

	2021-23 Biennium		
	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page H-2	\$2,600,000	\$58,660,000	\$61,260,000
Extraordinary repairs - See the extraordinary repairs schedule on page H-6	15,565,046	165,324,798	180,889,844

Department of Transportation - Contractor payments	0	1,184,591,709	1,184,591,709
Water projects ¹	0	165,050,827	165,050,827
Game and Fish Department - Fisheries	0	548,692	548,692
Institutions of higher education special assessments	0	246,230	246,230
State agency special assessments	214,740	300,000	514,740
Payments in lieu of taxes ²	81,306	1,465,600	1,546,906
Other bond payments	18,126,446	4,332,729	22,459,175
Total	\$36,587,538	\$1,580,520,585	\$1,617,108,123

¹This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project.

²This amount includes payments in lieu of taxes of approximately \$1,465,600 for the Game and Fish Department from special funds and \$81,306 for the Adjutant General from the general fund. This amount does not include payments in lieu of taxes of approximately \$432,000 estimated to be paid by Workforce Safety and Insurance in the 2021-23 biennium under the agency's continuing appropriation for building maintenance.

INFRASTRUCTURE BONDING

1. Recommends a \$1.25 billion bond issue to include capitalized interest and staggered debt issuance to occur as needed during the 2021-23 and 2023-25 bienniums. The debt would be serviced using 40 percent of future earnings from the legacy fund. Recommended uses of bond proceeds are as follows:

	2021-23 and 2023-25 Bienniums (Amounts Shown in Millions)	
Revolving loan fund ¹		
Water project revolving loan fund	\$450.0	
Political subdivision infrastructure revolving loan fund	200.0	
County bridge revolving loan fund	50.0	
Total revolving loan fund		\$700.0
Transportation and infrastructure projects ²		
Department of Transportation (DOT) infrastructure improvement plan	\$237.4	
DOT US Highway 85 improvements	50.0	
Park district infrastructure grants	20.6	
Bridge improvements	15.0	
Total transportation and infrastructure projects		323.0
Workforce development ³		45.0
State facilities construction and improvement		
Critical state building maintenance and repair projects	\$130.5	
Higher education Tier II and Tier III infrastructure	19.0	
North Dakota State University Agriculture Development Center	14.0	
State parks infrastructure	9.9	
Capitol building space utilization, ADA compliance, and Brynhild Haugland Room improvements	6.6	
Dakota College at Bottineau Old Main renovation	2.0	
Total state facilities construction and improvement		182.0
Total recommended bonding		\$1,250.0

¹The executive budget recommends capitalization of low-interest revolving loan funds to provide a perpetual funding source for infrastructure projects.

²Transportation and infrastructure projects include state and local projects.

³Career and technical education center cost-share projects.

STATE EMPLOYEES

1. Provides \$71.7 million, of which \$31.9 million is from the general fund, for **salary increases** for state employees of 2 percent of salaries effective July 1, 2021, and 2 percent of salaries effective July 1, 2022. For agencies able to identify long-term salary savings, additional salary increases are authorized during the biennium.
2. Continues funding for the cost of **health insurance premiums** for state employees. The executive budget recommends continuing the existing health insurance plan with no changes to deductibles or coinsurance and providing for health insurance premiums of \$1,429 per month, an increase of \$2, or 0.1 percent, compared to the 2019-21 biennium premium rate of \$1,427. The estimated cost of the health insurance premium increase is \$764,000, of which approximately \$340,000 is from the general fund.
3. Recommends increasing contributions to the **retirement plan** by 2 percent, 1 percent paid by the employee and 1 percent paid by the state, beginning January 1, 2022. The estimated cost of the retirement plan increase is \$9.4 million, of which approximately \$4.2 million is from the general fund.
4. Includes a **total of 15,779.13 FTE positions**, a decrease of 90.87 FTE positions from the 2019-21 authorized level of 15,870.00 FTE positions, including a decrease of 141.11 FTE positions in higher education and an increase of 50.24 FTE positions in all other state agencies.

CORRECTIONS

1. Provides a total general fund appropriation for the Department of Corrections and Rehabilitation of \$229.2 million, \$498,154, or 0.2 percent, less than the \$229.7 million appropriation for the 2019-21 biennium.
2. Includes \$1.8 million and 9 new FTE positions, including 1 corrections agent, 2 case managers, 5 parole and probation officers, and 1 parole and probation manager, to expand **community corrections resources**.
3. Includes \$882,352 and 5 new FTE positions to expand the **pretrial services program**.
4. Adjusts funding to begin moving minimum security **female inmates** to the Youth Correctional Center campus, including a transfer of \$4.9 million from the general fund from the youth services line item to the adult services line item and a reduction of \$4.4 million from the general fund for the contract with the Dakota Women's Correctional and Rehabilitation Center, to provide a total of \$7.5 million for the contract.
5. Increases funding for the **free through recovery program** by \$1 million to provide a total of \$8 million from the general fund for the program.

INFORMATION TECHNOLOGY

1. Recommends funding of \$104.8 million, of which \$26.6 million is from the general fund and \$78.2 million is from other funds, for state agency **large information technology projects** for the 2021-23 biennium.
2. Of the \$104.8 million recommended for large information technology projects:
 - a. \$65 million relates to the Department of Human Services' Medicaid management information system modernization project (\$35 million) and the Children and Family Services Division's FRAME system replacement project (\$30 million), of which \$19.3 million is from the general fund and \$45.7 million is from federal funds.
 - b. \$17.4 million is for various Department of Transportation projects, including a construction and materials management system project (\$9.7 million), automated vehicle location hardware and software expansion project (\$3.7 million), traffic counting program modernization project (\$3 million), traffic data estimating and analysis replacement project (\$500,000), and a website Drupal uplift and enhancements project (\$500,000). Of the \$17.4 million total, \$2.5 million is from federal funds and \$14.9 million is from special funds.
 - c. \$10.5 million is provided to Workforce Safety and Insurance from special funds for Releases 9-12 of the claims and policy system project (\$7.5 million) and Releases 5-8 of the myWSI extranet enhancement project (\$3 million).
3. Provides for a **shared service unification of information technology** resources and personnel, including the transfer of 66 information technology FTE positions from 10 agencies to the Information Technology Department (ITD) as follows:

Agency	FTE Transferred
110 - Office of Management and Budget	4
301 - State Department of Health	5
303 - Department of Environmental Quality	1
380 - Job Service North Dakota	16
471 - Bank of North Dakota	16
485 - Workforce Safety and Insurance	12
504 - Highway Patrol	2
530 - Department of Corrections and Rehabilitation	6
601 - Department of Commerce	1
720 - Game and Fish Department	3
Total	66

4. Adds funding of \$20.2 million transferred from 2019-21 legacy fund earnings to ITD for cybersecurity initiatives, including salaries and wages for 29 FTE cybersecurity positions (\$7.4 million), operating expenses (\$12.6 million), and capital assets (\$200,000).
5. Adds \$4.3 million to ITD for health information technology office operating expenses, including a decrease in funding from the health information

exchange fund (\$1.6 million) and increases in funding from federal funds (\$5.8 million) and the general fund (\$100,000).

6. Transfers \$1.9 million from State Radio to ITD for statewide interoperable radio network tower maintenance operating expenses.

ECONOMIC DEVELOPMENT

1. Recommends **\$27 million from 2019-21 legacy fund earnings for unmanned aircraft systems (UAS)** infrastructure at Grand Sky Business Park and to build out a beyond visual line of sight statewide infrastructure network for UAS.
2. Provides **\$10 million for UAS** operating expenses (\$2 million) and grants (\$8 million) to the Department of Commerce, of which \$2 million is from the general fund and \$8 million is from other funds. Of the \$8 million for grants, \$7 million is from ongoing federal funds and \$1 million is considered **one-time funding** from the UAS fund.
3. Provides \$45 million from bond proceeds to the Department of Career and Technical Education for a **workforce development competitive grant program** to build career academies.
4. Recommends \$30 million **from 2019-21 legacy fund earnings for the innovation loan fund to support technology advancement** to provide innovation technology loans.
5. Reduces funding for **homeless shelter grants** in the Department of Commerce by \$169,788 to provide a total of \$1,330,212 from the general fund.
6. Transfers a portion of **North Dakota Trade Office** operations from the Department of Commerce to the Agriculture Commissioner. Funding of \$850,000 would be provided to the Agriculture Commissioner and \$750,000 would remain with the Department of Commerce.
7. Provides \$2.2 million of **one-time funding** from the general fund to the Department of Commerce for **tourism marketing** (\$2 million) and **tourism branding** (\$200,000).
8. Provides \$1 million of **one-time funding** from the general fund to the Department of Commerce for a **technical skills training grant program** to support skills-based and hands-on workforce training programs for displaced workers.

TRANSPORTATION

1. Anticipates **federal highway construction funds** of \$828 million and \$249.3 million from state and local matching funds for the 2021-23 biennium compared to \$702.9 million and \$116.8 million respectively for the 2019-21 biennium. State and local revenues are currently enough to match the state's anticipated allocation of federal funds for the 2021-23 biennium.
2. Provides \$552.4 million from **infrastructure bonding** for infrastructure projects which include:
 - a. \$237.4 million for DOT infrastructure improvements;
 - b. \$50 million for US Highway 85 improvements (Watford City to the Long X Bridge);
 - c. \$15 million for state bridge improvements;
 - d. \$50 million for a county bridge revolving loan fund; and
 - e. \$200 million for a political subdivision infrastructure revolving loan fund.
3. Funding for US Highway 85 would be for the Watford City to the Long X Bridge phase of the overall US Highway 85 project. The overall environmental document and the permitting has been approved. The Department of Transportation anticipates the remaining unfunded phases, which include the Long X Bridge to State Highway 200 and State Highway 200 to Interstate 94, would take 10 years to complete if state and federal funding is available.

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2021-23 EXECUTIVE BUDGET

Ongoing General Fund Resources and Appropriations

Recommended ongoing general fund revenues	\$3,741,619,606 ¹
Less recommended ongoing appropriations	(4,733,915,909)
Excess (shortfall)	(\$992,296,303)
Add transfers to the general fund identified in the executive budget recommendation as ongoing	171,973,744 ²
Shortfall in ongoing general fund resources	(\$820,322,559)
¹ This amount includes \$500 million of oil tax revenues deposited directly in the general fund, \$100 million more than the \$400 million biennial amount approved by the 2019 Legislative Assembly.	
² This amount includes transfers identified as ongoing in the executive budget from:	
Bank of North Dakota	\$140,000,000
Mill and Elevator Association	15,500,000
Lottery	14,600,000
Gas tax administration	1,873,744
Total	\$171,973,744

Identified One-Time General Fund Resources and Related Appropriations

Estimated general fund beginning balance and transfers to the general fund identified as one-time in the executive budget	\$979,492,392 ¹
Less recommended one-time general fund appropriations	(101,754,458)
Excess (shortfall)	\$877,737,934
Less ongoing general fund resources shortfall	(820,322,559)
Excess (projected ending general fund balance)	\$57,415,375
¹ This amount includes:	
Estimated beginning general fund balance	\$311,954,541
Strategic investment and improvements fund transfer	400,000,000
Tax relief fund transfer	23,040,408
Budget stabilization fund transfer	244,497,443
Total	\$979,492,392

One-Time General Fund Appropriations Detail

The executive budget recommendation includes the following one-time general fund appropriations:

Agency/Description	One-Time General Fund Appropriation
Office of Management and Budget (110)	
Budget system replacement	\$1,230,100
Facility consolidation study	350,000
Procurement software	2,021,204
Student internship program	200,000

Agency/Description	One-Time General Fund Appropriation
Attorney General (125)	
Litigation pool funding	3,000,000
Legislative Assembly (150)	
Redistricting costs	83,114
Information technology expansion	1,450,000
Legislative Council (160)	
Information technology expansion	48,000
Webpage redesign	150,000
Judicial branch (180)	
Remote video equipment	360,000
WiFi access points	157,600
Juvenile case management system replacement	2,000,000
Supreme Court docket management system	2,000,000
North Dakota University System office (215)	
Higher education challenge grants	10,000,000
North Dakota State University (235)	
Construction litigation settlement agreement	125,000
State Department of Health (301)	
Coronavirus (COVID-19) expenses	45,441,323
Forensic examiner information technology upgrades	910,000
Department of Human Services (325)	
Nursing facility payment methodology changes	3,348,000
Nursing home bed buyback program	3,300,000
Child welfare payment and case management system	15,000,000
Department of Labor and Human Rights (406)	
Paperless system phase II	147,717
Public Service Commission (408)	
Equipment	5,400
Highway Patrol (504)	
Hard body armor	228,000
Body and in-car cameras	1,158,000
Department of Corrections and Rehabilitation (530)	
Equipment	191,000
Kitchen equipment	115,000
COVID-19 deferred admission costs	1,000,000
Adjutant General (540)	
Camp Grafton land purchase	2,600,000
National Guard operations, maintenance, and repairs	1,000,000
Emergency services disaster cache supply replacement	100,000
Fraire Barracks building automation system	80,000
Fargo readiness center equipment	50,000
Commerce Department (601)	
Tourism campaign	2,000,000
Tourism branding	200,000
Technical skills training grant	1,000,000

Agency/Description	One-Time General Fund Appropriation
Agriculture Commissioner (602) Information technology projects	180,000
NDSU Main Research Center (640) Deferred maintenance projects	500,000
State Historical Society (701) State archives digital repository	25,000
Total	\$101,754,458

EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations and elected officials' salary increases, the following recommendations included in the executive budget require statutory changes or other action by the Legislative Assembly in 2021 to implement:

TRANSFERS TO THE GENERAL FUND

- Provides for a transfer of \$23 million from the **tax relief fund** to the general fund. (Bill pending)
- Provides for a transfer of \$400 million from the **strategic investment and improvements fund** to the general fund. (Bill pending)
- Provides for a transfer of \$140 million from **Bank of North Dakota profits** to the general fund. (Would be added to Senate Bill No. 2014)

SPECIAL FUNDS TRANSFERS

- Provides for a transfer of \$174.4 million from the **tax relief fund** to the human service finance fund. (Would be added to House Bill No. 1015)
- Provides for a transfer of \$35 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund. (Bill pending)
- Transfers the infrastructure revolving loan fund for water projects to the infrastructure revolving loan fund and repeals Section 61-02-78 relating to the infrastructure revolving loan fund for water projects. (Would be added to House Bill No. 1015)
- Transfers the community water facility loan fund to the infrastructure revolving loan fund and repeals Chapter 6-09.5 relating to the community water facility loan fund. (Would be added to House Bill No. 1015)

LEGACY FUND EARNINGS

- Creates two new sections to Chapter 21-10 relating to the deposit of legacy fund earnings for projects. (Would be added to House Bill No. 1015)
- Recommends allowing 8 percent of the 5-year average value of legacy fund assets to be available for spending. (Bill pending)

BUDGET STABILIZATION FUND BALANCE

- Amends Section 54-27.2-01 to **reduce the maximum balance of the budget stabilization fund** from 15 to 10 percent of the most recent general fund budget, resulting in a transfer of \$244.5 million from the budget stabilization fund to the general fund. (Would be added to House Bill No. 1015)

TAX AND FEE CHANGES

- **Department of Environmental Quality** - Amends Section 23.1-16-10 to increase boiler certification fees charged by the Department of Environmental Quality to defray the costs of boiler inspections. (Bill pending)
- **Public Service Commission fees** - Amends Sections 49-01-17, 49-22-22, 49-22.1-22, and 64-02-10.1 relating to Public Service Commission fee changes and utility assessments. Amends Section 57-43.2-19 relating to fuels excise taxes collected on sales of diesel fuels to a railroad. (Would be added to House Bill No.1008)

OIL TAX REVENUE ALLOCATIONS

- **Deposits in the general fund** - Amends Section 57-51.1-07.5 to increase the amount of the state share of oil and gas tax deposits in the general fund from \$400 million to \$500 million. (Would be added to House Bill No. 1015)
- **North Dakota outdoor heritage fund** - Limits oil and gas tax allocations to \$7.5 million per fiscal year rather than \$20 million per fiscal year. (Would be added to Senate Bill No. 2014)
- **Oil and gas research fund** - Increases allocations from \$10 million per biennium to \$16 million per biennium. (Would be added to Senate Bill No. 2014)

OFFICE OF MANAGEMENT AND BUDGET

- **State Employee Compensation Commission** - Repeals Section 54-06-25 relating to the State Employee Compensation Commission. (Would be added to House Bill No. 1015)
- **Emergency Commission borrowing authority** - Amends Section 54-16-04 and creates Section 54-16-04.4 to authorize the Emergency Commission to borrow from the Bank of North Dakota to address state contingencies. (Would be added to House Bill No. 1015)
- **Capitol rental program** - Amends Section 54-21-19 to authorize agency rental payments for space used on the Capitol grounds by agencies funded by appropriations from the general fund. (Would be added to House Bill No. 1015)
- **Facility management operating fund** - Amends Section 54-44-11 to authorize the Office of Management and Budget (OMB) to create an operating fund for facility management operations (Would be added to House Bill No. 1015).

- **Political subdivision budgets** - Amends Section 54-44.1-18 to remove the requirement for OMB to publish political subdivision budgets to OMB's website if a political subdivision submits the budget to OMB. (Would be added to House Bill No. 1015)
- **State Personnel Board** - Repeals Section 54-44.3-03 to eliminate the State Personnel Board. (Would be added to House Bill No. 1015)
- **Environmentally preferable products** - Amends Sections 54-44.4-07 and 54-44.4-08 to remove the requirement to specify the amount of recycled content included in the items purchased by the state. (Would be added to House Bill No. 1015)

ELEMENTARY AND SECONDARY EDUCATION

- **Per student payment rate** - Amends Section 15.1-27-04.1 to provide integrated per student payment rates will remain \$10,036 during both years of the 2021-23 biennium, the same as the 2nd year of the 2019-21 biennium. (Would be added to House Bill No. 1013)
- **Transition maximum and minimum adjustments** - Amends Section 15.1-27-04.1 to provide transition maximum and minimum calculations are the same during both years of the 2021-23 biennium as they were during the 2nd year of the 2019-21 biennium. (Would be added to House Bill No. 1013)
- **State school aid local revenue deduction** - Amends Section 15.1-27-04.1 to provide local revenues deducted in the state school aid formula are reduced by the percentage of mills levied in 2020 for sinking and interest relative to the total mills levied in 2020 by the school district for all purposes. (Would be added to House Bill No. 1013)

HIGHER EDUCATION

- **Funding formula rate** - Amends Section 15-18.2-05 to adjust the student credit-hour funding rates for the higher education funding formula. (Would be added to Senate Bill No. 2003)
- **Carryover authority** - Amends Section 54-44.1-11 to extend through July 31, 2023, the University System's authority to continue unexpended appropriations. (Would be added to Senate Bill No. 2003)
- **Continuing appropriation authority for special funds** - Extends the continuing appropriation authority for special funds received by institutions, including tuition revenue, through the 2021-23 biennium. (Would be added to Senate Bill No. 2003)
- **Higher education challenge grant program** - Amends Sections 15-10-48 and 15-10-49 to continue the higher education challenge grant program into the 2021-23 biennium. (Would be added to Senate Bill No. 2003)

INDUSTRIAL COMMISSION

- **Economic development programs** - Transfers \$36 million of Bank of North Dakota profits for economic development programs, including the partnership in assisting community expansion (PACE) (\$26 million), Ag PACE (\$5 million), Biofuels PACE (\$1 million), and the beginning farmer revolving loan fund (\$8 million). (Would be added to Senate Bill No. 2014)
- **Agricultural products utilization fund** - Transfers \$3 million of Bank of North Dakota profits to the agricultural products utilization fund. (Would be added to Senate Bill No. 2014)
- **Infrastructure revolving loan fund** - Amends Section 6-09-49 to increase the maximum loan amounts and terms available to a political subdivision, to add other types of eligible infrastructure projects, and to require approval from the Department of Transportation and State Water Commission for certain projects. (Would be added to House Bill No. 1015)
- **Infrastructure bonding** - Amends Sections 6-09.4-06 and 6-09.4-10 relating to bonding authority, creates Section 6-09.4-28 relating to bond repayments, and authorizes the Public Finance Authority to issue \$1.25 billion of bonds. (Would be added to House Bill No. 1015)

HUMAN SERVICES

- **Medicaid Expansion** - Amends Section 50-24.1-37 to extend the sunset clause of the Medicaid Expansion program, changes the program to a fee-for-service arrangement instead of managed care, and provides for the Department of Human Services to administer the program. (Would be added to House Bill No. 1012)
- **Conveyance of land** - Authorizes the Department of Human Services to convey land at the Life Skills and Transition Center to the Grafton Parks and Recreation Department. (Would be added to House Bill No. 1012)
- **New State Hospital** - Authorizes the Department of Human Services to construct a new State Hospital building through a public private partnership. (Would be added to House Bill No. 1012)

OTHER

- **Retirement contribution increase** - Provides for an increase in retirement contributions of 2 percent on January 1, 2022. Employees will pay 1 percent of the increase, and the state will pay the remaining 1 percent. (Bill pending)
- **State Department of Health** - Allows the State Department of Health, subject to the approval of the Emergency Commission, to borrow up to \$25 million from the Bank of North Dakota for the purpose of responding to the COVID-19 public health emergency. If at the end of the biennium funding available to the State Department of Health is not sufficient to repay the Bank of North Dakota, the department is required to request a deficiency

appropriation for the amount borrowed plus interest. (Would be added to Senate Bill No. 2004)

- **Environmental quality restoration fund** - Amends Chapter 23.1-10 relating to environmental emergency costs to expand the scope of contaminated properties that may be mitigated using environmental quality restoration fund resources and to provide liability relief to investors not party to the contamination. (Bill pending)
- **North Dakota Trade Office** - Amends Section 54-60-16 relating to the duties of the North Dakota Trade Office. (Would be added to Senate Bill No. 2018)
- **Unmanned aircraft system fund** - Amends Section 54-60-29 to expand the Department of Commerce's continuing appropriation authority for the unmanned aircraft system fund to include expenditures for the beyond visual line of sight unmanned aircraft system program and enhanced use lease grant program. (Would be added to Senate Bill No. 2018)
- **State parks challenge program** - Creates a new section to Chapter 55-08 to establish a state parks challenge program. (Would be added to House Bill No. 1019)
- **Business improvement projects** - Creates Section 54-59-40 to authorize state agencies to borrow funds for business improvement projects if the projects are estimated to provide savings to the state within 6 years. (Would be added to House Bill No. 1015)
- **Shared services fund** - Creates a new section to Chapter 54-27 to establish a shared services fund to allow state agencies to make payments to each other for shared services, and for the receiving agency to spend the funds for salaries, operating expenses, or equipment. (Would be added to House Bill No. 1015)
- **County bond repayments** - Amends Section 21-03-07 authorizing counties to use additional sources of property tax revenue to repay general obligation bonds. (Would be added to House Bill No. 1015)
- **Political subdivision bonding** - Amends Section 21-03-19 to allow political subdivisions to bond for 30 years if the bonds are sold to state agencies or the federal government. (Would be added to House Bill No. 1015)
- **County capital project mill levy** - Amends Section 57-15-06.6 to allow county road projects to be funded using the county's property tax authority for capital projects. (Would be added to House Bill No. 1015)
- **County deficiency borrowing** - Amends Section 57-47-02 to allow counties to borrow for up to 20 years, rather than the current 5-year limit, if the county tax levies are insufficient to pay mandatory expenses. (Would be added to House Bill No. 1015)

HISTORIC GENERAL FUND APPROPRIATIONS AND END-OF-BIENNIUM BALANCES

Biennium	General Fund Appropriations (Amounts Shown in Millions) ¹	End-of-Biennium General Fund Balance (Amounts Shown in Millions)	General Fund Balance as a Percentage of Appropriations
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	\$3,296.59	\$996.83 ^{3,11}	30.2%
2011-13	\$4,297.00 ¹²	\$1,651.44 ^{3,13}	38.4%
2013-15	\$6,879.67	\$739.39 ¹⁴	10.8%
2015-17	\$5,687.29 ¹⁵	\$65.00 ¹⁶	1.1%
2017-19	\$4,310.26	\$65.00 ¹⁷	1.5%
2019-21	\$4,843.56	\$311.95 (estimate) ¹⁸	6.4%
2021-23 Recommended	\$4,835.67 ¹⁹	\$57.42 (estimate)	1.2%

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 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 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 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 allowed 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, \$61.41 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 9.5 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

¹²This amount reflects original 2011-13 general fund appropriations of \$4,066.85 million plus \$169.83 million of general fund appropriations approved by the Legislative Assembly during the November 2011 special legislative session plus \$60.31 million for the deficiency appropriations for the 2011-13 biennium.

¹³In addition to the amount shown, \$181.06 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 9.5 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly.

¹⁴Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 9.5 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly. Based on the original 2015-17 biennium general fund appropriations of \$6,046,162,678, there was no transfer to the budget stabilization fund at the end of the 2013-15 biennium.

¹⁵This amount reflects the 2015-17 original appropriations of \$6,046.16 million less \$359.49 million of general fund appropriations reduced by the Legislative Assembly during the August 2016 special legislative session. The amount also reflects \$617,010 provided by the 2017 Legislative Assembly to the Department of Human Services for rate rebasing and substance use vouchers.

¹⁶This amount reflects certain transfers to the general fund approved by the Legislative Assembly during the August 2016 special legislative session, including a \$572.5 million transfer from the budget stabilization fund, a \$155.0 million transfer from the strategic investment and improvements fund, and a \$100 million transfer from the Bank of North Dakota. In addition to the amount shown, \$32.2 million was transferred to the budget stabilization fund. Pursuant to Section 54-27.2-02, any amount in the general fund in excess of \$65.0 million at the end of the biennium must be transferred to the budget stabilization fund.

¹⁷Pursuant to Section 54-27.2-02, any amount in the general fund in excess of \$65.0 million at the end of the biennium must be transferred to the budget stabilization fund.

¹⁸The amount shown reflects the estimated 2019-21 biennium general fund ending balance as included in the 2021-23 executive budget. Pursuant to Section 54-27.2-02, any amount in the general fund in excess of \$65.0 million at the end of the biennium must be transferred to the budget stabilization fund except that, pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 15 percent of the biennial general fund appropriations as approved by the most recently adjourned Legislative Assembly. The budget stabilization fund has reached its statutory balance limitation of \$726.5 million based on the 2019-21 biennium general fund appropriation of \$4,843.56 million, resulting in the 2019-21 biennium estimated ending balance of the general fund being greater than the \$65 million threshold established in Section 54-27.2-02.

¹⁹The amount shown reflects recommended general fund appropriations for the 2021-23 biennium.

SECTION B - REVENUES

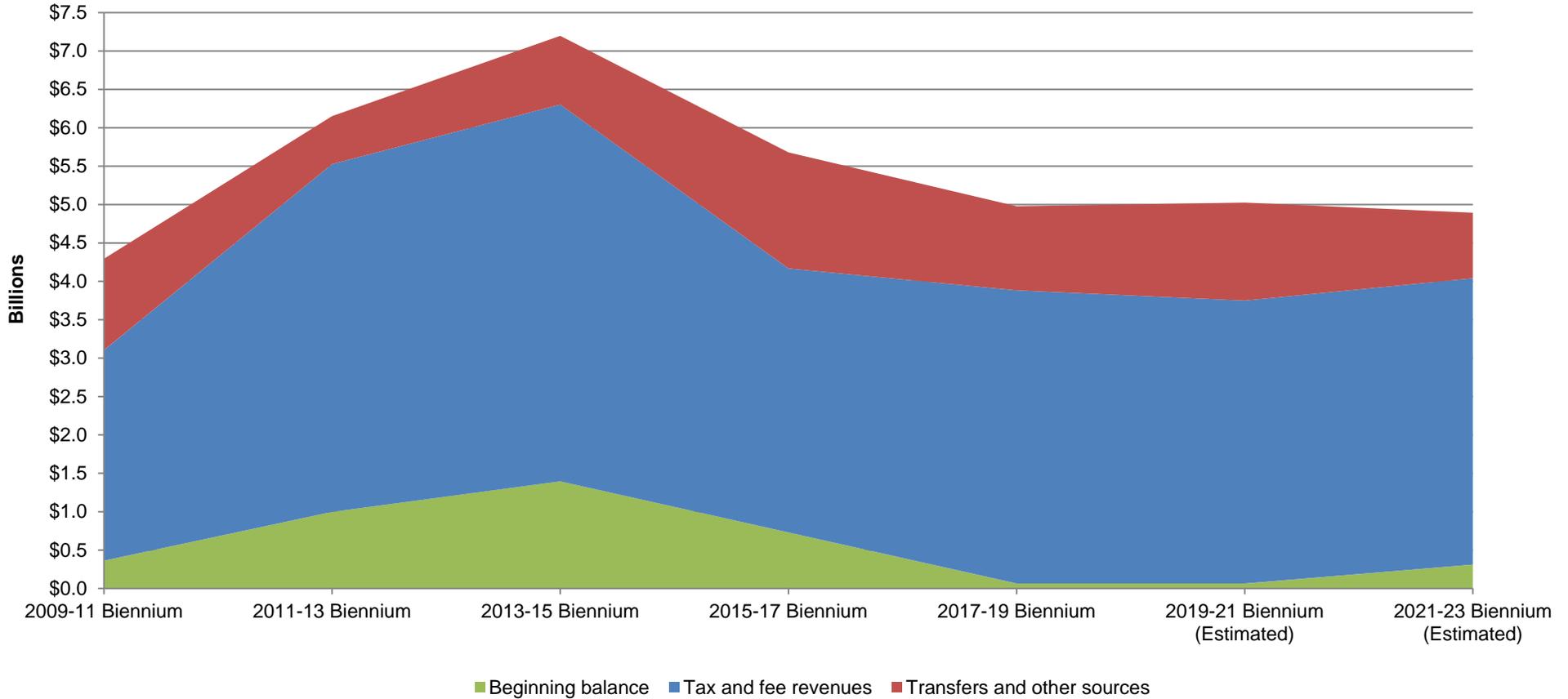
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GENERAL FUND REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the December 2020 executive budget revenue forecast, total 2021-23 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers and other sources are estimated to be \$4,893,085,742, which is \$132,494,588, or 2.6 percent, less than the total 2019-21 biennium revised estimated revenues of \$5,025,580,330.

The following is a summary of revenues for the 2009-11 through 2021-23 bienniums:



	Actual					Estimated	
	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium
Beginning balance	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$311,954,541
Tax and fee revenues	2,742,612,281	4,530,367,522	4,906,838,449	3,437,604,096	3,818,087,697	3,684,510,512	3,727,619,606
Transfers and other sources	1,190,082,508	625,487,038	894,959,058	1,511,601,317	1,095,360,965	1,276,069,818	853,511,595
Total	\$4,294,538,303	\$6,152,687,271	\$7,197,856,693	\$5,678,734,802	\$4,978,448,662	\$5,025,580,330	\$4,893,085,742

2021-23 BIENNIUM MAJOR REVENUE CHANGES AND KEY ECONOMIC ASSUMPTIONS

GENERAL FUND REVENUE

The 2021-23 biennium general fund tax and fee revenue collections are projected to increase by 1.2 percent, or \$43.1 million, compared to the 2019-21 biennium revised revenue forecast. Compared to the 2019 legislative revenue forecast (original 2019-21 biennium forecast), the 2021-23 biennium general fund tax and fee revenue collections are projected to decrease by 1.4 percent, or \$54.1 million.

Major General Fund Tax and Fee Revenue Changes

Sales and Use Tax Collections

- Sales and use tax collections are projected to decrease by \$96.2 million, or 5.5 percent, compared to the 2019-21 biennium revised revenue forecast.

Motor Vehicle Excise Tax Collections

- Motor vehicle excise tax collections are projected to increase by \$7.5 million, or 3.2 percent, compared to the 2019-21 biennium revised revenue forecast.

Individual Income Tax Collections

- Individual income tax collections are projected to increase by 6.1 percent, or \$45 million, compared to the 2019-21 biennium revised revenue forecast.

Corporate Income Tax Collections

- Corporate income tax collections are projected to increase by 5 percent, or \$9 million, compared to the 2019-21 biennium revised revenue forecast.

Oil and Gas Tax Revenue Collections

- The executive budget recommends increasing the allocation of oil and gas tax revenue collections to the general fund by \$100 million, from \$400 million to \$500 million for the 2021-23 biennium.

Major Transfers to the General Fund Changes

Bank of North Dakota Profit Transfer

- The executive budget includes a transfer of \$140 million of Bank of North Dakota profits to the general fund, the same as the 2019-21 biennium.

Mill and Elevator Profit Transfer

- The transfer of Mill and Elevator profits to the general fund is projected to increase by 41.9 percent, or \$4.6 million, from the 2019-21 biennium revised revenue forecast.

Budget Stabilization Fund Transfer

- The executive budget includes a transfer of \$244.5 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 to 10 percent of the general fund budget.

Legacy Fund Transfer

- The executive budget projects legacy fund earnings will total \$560 million for the 2021-23 biennium based on a percent of market value calculation. The calculation is based on 8 percent of the 5-year average of legacy fund assets being available each biennium. The executive budget recommends transferring the earnings to special funds for spending in the 2023-25 biennium. As a result, the executive budget does not reflect any legacy fund earnings for the 2021-23 biennium.
- For the 2019-21 biennium, the executive budget estimates \$500 million of legacy fund earnings of which \$336 million is designated for the general fund and \$164 million is designated for other funds and projects. The original 2019-21 legislative forecast included \$100 million of legacy fund earnings deposited in the general fund.

Ongoing and One-Time General Fund Revenues

The 2021-23 biennium general fund revenues of \$4,893.1 million reflect ongoing revenues of \$3,913.6 million and one-time revenues of \$979.5 million. Ongoing revenues include tax and fee revenues (\$3,727.6 million) and the transfers from Bank of North Dakota profits (\$140 million), Mill and Elevator profits (\$15.5 million), the lottery (\$14.6 million), the gas tax administration (\$1.9 million), and the interest from the budget stabilization fund (\$14 million). One-time revenues include the beginning balance (\$312 million) and transfers from the strategic investment and improvements fund (\$400 million), the tax relief fund (\$23 million), and the budget stabilization fund (\$244.5 million).

OIL AND GAS TAX REVENUE

Oil and gas tax collections are projected to decrease by \$486 million, from \$3,359 million in the 2019-21 biennium to \$2,873 million in the 2021-23 biennium, based on the December 2020 executive budget revenue forecast.

Allocation Formula Changes

State's Share of Oil and Gas Tax Allocations

- The executive budget recommends increasing the allocation to the general fund to \$500 million (\$400 million per biennium under current law).

Oil Production and Oil Prices

Oil Production

- Oil production in September 2020 averaged 1.22 million barrels per day. Oil production is projected to remain at 1.2 million barrels per day through the end of the 2019-21 biennium, decrease to 1.1 million barrels per day for the 1st year of the 2021-23 biennium, then increase to 1.2 million barrels per day for the 2nd year of the 2021-23 biennium.

Oil Prices

- North Dakota oil prices averaged \$37 per barrel in November 2020, which reflects the average of the West Texas Intermediate price (\$41) and the Flint Hills Resources price (\$33). North Dakota oil prices are projected to be \$32 per barrel for the remainder of the 2019-21 biennium. For the 2021-23 biennium, North Dakota oil prices are projected to be \$34.50 per barrel in the 1st year and increase to \$36 per barrel in the 2nd year of the biennium.

**2021-23 BIENNIUM DECEMBER 2020 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO 2019-21 BIENNIUM ORIGINAL AND REVISED REVENUE FORECASTS**

General Fund Revenue Source	2019-21 Biennium			2021-23 Biennium				
	Original Legislative Revenue Forecast ¹	Increase (Decrease) from Original to Revised	Revised Revenue Forecast	Increase (Decrease) December 2020 Revenue Forecast Compared to 2019-21 Revised Forecast		December 2020 Revenue Forecast	Total Increase (Decrease) December 2020 Revenue Forecast Compared to 2019-21 Original Forecast	
				Amount	Percentage		Amount	Percentage
Beginning balance	\$65,000,000	\$0	\$65,000,000 ²	\$246,954,541	379.9%	\$311,954,541 ³	\$246,954,541	379.9%
Tax and fee revenues								
Sales and use tax	\$1,868,262,000	(\$112,195,436)	\$1,756,066,564	(\$96,211,564)	(5.5%)	\$1,659,855,000	(\$208,407,000)	(11.2%)
Motor vehicle excise tax	249,951,800	(18,103,986)	231,847,814	7,469,186	3.2%	239,317,000	(10,634,800)	(4.3%)
Individual income tax	803,305,000	(61,404,397)	741,900,603	44,956,397	6.1%	786,857,000	(16,448,000)	(2.0%)
Corporate income tax	132,268,000	47,213,033	179,481,033	9,037,967	5.0%	188,519,000	56,251,000	42.5%
Oil and gas taxes	400,000,000	0	400,000,000 ⁴	100,000,000	25.0%	500,000,000 ⁴	100,000,000	25.0%
Coal conversion tax	41,438,000	960,724	42,398,724	201,276	0.5%	42,600,000	1,162,000	2.8%
Cigarette and tobacco tax	47,838,000	1,194,505	49,032,505	(5,186,505)	(10.6%)	43,846,000	(3,992,000)	(8.3%)
Insurance premium tax	72,944,050	21,576,169	94,520,219	(7,250,245)	(7.7%)	87,269,974	14,325,924	19.6%
Departmental collections	91,521,566	(11,606,684)	79,914,882	(3,491,250)	(4.4%)	76,423,632	(15,097,934)	(16.5%)
Other revenues	74,214,200	35,133,968	109,348,168	(6,416,168)	(5.9%)	102,932,000	28,717,800	38.7%
Total tax and fee revenues	\$3,781,742,616	(\$97,232,104)	\$3,684,510,512	\$43,109,094	1.2%	\$3,727,619,606	(\$54,123,010)	(1.4%)
Transfers and other sources								
Transfer - Bank of North Dakota profits	\$140,000,000	\$0	\$140,000,000 ⁵	\$0	0.0%	\$140,000,000 ⁵	\$0	0.0%
Transfer - Mill and Elevator Association profits	13,400,000	(2,476,159)	10,923,841	4,576,159	41.9%	15,500,000	2,100,000	15.7%
Transfer - Lottery	12,245,000	(2,022,500)	10,222,500	4,377,500	42.8%	14,600,000	2,355,000	19.2%
Transfer - Gas tax administration	1,991,024	394	1,991,418	(117,674)	(5.9%)	1,873,744	(117,280)	(5.9%)
Transfer - Budget stabilization fund (Interest)	0	369,136	369,136	13,630,864	3692.6%	14,000,000	14,000,000	N/A
Transfer - Legacy fund	100,000,000	235,630,000	335,630,000 ⁶	(335,630,000)	(100.0%)	0 ⁶	(100,000,000)	(100.0%)
Transfer - Strategic investment and improvements fund	764,400,000	0	764,400,000	(364,400,000)	(47.7%)	400,000,000	(364,400,000)	(47.7%)
Transfer - Tax relief fund	8,600,000	0	8,600,000	14,440,408	167.9%	23,040,408	14,440,408	167.9%
Transfer - Budget stabilization fund	0	0	0	244,497,443	N/A	244,497,443 ⁷	244,497,443	N/A
Transfer - Research North Dakota fund	581,000	0	581,000	(581,000)	(100.0%)	0	(581,000)	(100.0%)
Transfer - Other	0	3,351,923	3,351,923	(3,351,923)	(100.0%)	0	0	N/A
Total transfers and other sources	\$1,041,217,024	\$234,852,794	\$1,276,069,818	(\$422,558,223)	(33.1%)	\$853,511,595	(\$187,705,429)	(18.0%)
Total general fund revenues	\$4,887,959,640	\$137,620,690	\$5,025,580,330	(\$132,494,588)	(2.6%)	\$4,893,085,742	\$5,126,102	0.1%

¹ These amounts reflect legislative estimates prepared at the close of the 2019 legislative session.

² This amount reflects the actual July 1, 2019, unobligated balance.

³ This amount reflects \$190.6 million of estimated unspent 2019-21 appropriation authority and \$60.8 million of deficiency appropriations based on the December 2020 executive budget recommendation. No transfer to the budget stabilization fund is anticipated prior to July 1, 2021, because the balance of the budget stabilization fund is projected to be at its statutory maximum.

⁴ The amounts shown for the oil and gas tax revenue collections for the 2019-21 biennium reflect the December 2020 executive budget assumptions for oil price and oil production as well as the legislative changes to the oil and gas tax allocation formulas. The amounts shown for the oil and gas tax revenue collections for the 2021-23 biennium reflect the December 2020 executive budget assumptions for oil price and oil production as well as a recommendation to change the oil and gas tax allocation formulas, including an increase in the allocation to the general fund from \$400 million to \$500 million.

⁵ House Bill No. 1014 (2019) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2019-21 biennium. The December 2020 executive budget recommends transferring \$140 million of Bank of North Dakota profits to the general fund for the 2021-23 biennium, the same as the 2019-21 biennium.

⁶ The December 2020 executive budget revenue forecast includes \$500 million of legacy fund earnings for the 2019-21 biennium, of which \$336 million is designated for the general fund and the remaining \$164 million is designated for other funds and projects. For the 2021-23 biennium, the executive budget reflects using 8 percent of the 5-year average of legacy fund assets allowing an estimated \$560 million of legacy fund earnings to be available for transfer to special funds at the end of the 2021-23 biennium which will be spent in the 2023-25 biennium.

⁷ The December 2020 executive budget includes a transfer of \$245 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 to 10 percent of the general fund budget.

GENERAL FUND REVENUES FROM THE 2015-17 BIENNIUM TO THE 2021-23 BIENNIUM

General Fund Revenue Source	Actual		Estimated		2021-23 Biennium Increase (Decrease) Compared to the 2019-21 Biennium	
	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium ¹	2021-23 Biennium ²	Amount	Percentage
Tax and fee revenues						
Sales and use tax	\$1,717,867,835	\$1,786,479,717	\$1,756,066,564	\$1,659,855,000	(\$96,211,564)	(5.5%)
Motor vehicle excise tax	221,784,455	239,039,038	231,847,814	239,317,000	7,469,186	3.2%
Individual income tax	666,659,667 ³	778,054,899	741,900,603	786,857,000	44,956,397	6.1%
Corporate income tax	166,806,391 ⁴	240,106,623	179,481,033	188,519,000	9,037,967	5.0%
Oil and gas taxes	300,000,000 ⁵	400,000,000 ⁵	400,000,000 ⁵	500,000,000 ⁵	100,000,000	25.0%
Coal conversion tax	43,669,236	44,572,709	42,398,724	42,600,000	201,276	0.5%
Cigarette and tobacco tax	56,398,692	52,381,863	49,032,505	43,846,000	(5,186,505)	(10.6%)
Wholesale liquor tax	17,897,487	17,768,453	17,972,734	16,932,000	(1,040,734)	(5.8%)
Gaming tax	6,722,715	9,156,498	31,304,238	41,000,000	9,695,762	31.0%
Insurance premium tax	110,725,700	115,544,049	94,520,219	87,269,974	(7,250,245)	(7.7%)
Financial institutions/Business privilege tax	1,309,357 ⁶	0	0	0	0	N/A
Departmental collections	83,175,546	81,466,893	79,914,882	76,423,632	(3,491,250)	(4.4%)
Interest income	15,547,723	11,319,365	29,903,179	20,000,000	(9,903,179)	(33.1%)
Mineral leasing fees	29,039,292	42,197,590	30,168,017	25,000,000	(5,168,017)	(17.1%)
Total tax and fee revenues	\$3,437,604,096	\$3,818,087,697	\$3,684,510,512	\$3,727,619,606	\$43,109,094	1.2%
Transfers and other sources						
Transfer - Bank of North Dakota profits	\$100,000,000	\$140,000,000 ⁷	\$140,000,000 ⁷	\$140,000,000 ⁷	\$0	0.0%
Transfer - Mill and Elevator Association profits	9,051,496 ⁸	17,677,472 ⁸	10,923,841 ⁸	15,500,000 ⁸	4,576,159	41.9%
Transfer - Lottery	15,780,000	15,900,000	10,222,500	14,600,000	4,377,500	42.8%
Transfer - Gas tax administration	2,030,496	2,016,120	1,991,418	1,873,744	(117,674)	(5.9%)
Transfer - Budget stabilization fund (Interest)	0	0	369,136	14,000,000	13,630,864	3692.6%
Transfer - Legacy fund	0	455,263,216	335,630,000 ⁹	0 ⁹	(335,630,000)	(100.0%)
Transfer - Strategic investment and improvements fund	155,000,000	248,000,000	764,400,000	400,000,000	(364,400,000)	(47.7%)
Transfer - Tax relief fund	657,000,000	183,000,000	8,600,000	23,040,408	14,440,408	167.9%
Transfer - Budget stabilization fund	572,485,454 ¹⁰	0	0	244,497,443 ¹⁰	244,497,443	N/A
Transfer - Research North Dakota fund	0	4,000,000	581,000	0	(581,000)	(100.0%)
Transfer - Insurance tax distribution fund	0	475,000	0	0	0	N/A
Transfer - Other	253,871	1,154,157	3,351,923	0	(3,351,923)	(100.0%)
Other - Political subdivision oil tax distributions	0	2,875,000	0	0	0	N/A
Other - Western Area Water Supply Authority loan refinance	0	25,000,000	0	0	0	N/A
Total transfers and other sources	\$1,511,601,317	\$1,095,360,965	\$1,276,069,818	\$853,511,595	(\$422,558,223)	(33.1%)
Total general fund revenues	\$4,949,205,413	\$4,913,448,662	\$4,960,580,330	\$4,581,131,201	(\$379,449,129)	(7.6%)

¹ These amounts reflect the revised 2019-21 revenue forecast (December 2020).

² These amounts reflect the executive budget revenue forecast for the 2021-23 biennium.

³ The amount shown for the 2015-17 biennium reflects an estimated revenue reduction of \$87 million relating to income tax rate reductions of 9.9 percent as provided for in Senate Bill No. 2349 (2015).

⁴ The amount shown for the 2015-17 biennium reflects an estimated revenue reduction of \$21 million relating to income tax rate reductions of 4.9 percent as provided for in Senate Bill No. 2349 (2015).

⁵ In House Bill No. 1451 (2011), the Legislative Assembly created a new section to Chapter 57-51.1 to allocate the state's share of oil and gas tax revenues to various state funds. The Legislative Assembly, in House Bill No. 1066 (2019), amended the section to change the allocations. Based on the changes approved by the 2019 Legislative Assembly, the section provides for the state's share to be allocated as follows in the 2021-23 biennium:

The first \$200 million is deposited in the general fund;

The next \$200 million is deposited in the tax relief fund;

The next \$75 million is deposited in the budget stabilization fund, but not in an amount that would cause the balance of the fund to exceed its statutory limit;

The next \$200 million is deposited in the general fund;

The next \$10 million is deposited in the lignite research fund;

The next \$15 million is deposited in the state disaster relief fund, but not in an amount that would cause the unobligated balance of the fund to exceed \$15 million;

The next \$30.4 million is deposited in the municipal infrastructure fund;

The next \$400 million is deposited in the strategic investment and improvements fund;

The next \$30.4 million is deposited in the county and township infrastructure fund;

The next \$169.2 million is deposited in the municipal infrastructure fund and the county and township infrastructure fund with 50 percent deposited in each fund;

The next \$20 million is deposited in the airport infrastructure fund; and

Any additional revenues are deposited in the strategic investment and improvements fund.

Based on the December 2020 executive budget, the state's share of oil and gas tax collections are estimated to be \$983 million for the 2019-21 biennium, including allocations of \$400 million to the general fund, \$200 million to the tax relief fund, \$48 million to the budget stabilization fund, \$10 million to the lignite research fund, \$30 million to the municipal infrastructure revolving loan fund, and \$295 million to the strategic investment and improvements fund.

The December 2020 executive recommendation changes the allocation of the state's share of oil and gas tax revenues to increase the general fund share to \$500 million. Based on the executive budget, the state's share of oil and gas tax collections are estimated to be \$796 million for the 2021-23 biennium, including allocations of \$500 million to the general fund, \$200 million to the tax relief fund, \$10 million to the lignite research fund, \$30 million to the municipal infrastructure fund, and \$56 million to the strategic investment and improvements fund.

⁶ Senate Bill No. 2325 (2013) repealed the business privilege tax and requires financial institutions to file corporate income tax returns. The estimated fiscal impact of the bill is anticipated to result in a reduction of business privilege tax collections by \$7.3 million and an increase in corporate income tax collections by \$22.5 million during the 2013-15 biennium. Due to the filing of amended tax returns, tax collections and tax refunds continued through the 2015-17 biennium.

⁷ Senate Bill No. 2379 approved by the Legislative Assembly during the August 2016 special session provided for a transfer of up to \$100 million from Bank of North Dakota profits to the general fund for the 2015-17 biennium. Senate Bill No. 2014 (2017) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2017-19 biennium. House Bill No. 2014 (2019) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2019-21 biennium. The December 2020 executive budget recommends transferring \$140 million of Bank of North Dakota profits to the general fund for the 2021-23 biennium, the same as the 2019-21 biennium.

⁸ 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. The amount shown for the 2015-17 biennium reflects a transfer of 50 percent of the Mill and Elevator profits. The amount shown for the 2017-19 biennium reflects a transfer of 75 percent of the Mill and Elevator profits pursuant to changes approved by the 2017 Legislative Assembly. The amounts shown for the 2019-21 and 2021-23 bienniums reflect a transfer of 50 percent of the Mill and Elevator profits.

⁹ Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. The December 2020 executive budget revenue forecast includes \$500 million of legacy fund earnings for the 2019-21 biennium, of which \$336 million is designated for the general fund and the remaining \$164 million is designated for other funds and projects. For the 2021-23 biennium, the executive budget reflects using 8 percent of the 5-year average of legacy fund assets allowing \$560 million of legacy fund earnings to be available for transfer to special funds at the end of the 2021-23 biennium which will be spent in the 2023-25 biennium.

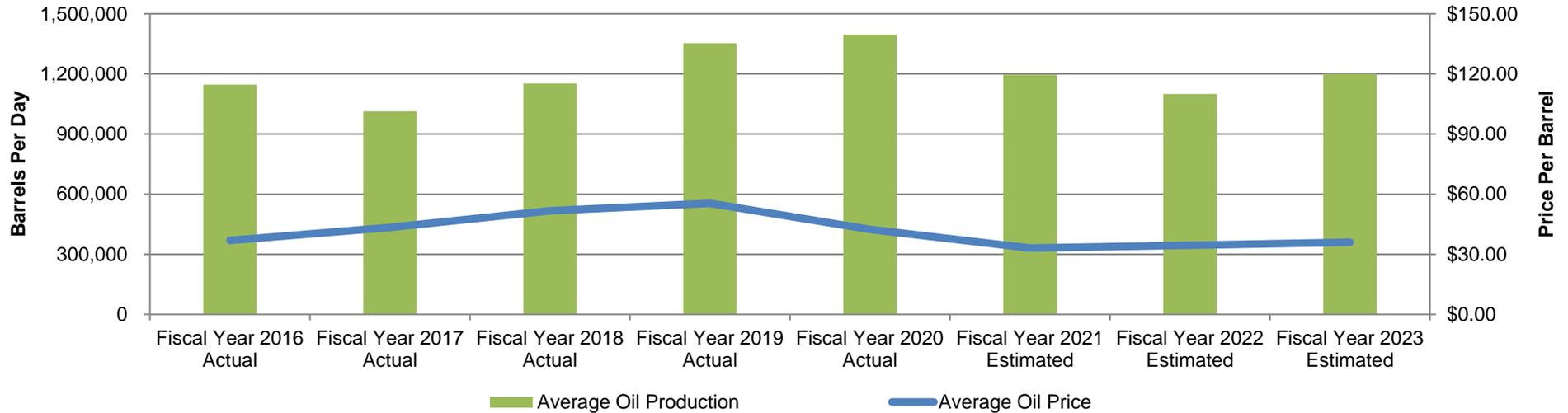
¹⁰ The amount shown for the 2015-17 biennium reflects a transfer from the budget stabilization fund to the general fund due to a budgetary shortfall. The December 2020 executive budget includes a transfer of \$245 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent to 10 percent of the general fund budget.

**DEFICIENCY APPROPRIATIONS FOR THE 2019-21 BIENNIUM
INCLUDED IN THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION**

Description	General Fund	Other Funds	Total
Office of Management and Budget - Estimated costs related to a judgement regarding election law	\$400,000		\$400,000
Secretary of State - Estimated amount needed for legal fees from litigation related to Self Advocacy Solutions ND	97,500		97,500
Attorney General - Estimated amount needed for legal fees from litigation related to the Farm Bureau	175,435		175,435
Tax Department - Estimated amount needed for the homestead tax credit (\$1,310,000) and the disabled veterans' tax credit (\$2,730,000)	4,040,000		4,040,000
North Dakota State University - Estimated amount needed for legal fees from litigation related to the A. Glenn Hill Center construction project	474,657		474,657
State Department of Health - Estimated costs related to COVID-19 expenditures	32,092,680		32,092,680
Department of Environmental Quality - Estimated costs related to the COVID-19 wastewater testing project	1,400,000		1,400,000
Adjutant General - Estimated amount needed to repay anticipated Bank of North Dakota loans for the state's share of disaster costs (\$8,062,300) and costs associated with the Dakota Access Pipeline protest (\$14,064,916)	22,127,216		22,127,216
Total deficiency appropriations for the 2019-21 biennium	\$60,807,488	\$0	\$60,807,488

OIL PRODUCTION AND OIL PRICE

OIL PRODUCTION AND OIL PRICE TRENDS



	2015-17 Biennium		2017-19 Biennium		2019-21 Biennium		2021-23 Biennium	
	Fiscal Year 2016 Actual	Fiscal Year 2017 Actual	Fiscal Year 2018 Actual	Fiscal Year 2019 Actual	Fiscal Year 2020 Actual	Fiscal Year 2021 Estimated	Fiscal Year 2022 Estimated	Fiscal Year 2023 Estimated
Average daily oil production (barrels per day)	1,146,304	1,013,629	1,152,501	1,353,217	1,396,158	1,195,411	1,100,000	1,200,000
Average daily oil price (per barrel)	\$36.89 ¹	\$43.42 ¹	\$51.73 ¹	\$55.43 ¹	\$42.42 ¹	\$33.10	\$34.50	\$36.00

¹These amounts reflect the average of the Flint Hills Resources prices and the West Texas Intermediate prices.

NOTE: Monthly oil tax revenue allocations reflect oil prices and oil production from 2 months prior. For example, June 2021 oil prices and oil production relate to August 2021 oil tax revenue allocations. As a result, the fiscal year averages are based on the oil prices and oil production for the period June through May.

2021-23 BIENNIUM OIL PRODUCTION AND OIL PRICE CHANGES

Based on the executive budget revenue forecast's oil prices increasing from \$34.50 to \$36 per barrel for the 2021-23 biennium:

- For every 100,000 barrels of variance from the forecast, the total 2021-23 biennium oil and gas tax revenue collections would change by \$249.6 million.
- For example, if oil production ranged from 1.2 million to 1.3 million barrels per day for the entire 2021-23 biennium, rather than ranging from 1.1 million to 1.2 million as forecasted, the total 2021-23 biennium oil and gas tax revenue collections would increase by \$249.6 million, from \$2,873.1 million to \$3,122.7 million.

Based on the executive budget revenue forecast's oil production ranging from 1.1 million to 1.2 million barrels per day for the 2021-23 biennium:

- For every \$1 of variance from the forecast, the total 2021-23 biennium oil and gas tax revenue collections would change by \$81.4 million.
- For example, if oil prices ranged from \$35.50 to \$37 for the 2021-23 biennium, rather than ranging from \$34.50 to \$36 as forecasted, the total 2021-23 biennium oil and gas tax revenue collections would increase by \$81.4 million, from \$2,873.1 million to \$2,954.5 million.

ALLOCATION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS GROSS PRODUCTION TAXES FOR THE 2021-23 BIENNIUM (AMOUNTS SHOWN IN MILLIONS)

2021-23 Biennium Estimated Allocations Based on the December 2020 Executive Budget Revenue Forecast												
Tax	Tribal Share ³	Legacy Fund ⁴	North Dakota Outdoor Heritage Fund ⁵	Abandoned Well Reclamation Fund ⁶	Political Subdivisions ⁷	Common Schools Trust Fund ⁸	Foundation Aid Stabilization Fund ⁸	Resources Trust Fund ⁹	Oil and Gas Research Fund ¹⁰	State Energy Research Center Fund ¹¹	State Share "Buckets" ¹²	Total
Gross production tax ¹	\$157.10	\$388.27	\$15.00	\$8.90	\$440.59				\$8.64	\$2.70	\$430.17	\$1,451.37
Oil extraction tax ²	153.90	380.37				\$126.32	\$126.32	\$258.96	7.36	2.30	366.22	1,421.75
Total	\$311.00	\$768.64	\$15.00	\$8.90	\$440.59	\$126.32	\$126.32	\$258.96	\$16.00	\$5.00	\$796.39	\$2,873.12

¹The 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 by formula to political subdivisions and certain state funds, including the oil and gas impact grant fund, the North Dakota outdoor heritage fund, and the abandoned oil and gas well plugging and site reclamation fund.

²The oil extraction tax rate is 5 percent of the gross value at the well for oil production after December 31, 2015 (House Bill No. 1476 (2015)). Certain tax exemptions are available, including stripper wells, incremental oil production, and wells outside the Bakken and Three Forks Formations.

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 the remaining 30 percent is available for the state share. Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocations to the common schools trust fund, foundation aid stabilization fund, and resources trust fund and decreasing the allocations to the state share ("buckets").

³Senate Bill No. 2312 (2019) changed the provisions for revenue sharing between the state and the Three Affiliated Tribes of the Fort Berthold Reservation. The changes are effective for new oil production after June 30, 2019. The changes provide 80 percent of the trust land revenue and 20 percent of the nontrust land revenue to the Three Affiliated Tribes with the remaining 20 percent of trust land revenue and 80 percent of nontrust land revenue allocated to the state. Overall, the changes result in an increase for the Three Affiliated Tribes and a decrease to the state.

⁴Passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. The legacy fund receives 30 percent of the oil and gas gross production and oil extraction taxes beginning July 1, 2011.

⁵The Legislative Assembly in House Bill No. 1278 (2013) amended Section 57-51-15 to allocate 4 percent of the first 1 percent of the oil and gas gross production tax revenue to a newly created North Dakota outdoor heritage fund. The Legislative Assembly in House Bill No. 1176 (2015) increased the allocation to 8 percent with an annual limit of \$20 million. **The executive budget recommends limiting allocations to the outdoor heritage fund to \$7.5 million per year during the 2021-23 biennium.**

⁶The Legislative Assembly in House Bill No. 1333 (2013) amended Section 57-51-15 to provide for 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million. In House Bill No. 1032 (2015), the Legislative Assembly increased the allocation limit from \$5 million to \$7.5 million per fiscal year and increased the fund balance limit from \$75 million to \$100 million. House Bill No. 1014 (2019) decreased the fund balance limit from \$100 million to \$50 million.

⁷Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. In House Bill No. 1358, the 2013 Legislative Assembly changed the formula to provide the county with 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million. In House Bill No. 1176, the 2015 Legislative Assembly increased the county allocation of revenue related to the allocations over \$5 million, increasing the allocation by 5 percent, from 25 to 30 percent.

House Bill No. 1066 (2019) adjusted the allocations within the county. For a county that receives less than \$5 million annually of oil tax allocations, the revenue is distributed 45 percent to the county general fund, 35 percent to school districts within the county based on average daily attendance, and 20 percent to incorporated cities in the county based on population. For a county that receives \$5 million or more, the revenue is distributed 60 percent to the county general fund, 5 percent to school districts within the county based on average daily attendance, 4 percent to townships in the county based on the proportion of township road miles, 9 percent to hub cities based on specified percentages, and 2 percent to hub city school districts based on specific percentages.

⁸The Legislative Assembly passed Senate Concurrent Resolution No. 4011 (1993), which contained a constitutional amendment relating to the allocation of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election to allocate 20 percent of the oil extraction tax revenues equally between the common schools trust fund and the foundation aid stabilization fund.

⁹The amount shown for the resources trust fund reflects the estimated allocation of 20 percent of oil extraction taxes and an additional .5 percent allocation of oil extraction taxes pursuant to changes approved in Senate Bill No. 2362 (2019) as a correction for a shortfall of oil extraction tax allocations in prior bienniums.

In House Bill No. 1020 (2017), the Legislative Assembly amended Section 57-51.1-07 to provide for the following:

- An allocation of 3 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund, which may be spent pursuant to a continuing appropriation.
- An allocation of .5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to the energy conservation fund.

Section 61-02-78, as created by the Legislative Assembly in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund, which became effective January 1, 2015. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. The 2017 Legislative Assembly amended the section to limit the total allocations to \$26 million.

¹⁰Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes an oil and gas research fund and provides 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. The 2013 Legislative Assembly in Senate Bill No. 2014 increased the allocation to \$10 million per biennium. **The executive budget recommends increasing the allocation to the oil and gas research fund to \$16 million for the 2021-23 biennium**

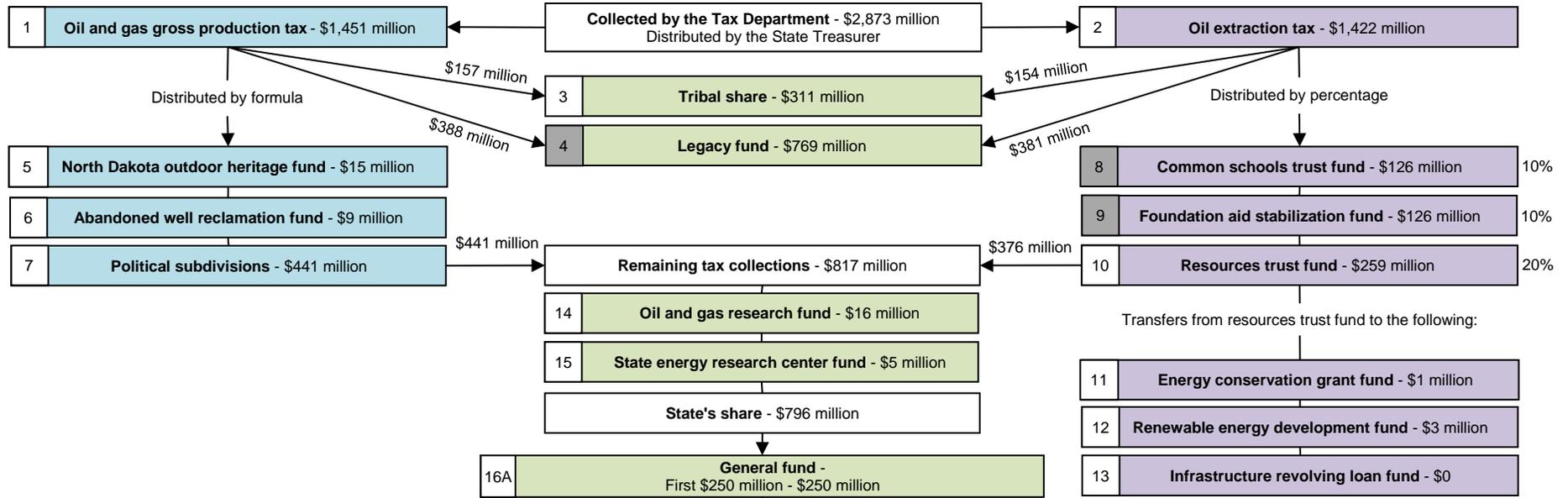
¹¹Senate Bill No. 2249 (2019) created a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.

¹²The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund. In House Bill No. 1152, the 2017 Legislative Assembly amended the section to change the allocations. **The executive budget includes a recommendation to change the allocations to provide the following for the 2021-23 biennium:**

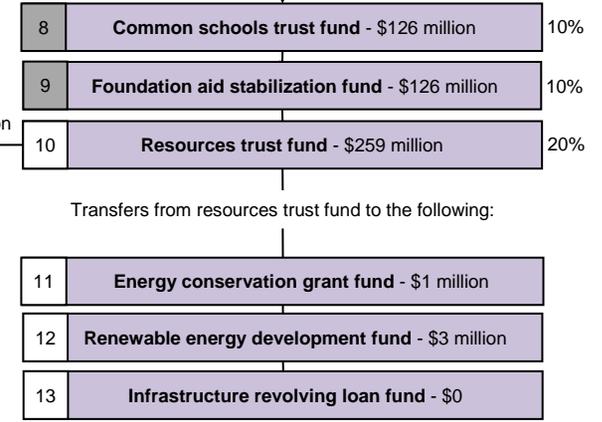
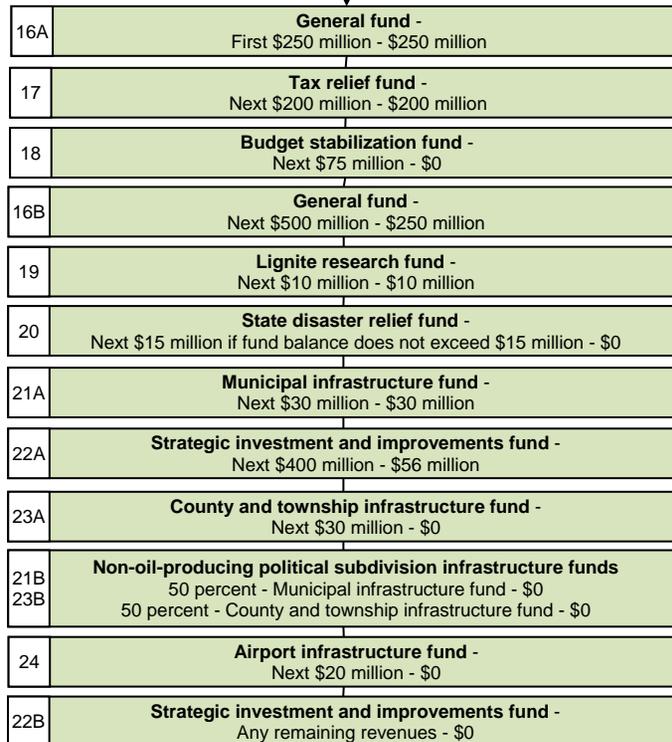
- The first \$250 million is deposited in the general fund (\$250 million);
- The next \$200 million is deposited in the tax relief fund (\$200 million);
- The next \$75 million is deposited in the budget stabilization fund, but not in an amount that would bring the balance of the fund to more than the statutory limit (\$0);
- The next \$250 million is deposited in the general fund (\$250 million);
- The next \$10 million is deposited in the lignite research fund (\$10 million);
- The next \$15 million is deposited in the state disaster relief fund, but not in an amount that would cause the unobligated balance of the fund to exceed \$15 million (\$0);
- The next \$30.4 million is deposited in the municipal infrastructure fund (\$30.4 million);
- The next \$400 million is deposited in the strategic investment and improvements fund (\$56 million);
- The next \$30.4 million is deposited in the county and township infrastructure fund (\$0);
- The next \$169.2 million is deposited in the municipal infrastructure fund and the county and township infrastructure fund with 50 percent deposited in each fund (\$0);
- The next \$20 million is deposited in the airport infrastructure fund (\$0); and
- Any additional revenues are deposited in the strategic investment and improvements fund (\$0).

In House Bill Nos. 1176 and 1377, the 2015 Legislative Assembly amended Section 15-08.1-08 to remove the requirement that 25 percent of any revenues received for deposit in the strategic investment and improvements fund in the subsequent month must be deposited instead into the legacy fund if the unobligated balance of the strategic investment and improvements fund exceeds \$300 million at the end of any month.

2021-23 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON THE DECEMBER 2020 EXECUTIVE BUDGET



Summary of Estimated 2021-23 Biennium Allocations	
	Total
3 Tribal share	\$311,000,000
4 Legacy fund	768,640,000
5 North Dakota outdoor heritage fund	15,000,000
6 Abandoned well reclamation fund	8,900,000
7 Political subdivisions	440,590,000
8 Common schools trust fund	126,320,000
9 Foundation aid stabilization fund	126,320,000
10 Resources trust fund (net deposits)	254,760,000
11 Energy conservation grant fund	1,200,000
12 Renewable energy development fund	3,000,000
13 Infrastructure revolving loan fund	0
14 Oil and gas research fund	16,000,000
15 State energy research center	5,000,000
16 General fund	500,000,000
17 Tax relief fund	200,000,000
18 Budget stabilization fund	0
19 Lignite research fund	10,000,000
20 State disaster relief fund	0
21 Municipal infrastructure fund	30,380,000
22 Strategic investment and improvements fund	56,010,000
23 County and township infrastructure fund	0
24 Airport infrastructure fund	0
Total	\$2,873,120,000



A summary of the funds is shown on the following page.

The shading in the number boxes represents constitutional allocations

NOTE: The amounts shown are preliminary estimates. The actual amounts allocated for the 2021-23 biennium may differ significantly from these amounts based on actual oil price and oil production.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted and tax on gas of four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2	Oil extraction tax	Section 57-51.1-02, as amended by House Bill No. 1476 (2015), provides for a tax of 5 percent of the gross value at the well on the extraction of oil unless exempted. Prior to January 1, 2016, the oil extraction tax rate was 6.5 percent.
3	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax related to the oil production within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. Senate Bill No. 2312 (2019) increased the revenue allocation to the Three Affiliated Tribes.
4	Legacy fund	Section 26 of Article X of the Constitution of North Dakota provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production and extraction.
5	North Dakota outdoor heritage fund	House Bill No. 1278 (2013) created the North Dakota outdoor heritage fund to preserve natural areas and public lands. House Bill No. 1176 (2015) amended Section 57-51-15 to provide 8 percent of revenues from the first 1 percent of the oil and gas gross production tax, up to \$20 million per fiscal year, be deposited in the fund. Senate Bill No. 2013 (2017) limited the allocations to \$10 million per biennium only for the 2017-19 biennium. The executive budget recommends limiting the allocations to \$7.5 million per fiscal year for the 2021-23 biennium, the same as the 2019-21 biennium.
6	Abandoned oil and gas well plugging and site reclamation fund	House Bill No. 1333 (2013) and House Bill No. 1032 (2015) amended Section 57-51-15 to increase the allocations to the abandoned oil and gas well plugging and site reclamation fund. Based on current law, 4 percent of the first 1 percent of oil and gas gross production tax is allocated to the fund not to exceed \$7.5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$100 million. Senate Bill No. 2013 (2017) limited the allocations to \$4 million per fiscal year only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the maximum fund balance by \$50 million, from \$100 million to \$50 million.
7	Political subdivisions	Oil and gas gross production taxes are distributed to political subdivisions under Section 57-51-15, as amended by Senate Bill No. 2013 (2017). House Bill No. 1066 (2019) changed the funding source for the allocations to hub cities, hub city school districts, and school district supplement, and the bill also adjusts the allocation percentages for the distributions to townships and hub city school districts.
8	Common schools trust fund	Section 1 of Article IX of the Constitution of North Dakota provides for a common schools trust fund to be used to support the common schools of the state. Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. The earnings are distributed through the state school aid payments. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund.
9	Foundation aid stabilization fund	Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24, as amended by Senate Concurrent Resolution No. 4003 (2015) and approved by the voters, restricts a portion of the fund to offset state school aid payments due to a revenue shortfall and allows the remainder to be used for educational purposes. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.
10	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Section 22 of Article X of the Constitution of North Dakota provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provided an additional .5 percent allocation to the resources trust fund as an adjustment for prior period allocations both of which resulted in an increase in the allocations to the fund.
11	Energy conservation grant fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to \$1.2 million per biennium. House Bill No. 1020 (2017) limited the allocations to \$200,000 per biennium only for the 2017-19 biennium.
12	Renewable energy development fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to \$3 million per biennium. House Bill No. 1020 (2017) decreased the percentage transferred from 5 to 3 percent.
13	Infrastructure revolving loan fund	Senate Bill No. 2233 (2013) created an infrastructure revolving loan fund within the resources trust fund to provide loans for water projects. Ten percent of the oil extraction tax allocations deposited in the fund are designated for the infrastructure revolving loan fund. House Bill No. 1020 (2017) limited the total amount deposited in the infrastructure revolving loan fund to \$26 million.

14	Oil and gas research fund	Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes the oil and gas research fund for the Oil and Gas Research Council to provide grants. Senate Bill No. 2014 (2013) amended Section 57-51.1-07.3 to provide that 2 percent of the state's share of the oil and gas tax revenues, up to \$10 million per biennium, is to be deposited into the oil and gas research fund. The executive budget increases the allocations by \$6 million, from \$10 million to \$16 million, for the 2021-23 biennium, the same as the 2019-21 biennium.
15	State energy research center fund	Senate Bill No. 2249 (2019) created a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.
16A, 16B	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017) provided for an allocation of \$400 million of the state's share of oil and gas tax revenues to the general fund for the 2017-19 biennium and an allocation of \$300 million after the 2017-19 biennium. House Bill No. 1066 (2019) increased the allocation to \$400 million. The executive budget recommends increasing the allocation to \$500 million, an increase of \$100 million compared to the 2019-21 biennium.
17	Tax relief fund	House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for the allocation of \$200 million of the state's share of oil and gas tax revenues to the tax relief fund each biennium.
18	Budget stabilization fund	The budget stabilization fund is established under Section 54-27.2-01. The governor may order a transfer from the budget stabilization fund to the general fund when certain criteria are met to offset a general fund revenue shortfall. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for an allocation of up to \$75 million from the state's share of oil and gas tax revenues, but not in an amount that would bring the balance of the fund to more than the statutory limit.
19	Lignite research fund	The lignite research fund is established under Section 57-61-01.6 for research, development projects, and marketing activities related to the lignite industry. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for an allocation of up to \$3 million from the state's share of oil and gas tax revenues. House Bill No. 1066 (2019) increased the allocation to \$10 million.
20	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used for the required state share of funding for expenses associated with presidential-declared disasters. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017), provides for the distribution of up to \$20 million of oil tax revenues to the state disaster relief fund each biennium, but not in an amount that would bring the balance of the fund to more than \$20 million. Senate Bill No. 2016 (2019) provided up to \$15 million of allocations, but not in an amount that would bring the balance of the fund to more than \$15 million.
21A, 21B	Municipal infrastructure fund	House Bill No. 1066 (2019) created a municipal infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing cities for essential infrastructure projects.
22A, 22B	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the allocation of certain oil tax revenues to the strategic investment and improvements fund.
23A, 23B	County and township infrastructure fund	House Bill No. 1066 (2019) created a county and township infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing counties and townships for road and bridge infrastructure projects.
24	Airport infrastructure fund	House Bill No. 1066 (2019) created an airport infrastructure fund and allocates up to \$20 million per biennium for airport infrastructure projects, subject to legislative appropriation.

SECTION C - APPROPRIATIONS

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS	C-1
SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS	C-3
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ASSISTANCE TO POLITICAL SUBDIVISIONS	C-9

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2021-23 executive budget to the 2019-21 appropriations approved by the 2019 Legislative Assembly and lists major changes:

	2019-21 Legislative Appropriations	Executive Budget Ongoing Increase (Decrease) From 2019-21	Executive Budget One-Time Increase (Decrease) From 2019-21	2021-23 Executive Budget Recommendation
Ongoing general fund appropriations	\$4,794,924,098	(\$61,008,189)		\$4,733,915,909
One-time general fund appropriations	48,639,068		\$53,115,390	101,754,458
Total	\$4,843,563,166	(\$61,008,189)	\$53,115,390	\$4,835,670,367
Major changes include:				
Recommended salary and fringe benefits increase (including higher education)		\$36,425,313		
Office of Management and Budget		(5,342,060)	\$3,501,304	
Information Technology Department		391,709	(11,400,000)	
Tax Commissioner		7,701,033		
Department of Public Instruction		(123,280,609)	(200,000)	
Higher education		(29,565,915)	(1,725,000)	
State Department of Health		5,635,568	46,261,323	
Department of Human Services		72,407,260	20,135,397	
Department of Corrections and Rehabilitation		(4,497,480)	(85,250)	
Adjutant General		(4,888,310)	3,649,000	
NDSU Main		(6,186,807)	(250,000)	
Research Center				
Other net changes		(9,807,891)	(6,771,384)	
Total		(\$61,008,189)	\$53,115,390	

Major changes and key recommendations affecting 2021-23 general fund appropriations include:

- **Recommended salary and fringe benefits increase, including higher education - \$36.4 million.** The executive budget includes funding for state employee salary increases of 2 percent effective July 1, 2021, and 2 percent effective July 1, 2022. Funding is also provided for employee health insurance premium increases of \$2 per month, from \$1,427 to \$1,429 per month. The executive budget also recommends increasing contributions to the retirement plan by 2 percent, 1 percent paid by the employee and 1 percent paid by the state. See the **STATE EMPLOYEES** section for additional information on state employee salary increases.
- **Office of Management and Budget - (\$1.8 million).** The executive budget adjusts funding from the general fund as follows:
 - \$5.2 million decrease relating to the Capitol complex rent model change.
 - \$3.5 million increase in one-time funding from the general fund, including \$1.2 million for a budget system, \$350,000 for a facility consolidation study, \$200,000 for student internships, and \$2 million for eProcurement software.
- **Information Technology Department - (\$11.0 million).** The executive budget removed \$11.4 million of one-time funding from the general fund for cybersecurity.
- **Tax Commissioner - \$7.7 million.** The executive budget provides for a \$5.6 million increase in funding from the general fund for the disabled veterans' tax credit program and a \$2.2 million increase in funding from the general fund for the homestead tax credit program.
- **Department of Public Instruction - (\$123.5 million).** The executive budget provides integrated formula payments totaling \$2.112 billion, an increase of \$14 million from the amount provided during the 2019-21 biennium. The increase of \$14 million includes an increase in funding of \$55.2 million from the state tuition fund and an increase in funding of \$80 million from the foundation aid stabilization fund. Funding from the general fund for integrated formula payments is decreased by \$121.2 million. See the **ELEMENTARY EDUCATION** section for additional information.
- **Higher education - (\$31.3 million).** The executive budget adjusts funding from the general fund as follows:
 - \$39.7 million decrease relating to a 7.5 percent reduction in the student credit-hour funding formula.
 - \$1.2 million decrease for institution distributions based on student credit-hours completed through the higher education funding formula.

\$4.2 million increase for the academic and career and technical education scholarship program.

\$2.4 million increase for student financial assistance grants.

\$1.7 million decrease in one-time funding from the general fund, including the removal of \$2 million of one-time funding from the general fund for the capital building fund program and a \$350,000 increase for the higher education challenge fund to provide matching grants for academic enhancements and scholarships to North Dakota University System institutions.

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

- **State Department of Health - \$51.9 million.** The executive budget changes funding from the general fund as follows:

\$9 million increase and 22.5 FTE positions to respond to the COVID-19 pandemic.

\$46.3 million increase in one-time funding from the general fund, including \$45.4 million for COVID-19 pandemic-related expenses and \$910,000 for forensic examiner information technology upgrades.

- **Department of Human Services - \$92.5 million.** The executive budget changes funding from the general fund as follows:

\$124.3 million increase for cost to continue and anticipated cost, caseload, and utilization changes.

\$45.8 million decrease for estimated reductions in state matching funds required due to changes in the state's federal medical assistance percentage.

\$13.9 million increase for an inflationary increase of 1 percent in the 1st year of the biennium and 1 percent in the 2nd year of the biennium for human service providers.

\$20.1 million increase in one-time funding from the general fund, including \$3.3 million for nursing facility payment reform, \$3.3 million for a nursing facility bed buyback program, and \$15 million to replace the child welfare payment and case management computer system.

See the **HUMAN SERVICES** section for additional information.

- **Department of Corrections and Rehabilitation - (\$4.6 million).** The executive budget adjusts funding from the general fund as follows:

\$882,352 increase and 5 FTE positions to expand pretrial services.

\$1.2 million increase and 9 FTE positions to expand community corrections resources.

\$1 million increase to expand the free through recovery program.

\$5.3 million decrease for transitional facilities.

\$4.4 million decrease for the contract with the Dakota Women's Correctional and Rehabilitation Center.

- **Adjutant General - (\$1.2 million).** The executive budget adjusts funding from the general fund as follows:

\$1.7 million decrease for tuition assistance.

\$1.9 million decrease to transfer maintenance of State Radio towers to the Information Technology Department.

\$3.6 million increase in one-time funding from the general fund, including \$2.6 million for the purchase of land to expand Camp Grafton and \$1 million for National Guard deferred maintenance.

- **NDSU Main Research Center - (\$6.4 million).** The executive budget reduces funding for operations by \$7.5 million from the general fund and increases funding for a "big" data initiative by \$1.7 million from the general fund.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2021-23 executive budget to the 2019-21 appropriations approved by the Legislative Assembly and lists major other funds sources changes:

	2019-21 Legislative Appropriations	Increase (Decrease) From 2019-21	2021-23 Executive Budget
All funds appropriations	\$14,690,597,737	\$328,938,019	\$15,019,535,756
Less general fund appropriations	4,843,563,166	(7,892,799)	4,835,670,367
Total other funds appropriations	\$9,847,034,571	\$336,830,818	\$10,183,865,389
Major special funds sources and changes include:			
Federal funds	\$3,933,878,796 ¹	\$467,499,268	\$4,401,378,064
Higher Education	2,339,361,114	(376,281,737)	1,963,079,377
State Water Commission	936,625,807	(268,661,933)	667,963,874
Department of Transportation	723,345,404	246,290,284	969,635,688
Office of Management and Budget	17,136,515	136,760,897	153,897,412
Department of Public Instruction	494,637,190	136,257,039	630,894,229
Information Technology Department	318,954,155	(68,942,370)	250,011,785
Department of Career and Technical Education	3,082,279	45,122,695	48,204,974
Department of Human Services	377,535,853	(36,100,869)	341,434,984
Parks and Recreation Department	23,005,492	29,790,386	52,795,878
Aeronautics Commission	47,896,082	(17,987,275)	29,908,807
Mill and Elevator Association	76,994,824	11,604,570	88,599,394
Workforce Safety and Insurance	68,747,842	4,713,010	73,460,852
Bank of North Dakota	64,357,799	2,603,280	66,961,079
All other agencies and institutions	421,475,419	24,163,573	445,638,992
Total	\$9,847,034,571	\$336,830,818	\$10,183,865,389

¹The amount shown for the 2019-21 biennium is the total federal funds appropriated by the 2019 Legislative Assembly as reported by state agencies on a survey for the Budget Section completed in September 2020. The amount does not include federal funding received by state agencies in response to the COVID-19 pandemic.

Major changes and key recommendations affecting 2021-23 special funds appropriations include:

- **Federal funds - \$467,499,268.** The executive budget recommends an increase of regular federal funds of \$467,499,268. Please refer to the federal funds comparison schedule under the **APPROPRIATIONS** section for additional information.
- **Higher education - (\$376,281,737).** The decrease relates primarily to the removal of 2019-21 biennium one-time funding for higher education capital projects, including the Memorial Union project (\$80 million), High Performance Center project (\$35 million), Gamble Hall project (\$61 million) at the University of North Dakota, the Dunbar Hall project (\$43.2 million), the agriculture products development center project (\$40 million), the indoor practice facility project (\$37.2 million), and the University Village project (\$37.6 million) at North Dakota State University, and the Communications and Fine Arts Building project (\$30 million) at Valley City State University.
- **State Water Commission - (\$268,661,933).** The decrease relates primarily to a decrease in estimated funding available for appropriations in the resources trust fund due to a reduction in oil and gas tax collections deposited in the fund.
- **Department of Transportation - \$246,290,284.** The increase relates primarily to additional funding from bond proceeds for transportation infrastructure construction and maintenance (\$302 million) and the removal of 2019-21 biennium one-time funding from a Bank of North Dakota loan to match federal grants (\$50 million).
- **Office of Management and Budget - \$136,760,897.** The increase relates primarily to additional funding from bond proceeds for maintenance and repairs at state buildings (\$130.5 million) and a space utilization project (\$5.5 million) in the Capitol.

- **Department of Public Instruction - \$136,257,039.** The increase relates primarily to a funding source change for the K-12 funding formula, including a one-time transfer of \$83 million from the foundation aid stabilization fund and increased distribution of \$54.3 million from the common schools trust fund.
- **Information Technology Department - (\$68,942,370).** The decrease relates primarily to the removal of 2019-21 biennium one-time funding for the statewide interoperable radio network (\$120 million) and increases for cybersecurity from legacy fund earnings transferred to the ITD operating fund (\$25 million) and the department's 2021-23 biennium information technology unification initiative, which includes the transfer of 66 FTE information technology positions to the department (\$31.9 million).
- **Department of Career and Technical Education - \$45,122,695.** The increase relates primarily to additional funding from bond proceeds to develop a competitive grant for communities and school districts to establish or expand career and technical centers and academies (\$45 million).
- **Department of Human Services - (\$36,100,869).** The decrease relates primarily to the removal of 2019-21 biennium one-time funding from the strategic investment and improvements fund (\$11.5 million) and decreased funding from the community health trust fund (\$8.4 million) and tobacco prevention and control trust fund (\$6 million) for medical services.
- **Parks and Recreation Department - \$29,790,386.** The increase relates primarily to additional funding from bond proceeds for park infrastructure projects (\$30.5 million) and from legacy fund earnings transferred to the parks operating fund for deferred maintenance and various special fund decreases relating to the removal of 2019-21 one-time projects.
- **Aeronautics Commission - (\$17,987,275).** The decrease is primarily due to the removal of 2019-21 biennium one-time funding from the strategic investment and improvements fund for grants to airports (\$20 million) and an increase in ongoing funding from the Aeronautics Commission special fund for grants to airports during the 2021-23 biennium (\$2 million).

**FEDERAL FUNDS COMPARISON OF 2019-21 APPROPRIATIONS
AND 2021-23 EXECUTIVE BUDGET RECOMMENDATION**

Agency	2019-21 Appropriation¹	2019-21 Current Estimate¹	2021-23 Executive Budget	2021-23 Executive Budget Increase (Decrease) Compared to 2019-21 Appropriation	Percentage Increase (Decrease)
Department of Human Services	\$2,266,624,651	\$2,218,428,979	\$2,472,185,376	\$205,560,725 ²	9.1% ²
Department of Transportation	738,900,000	738,900,000	860,300,219	121,400,219 ³	16.4% ³
State Department of Health	103,646,086	106,632,199	141,368,428	37,722,342 ⁴	36.4% ⁴
Department of Public Instruction	322,916,553	330,721,862	350,789,249	27,872,696 ⁵	8.6% ⁵
Housing Finance Agency	32,896,600	32,409,958	44,009,673	11,113,073 ⁶	33.8% ⁶
State Water Commission	31,528,284	31,528,284	41,083,357	9,555,073 ⁷	30.3% ⁷
Department of Commerce	43,781,891	49,373,912	52,152,292	8,370,401 ⁸	19.1% ⁸
Adjutant General	136,862,971	141,654,694	143,933,009	7,070,038	5.2%
Information Technology Department	2,078,179	260,000	7,397,151	5,318,972	255.9%
Game and Fish Department	37,376,625	34,466,853	41,632,058	4,255,433	11.4%
Parks and Recreation Department	5,686,361	5,686,361	8,600,485	2,914,124	51.2%
Department of Environmental Quality	26,905,346	27,117,346	28,761,233	1,855,887	6.9%
Department of Corrections and Rehabilitation	16,431,467	15,151,468	17,815,590	1,384,123	8.4%
NDSU Extension Service	6,972,668	6,972,668	8,078,792	1,106,124	15.9%
Public Service Commission	10,448,751	7,287,333	11,248,675	799,924	7.7%
Upper Great Plains Transportation Institute	12,107,862	5,265,227	12,810,432	702,570	5.8%
Department of Agriculture	12,213,665	12,213,665	12,771,602	557,937	4.6%
Job Service North Dakota	64,364,900	73,119,243	64,433,677	68,777	0.1%
Attorney General	15,052,872	11,585,242	14,201,749	(851,123)	(5.7%)
NDSU Main Research Center	8,419,260	8,419,260	5,986,825	(2,432,435)	(28.9%)
All other agencies and institutions	38,663,804	37,578,047	61,818,192	23,154,388	59.9%
Total	\$3,933,878,796	\$3,894,772,601	\$4,401,378,064	\$467,499,268	11.9%

¹ 2019-21 appropriation and 2019-21 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council survey completed in September 2020 for the Budget Section. The amounts do not include federal funding received by state agencies in response to the COVID-19 pandemic; however, federal funding recommended in the 2021-23 executive budget may include anticipated funding to be received or funding already received that is anticipated to be continued into the 2021-23 biennium related to the COVID-19 pandemic.

² Department of Human Services - \$205,560,725 increase

The increase is primarily attributable to an anticipated increase in funding for the following program, as well as various program decreases:

Medicaid (from \$1,764,143,759 in 2019-21 to \$1,976,057,568 in 2021-23) \$211,913,809

³ Department of Transportation - \$121,400,219 increase

The increase is primarily attributable to an anticipated increase in the following program, as well as various program decreases:

Federal Highway Administration (from \$704,700,000 in 2019-21 to \$828,486,466 in 2021-23) \$123,786,466

⁴ State Department of Health - \$37,722,342 increase

The increase is primarily attributable to the department continuing federal funds received for response to the COVID-19 pandemic into the 2021-23 biennium, including funding for epidemiology and laboratory capacity and testing, personal protective equipment, overtime, and other related costs. \$33,790,738

⁵ Department of Public Instruction - \$27,872,696 increase

The increase is primarily attributable to the department continuing federal funds received for response to the COVID19 pandemic into the 2021-23 biennium, including from the elementary and secondary school emergency relief fund to help schools prepare for, prevent, and respond to the COVID-19 pandemic. \$27,500,000

⁶ Housing Finance Agency - \$11,113,073 increase

The increase is primarily attributable to a recommended transfer of the following program from the Department of Commerce:

HOME investment partnerships program \$7,643,371

⁷ State Water Commission - \$9,555,073 increase

The increase is primarily attributable to an anticipated increase in the following programs:

Northwest Area Water Supply (from \$24,000,000 in 2019-21 to \$30,221,147 in 2021-23) \$6,221,147

Federal Emergency Management Agency map modernization program (from \$6,348,496 in 2019-21 to \$8,304,297 in 2021-23) \$1,955,801

⁸ Department of Commerce - \$8,370,401 increase

The increase is primarily attributable to a decrease relating to the recommended transfer of the HOME investment partnership program to the Housing Finance Agency (\$7,643,371) and anticipated increases in the following programs:

Community development block grant (from \$8,379,068 in 2019-21 to \$15,439,133 in 2021-23) \$7,060,065

Unmanned aircraft systems grants (from \$1,000,000 in 2019-21 to \$8,000,000 in 2021-23) \$7,000,000

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2021-23 BIENNIUM¹

Agency or Institution	Project	General Fund	Other Funds	Total
110 - Office of Management and Budget	Budget system replacement	\$1,230,100		\$1,230,100
	Procurement software	2,021,204		2,021,204
180 - Judicial branch	Juvenile case management system replacement	2,000,000		2,000,000
	Supreme Court docket system replacement	2,000,000		2,000,000
226 - Department of Trust Lands	Continuation of the department's software replacement - land management system		\$1,600,000	1,600,000
325 - Department of Human Services	Children and Family Services Division FRAME system replacement project and comprehensive child welfare information and payment system mainframe migration project	15,000,000	15,000,000	30,000,000
	Medicaid management information system modernization	4,326,686	30,673,314	35,000,000
380 - Job Service North Dakota	Unemployment insurance system modernization		3,000,000	3,000,000
485 - Workforce Safety and Insurance	Claims and policy replacement system - Releases 9-12		7,500,000	7,500,000
	MyWSI extranet enhancement - Releases 5-8		3,050,000	3,050,000
801 - Department of Transportation	Construction and materials management system		9,660,000	9,660,000
	Automate vehicle location hardware and software expansion		3,771,000	3,771,000
	Traffic counting program modernization		3,000,000	3,000,000
	Traffic data estimating and analysis replacement		500,000	500,000
	Website Drupal uplift and enhancements		500,000	500,000
Total 2021-23 executive budget recommendation		\$26,577,990	\$78,254,314	\$104,832,304

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 November 17, 2020, and prioritized information technology projects for the 2021-23 biennium with a total cost over \$500,000 by funding source. The following is a summary of the prioritization, including information on the preliminary project budget and the amount included in the executive budget:

General Fund Projects				
	Project	Agency	Preliminary Project Budget	Included in Executive Budget Recommendation
1	Technical debt reduction (replacement of outdated computer systems)	Information Technology Department	\$60,000,000	
2	Cybersecurity process automation	Information Technology Department	\$500,000	
3	Field services data warehouse	Department of Human Services	\$1,050,000	
4	Cybersecurity forensic laboratory	Information Technology Department	\$750,000	
5	Business process improvement, organizational change management, and automation	Information Technology Department	\$40,000,000	
6	Roadway information management system replacement	Department of Transportation	\$5,860,000	
7	Children and Family Services Division FRAME system replacement project and comprehensive child welfare information and payment system mainframe migration project	Department of Human Services	\$18,000,000 ^a	\$15,000,000 ^a
8	Construction and materials management system	Department of Transportation	\$3,800,000 ^b	

9	Contract and payment system	Department of Human Services	\$2,000,000	
10	Medicaid management information system modernization	Department of Human Services	\$17,500,000 ^c	\$4,326,686 ^c
11	Automated vehicle location hardware and software expansion	Department of Transportation	\$1,745,000 ^d	

Federal Fund Projects

1	Children and Family Services Division FRAME system replacement project and comprehensive child welfare information and payment system mainframe migration project	Department of Human Services	\$18,000,000 ^a	\$15,000,000 ^a
2	Medicaid management information system modernization	Department of Human Services	\$17,500,000 ^c	\$30,673,314 ^c
3	Automated vehicle location hardware and software expansion	Department of Transportation	\$1,745,000 ^d	\$1,885,500 ^d

Special Fund Projects

1	Traffic counting program modernization	Department of Transportation	\$3,000,000	\$3,000,000
2	Website Drupal uplift and enhancements	Department of Transportation	\$500,000	\$500,000
3	myWSI enhancement project - Releases 5-8	Workforce Safety and Insurance	\$3,360,444	\$3,050,000
4	Claims and policy system replacement - Releases 9-12	Workforce Safety and Insurance	\$8,279,480	\$7,500,000
5	Traffic data estimating and analysis replacement	Department of Transportation	\$500,000	\$500,000

^aThe Department of Human Services submitted a preliminary project budget of \$36 million, of which \$18 million was from the general fund and \$18 million was from federal funds, for a Children and Family Services Division FRAME system replacement project and a comprehensive child welfare information and payment system mainframe migration project. The executive budget included a recommendation of \$30 million, of which \$15 million is from the general fund and \$15 million is from federal funds, for the projects.

^bThe Department of Transportation submitted a preliminary project budget of \$3.8 million from the general fund to the State Information Technology Advisory Committee for a construction and materials management system project. The executive budget included a recommendation of \$9.66 million from the highway tax distribution fund for the project.

^cThe Department of Human Services submitted a preliminary project budget of \$35,000,000, of which \$17,500,000 was from the general fund and \$17,500,000 was from federal funds, to the State Information Technology Advisory Committee for a Medicaid management information system modernization project. The executive budget included a recommendation of \$35,000,000, of which \$4,326,686 is from the general fund and \$30,673,314 is from federal funds, for the project.

^dThe Department of Transportation submitted a preliminary project budget of \$3,490,000, of which \$1,745,000 was from the general fund and \$1,745,000 was from federal funds, to the State Information Technology Advisory Committee for an automated vehicle location hardware and software expansion project. The executive budget included a recommendation of \$3,771,000, of which \$1,885,500 is from federal funds and \$1,885,500 is from the highway tax distribution fund, for the project.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS
COMPARISON OF 2019-21 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
TO 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS**

	2019-21 Appropriations/ Revenue Allocations	2021-23 Executive Budget Recommendation	2021-23 Recommended Increase (Decrease) Compared to 2019-21 Appropriations/Revenue Allocations	
			Amount	Percentage
Assistance to political subdivisions (excluding school-related funding)				
General fund appropriations				
Grants to public libraries	\$1,737,528	\$1,651,203	(\$86,325)	(5.0%)
Library Vision 2014 grants	237,500	237,500	0	0.0%
Homestead tax credit	15,800,000	18,000,000	2,200,000	13.9%
Disabled veteran property tax credits	8,410,200	14,000,000	5,589,800	66.5%
Aid to health districts	4,725,000	4,725,000	0	0.0%
Local public health pandemic response	0	1,361,000	1,361,000	N/A
Suicide prevention program	945,000	1,102,613	157,613	16.7%
Emergency medical services training	846,000	846,000	0	0.0%
Emergency medical services operations	5,750,000	5,750,000	0	0.0%
Public water system operator certification and training program	125,000	0	(125,000)	(100.0%)
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences	520,000	625,270	105,270	20.2%
County and tribal veterans' service officers outreach and training	30,000	30,000	0	0.0%
Tobacco Synar program enforcement requirements to local public health	75,000	75,000	0	0.0%
Matching funds to counties and cities for senior citizen services and programs	1,347,894	1,412,988	65,094	4.8%
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share	23,300,000	0 ¹⁵	(23,300,000)	(100.0%)
County social and human service program	0 ¹	1,323,223 ¹	1,323,223	N/A
Boys' and girls' clubwork	53,000	0	(53,000)	(100.0%)
Soil conservation district grants	1,091,520	1,091,520	0	0.0%
Clerk of court	24,957,631	25,677,076	719,445	2.9%
Grants to airports	500,000	475,000	(25,000)	(5.0%)
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	171,000	118,000	(53,000)	(31.0%)
Community service supervision grants	350,000	297,500	(52,500)	(15.0%)
Guardianship grants	1,950,000	1,950,000	0	0.0%
Total general fund (excluding school-related funding)	\$92,922,273	\$80,748,893	(\$12,173,380)	(13.1%)
Percentage of total general fund appropriations	1.9%	1.7%	(0.2%)	(13.0%)

	2019-21	2021-23 Executive Budget Recommendation	2021-23 Recommended Increase (Decrease) Compared to 2019-21 Appropriations/ Revenue Allocations	
	Appropriations/ Revenue Allocations		Amount	Percentage
Special funds appropriations and revenue allocations				
Noxious weed control	\$1,375,274	\$1,425,274	\$50,000	3.6%
State aid distribution funds to cities and counties ²	189,428,862	180,972,578	(8,456,284)	(4.5%)
Public transportation services (public transportation fund) ³	8,400,000	8,300,000	(100,000)	(1.2%)
Insurance tax to fire departments (insurance tax distribution fund)	17,989,505	17,989,505	0	0.0%
Aid to health districts (tobacco prevention and control trust fund)	525,000	0	(525,000)	(100.0%)
Aid to health districts (community health trust fund)		525,000	525,000	N/A
Local public health pandemic response (community health trust fund)		5,000,000	5,000,000	N/A
Tobacco education program grants to local public health districts (community health trust fund)	6,500,000	5,853,000	(647,000)	(10.0%)
Tobacco cessation program grants to local public health districts (community health trust fund)	85,000	0	(85,000)	(100.0%)
Emergency medical services operations (insurance tax distribution fund)	1,125,000	1,125,000	0	0.0%
Abandoned vehicle cleanup (abandoned vehicle fund)	215,000	215,000	0	0.0%
Gaming enforcement grants	510,000	510,000	0	0.0%
County social and human service program	173,700,000 ¹	175,835,515 ¹	2,135,515	1.2%
Matching funds to counties and cities for senior citizen services and programs ⁴	8,513,710	9,270,000	756,290	8.9%
Energy development impact grants (oil and gas impact grant fund)	2,000,000 ⁵	0	(2,000,000)	(100.0%)
Grants to airports (Aeronautics Commission special funds collections)	5,300,000	7,075,000	1,775,000	33.5%
Grants to airports (airport infrastructure fund)	0 ⁶	0 ⁶	0	0.0%
Grants to airports (strategic investment and improvements fund)	20,000,000	0	(20,000,000)	(100.0%)
Municipal infrastructure fund distributions	29,875,000 ⁷	29,875,000 ⁷	0	0.0%
Infrastructure bonding for park district infrastructure grants	0	20,600,000 ⁸	20,600,000	N/A
Motor vehicle fuel tax and registration fee allocations ⁹	208,900,000	206,100,000	(2,800,000)	(1.3%)
Telecommunications tax allocations	16,800,000	16,800,000	0	0.0%
Coal severance tax allocations ¹⁰	15,000,000	15,000,000	0	0.0%
Coal conversion tax allocations ¹⁰	8,500,000	8,500,000	0	0.0%
Oil and gas gross production tax allocations ¹¹	489,019,546	440,593,155	(48,426,391)	(9.9%)
Federal Emergency Management Agency repayment (state disaster relief fund)	200,000	0	(200,000)	(100.0%)
Cigarette tax allocations ¹²	2,750,000	2,750,000	0	0.0%

	2019-21 Appropriations/ Revenue Allocations	2021-23 Executive Budget Recommendation	2021-23 Recommended Increase (Decrease) Compared to 2019-21 Appropriations/ Revenue Allocations	
			Amount	Percentage
Energy conservation grants to political subdivisions	1,200,000	1,200,000	0	0.0%
Total special funds (excluding school-related funding)	\$1,207,911,897	\$1,155,514,027	(\$52,397,870)	(4.3%)
Total major direct assistance to political subdivisions (excluding school-related funding)	\$1,300,834,170	\$1,236,262,920	(\$64,571,250)	(5.0%)
School-related assistance to political subdivisions				
General fund appropriations - School-related funding				
State school aid per student formula payments				
State school aid - Integrated formula payments	\$1,610,438,429 ¹³	\$1,486,204,733 ¹³	(\$124,233,696)	(7.7%)
Transportation aid payments to school districts	56,500,000	56,500,000	0	0.0%
Special education contracts	24,000,000	27,000,000	3,000,000	12.5%
School food services	1,380,000	1,380,000	0	0.0%
Adult education	4,400,000	4,400,000	0	0.0%
Prekindergarten grants	1,500,000	1,500,000	0	0.0%
Program grant pool	1,500,000 ¹⁴	1,100,000 ¹⁴	(400,000)	(26.7%)
EduTech services, including school district antivirus licenses and PowerSchool funding	3,311,619	2,843,136	(468,483)	(14.1%)
School district information technology network costs (statewide information technology network costs)	5,077,970	4,597,209	(480,761)	(9.5%)
School district and area center grants for career and technical education	24,887,780	25,937,780	1,050,000	4.2%
Total general fund - School-related funding	\$1,732,995,798	\$1,611,462,858	(\$121,532,940)	(7.0%)
Percentage of total general fund appropriations	35.8%	33.3%	(2.5%)	(6.9%)
Special funds appropriations and revenue allocations - School-related funding				
State school aid - Integrated formula payments (state tuition fund)	\$377,764,000	\$433,020,000	\$55,256,000	14.6%
State school aid - Integrated formula payments (foundation aid stabilization fund)	110,000,000 ¹³	193,000,000 ¹³	83,000,000	75.5%
Grants for adult education programs (displaced homemaker fund)	225,000	225,000	0	0.0%
Rapid enrollment grants (foundation aid stabilization fund)	3,000,000 ¹³	0	(3,000,000)	(100.0%)
EduTech services, including school district antivirus licenses and PowerSchool funding	6,334,154	6,388,912	54,758	0.9%
School district information technology network costs (statewide information technology network costs)	90,000	90,000	0	0.0%
Career and technical education career academies grants (bond proceeds)	0	45,000,000	45,000,000	N/A
School district and area center grants for career and technical education	5,984,777	6,179,777	195,000	3.3%
Total special funds - School-related funding	\$503,397,931	\$683,903,689	\$180,505,758	35.9%
Total major school-related assistance to political subdivisions	\$2,236,393,729	\$2,295,366,547	\$58,972,818	2.6%

	2019-21 Appropriations/ Revenue Allocations	2021-23 Executive Budget Recommendation	2021-23 Recommended Increase (Decrease) Compared to 2019-21 Appropriations/ Revenue Allocations	
			Amount	Percentage
Total general fund assistance to political subdivisions	\$1,825,918,071	\$1,692,211,751	(\$133,706,320)	(7.3%)
Total special funds assistance	<u>\$1,711,309,828</u>	<u>\$1,839,417,716</u>	<u>\$128,107,888</u>	7.5%
Total major direct assistance to political subdivisions	<u><u>\$3,537,227,899</u></u>	<u><u>\$3,531,629,467</u></u>	<u><u>(\$5,598,432)</u></u>	(0.2%)

¹ Senate Bill No. 2015 (2019) transfers \$173.7 million from the tax relief fund to the human service finance fund to continue the program. The 2021-23 biennium executive budget provides for a \$1,323,223 general fund appropriation and \$174.4 million transfer from the tax relief fund to the human service finance fund to continue the program.

² The 1987 Legislative Assembly, in House Bill No. 1590, provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989. The 1997 Legislative Assembly, in House Bill No. 1019, reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. The 2013 Legislative Assembly increased the .4 to .435 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning July 1, 2014.

³ Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund.

⁴ The 2005 Legislative Assembly removed the senior citizen mill levy matching grant 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. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.

⁵ House Bill No. 1013 (2019) transfers \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund for grants to political subdivisions during the 2019-21 biennium.

⁶ House Bill No. 1066 (2019), established the airport infrastructure fund for the purpose of providing grants to airports, and provides for an allocation of up to \$20 million of gross production tax revenue. Based on the December 2020 executive budget revenue forecast, the estimated oil and gas tax revenue collections for the 2019-21 and 2021-23 bienniums are not sufficient to provide for any allocations to the airport infrastructure fund.

⁷ House Bill No. 1066 (2019), established the municipal infrastructure fund and the county and township infrastructure fund for grants to non-oil-producing political subdivisions for eligible infrastructure projects. Based on the December 2020 executive budget revenue forecast, the estimated oil and gas tax revenue collections for the 2019-21 and 2021-23 bienniums will be sufficient to provide allocations from the municipal infrastructure fund but not the county and township infrastructure fund.

⁸ The executive budget recommends a \$1.25 billion bond issue, of which \$20.6 million is intended for political subdivisions, to include capitalized interest and staggered debt issuance to occur as needed during the 2021-23 and 2023-25 bienniums. The debt would be serviced using 40 percent of future earnings from the legacy fund.

⁹ Prior to the 2009-11 biennium, 37 percent of the funds in the highway tax distribution fund were allocated to counties and cities, and one cent per gallon of motor fuels taxes was deposited in the township highway aid fund. Beginning with the 2009-11 biennium, counties and cities receive 34.5 percent of distributions from the highway tax distribution fund, the one cent per gallon of motor fuels taxes originally deposited in the township highway aid fund is deposited in the highway tax distribution fund, and townships receive 2.7 percent of distributions from the highway tax distribution fund. The amounts shown do not include highway tax distribution fund deposits in the public transportation fund which are shown separately in this schedule.

¹⁰ Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the severance tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties. Beginning in the 2001-03 biennium, the coal conversion tax allocation is based on the provision that 15 percent of the conversion tax revenue is allocated to the county in which the plant is located. Previously, 35 percent had been allocated to the county in which the plant is located.

- ¹¹ The oil and gas gross production tax allocation is based on a formula which allocates a percentage of gross production tax revenue to the producing county with the remainder going to the state. Prior to the 2009-11 biennium, the amount allocated to a county was limited based on the population of the county. Beginning in the 2013-15 biennium, the allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than \$5 million in allocations during the previous state fiscal year and another set of percentages for counties that received \$5 million or more in allocations during the previous state fiscal year. The amounts shown for the 2019-21 and 2021-23 bienniums reflect the December 2020 executive budget revenue forecast.
- ¹² The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population.
- ¹³ In Senate Bill No. 2013 (2019) the Legislative Assembly provided an ongoing appropriation of \$110 million from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium. In addition, the Legislative Assembly, in Senate Bill No. 2265 (2019) provided a one-time appropriation of \$3 million from the foundation aid stabilization fund for rapid enrollment grants only during the 1st year of the 2019-21 biennium. The 2021-23 executive budget recommendation includes a total of \$193 million from the foundation aid stabilization fund for integrated formula payments, of which \$83 million is considered one-time funding.
- ¹⁴ The 2017 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition the Legislative Assembly provided, in Section 9 of House Bill No. 1013 (2017), the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department continued \$700,711 in the 2017-19 biennium to increase the program grant pool. In 2019, the Legislative Assembly, in Senate Bill No. 2013, reduced funding in the transportation efficiency line item by \$3,000 and transferred the remaining funding of \$27,000 from the transportation efficiency line item to the program grant pool. In addition, funding for the program grant pool is decreased by \$606,711, to provide a total of \$1,500,000 from the general fund for leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency. The 2021-23 executive budget recommendation reduces funding for program pool initiatives and provides funding for advanced placement testing grants and family engagement. The executive budget recommendation also increases funding for leadership professional development.
- ¹⁵ The Department of Human Services is unable to determine the amount of general fund support in the department's budget for paying the county costs of child welfare, service payments to the elderly and disabled, and technology costs.

SECTION D - ELEMENTARY AND SECONDARY EDUCATION

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ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2021-23 biennium executive budget recommendation provides funding of \$2.2 billion, of which \$1.57 billion is from the general fund, \$193 million is from the foundation aid stabilization fund, and \$433 million is from the state tuition fund for the state school aid program. The following schedule summarizes state school aid program funding:

	2019-21 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2021-23 Executive Budget (Amounts Shown in Millions)
State school aid	\$2,098.2	\$14.0	\$2,112.2
Transportation aid payments	56.5		56.5
Rapid enrollment grants	3.0	(3.0)	
Special education - Contracts	24.0	3.0	27.0
Total	\$2,181.7	\$14.0	\$2,195.7
General fund	\$1,690.9	(\$121.2)	\$1,569.7
Foundation aid stabilization fund	113.0	80.0	193.0
State tuition fund	377.8	55.2	433.0
Total	\$2,181.7	\$14.0	\$2,195.7

The executive budget recommendation provides integrated formula payments totaling \$2.112 billion, an increase of \$14 million from the integrated formula payments provided during the 2019-21 biennium. When compared to the appropriation for the 2019-21 biennium, the increase of \$14 million includes a decrease in funding from the general fund of \$121.2 million, which is offset by increases in funding from the state tuition fund of \$55.2 million and from the foundation aid stabilization fund of \$80 million. The executive recommendation includes one-time funding of \$83 million from the foundation aid stabilization fund for integrated formula payments. In addition to state school aid, integrated formula payments include funding to reduce the amount of money school districts need to raise locally through property taxes. The executive recommendation provides that total formula payments are reduced by a 60-mill levy local property tax contribution and by 75 percent of certain other local revenue, the same as the 2019-21 biennium.

The executive budget recommendation includes an increase in funding for the cost-to-continue integrated formula payments and enrollment growth of \$14 million. The executive budget recommendation for the state school aid program does not include any changes to the state school aid formula and the integrated per student payment rate will remain \$10,036 during both years of the 2021-23 biennium, the same as the 2nd year of the 2019-21 biennium.

ONE-TIME FUNDING

The executive budget includes \$86 million of one-time funding from the foundation aid stabilization fund for state school aid (\$83 million) and to increase funding for teacher mentoring (\$3 million) to provide a total of \$4,806,899, of which \$1,806,899 is ongoing funding from the general fund, for the teacher mentoring program. In addition, the executive budget provides for a transfer of \$35 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund during the 2021-23 biennium.

The executive budget increases federal funding authority by \$27.5 million for elementary and secondary school emergency relief funds provided through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and continued to the 2021-23 biennium, including operating expenses (\$2.5 million) and grants (\$25 million).

OTHER RECOMMENDATIONS

The executive budget recommendation provides for the following program adjustments:

1. **PowerSchool** - Provides \$5.25 million from the general fund for PowerSchool, a decrease of \$250,000 from the 2019-21 biennium appropriation of \$5.5 million.
2. **National board certification** - Provides \$108,000 from the general fund for teacher stipends and assessment fees for national board certification, the same level of funding provided in the 2019-21 biennium.

The executive budget recommendation provides for the following program grants:

- **Adult education grants** - Provides \$4.4 million from the general fund for adult education grants, the same level of funding provided in the 2019-21 biennium.
- **School food services matching grants** - Provides \$1.38 million from the general fund for school food services matching grants, the same level of funding provided in the 2019-21 biennium.
- **Free breakfast program** - Provides \$200,000 from the general fund to provide free breakfast to students eligible for reduced meals, the same level of funding provided in the 2019-21 biennium.
- **Program grant pool** - Reduces funding for programs funded through the program grant pool and identifies the programs separately in the budget--advanced placement testing (\$425,000) and family engagement (\$350,000). This level of funding is a decrease of \$725,000 from the 2019-21 biennium appropriation of \$1,500,000.
- **Leadership professional development** - Provides \$325,000 from the general fund for leadership professional development, an increase of \$125,000 from the 2019-21 biennium appropriation of \$200,000.

The executive budget recommendation provides for the following passthrough grants:

- **National writing projects** - Provides \$42,500 from the general fund for national writing projects, a decrease of \$7,500 from the 2019-21 biennium appropriation of \$50,000.
- **North Dakota Museum of Art** - Provides \$306,000 from the general fund for support of the North Dakota Museum of Art educational outreach initiative, a decrease of \$54,000 from the 2019-21 biennium appropriation of \$360,000.
- **North Central Council for Educational Media Services** - Provides \$202,300 from the general fund for support of the North Central Council for Educational Media Services, a decrease of \$35,700 from the 2019-21 biennium appropriation of \$238,000.
- **Mentorship grant program** - Provides \$4,806,899, of which \$3 million is one-time funding from the foundation aid stabilization fund and

\$1,806,899 is ongoing funding from the general fund, for support of a teacher, principal, and instructional coach mentoring program, an increase of \$2,681,135 from the 2019-21 biennium appropriation of \$2,125,764.

- **"We the People" program** - Provides \$42,500 from the general fund for a government education program, a decrease of \$7,500 from the 2019-21 biennium appropriation of \$50,000.
- **Cultural heritage grants** - Provides \$34,000 from the general fund for cultural heritage grants, a decrease of \$6,000 from the 2019-21 biennium appropriation of \$40,000.

The executive budget did not renew funding for music education grants (\$800,000) provided as one-time funding from the foundation aid stabilization fund during the 2019-21 biennium.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2021-23 BIENNIUM EXECUTIVE BUDGET TO
2019-21 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES**

	2019-21 Appropriation	2019-21 Estimated Expenditures	2021-23 Executive Budget	2021-23 Executive Budget Increase (Decrease) Compared to 2019-21 Estimated Expenditures	2021-23 Executive Budget Increase (Decrease) Compared to 2019-21 Appropriation
State school aid program					
State school aid - Integrated formula payments	\$2,098,202,429 ¹	\$2,025,202,429	\$2,112,224,733 ¹	\$87,022,304	\$14,022,304
Transportation aid payments	56,500,000	49,500,000	56,500,000	7,000,000	0
Rapid enrollment grants	3,000,000 ¹	3,000,000		(3,000,000)	(3,000,000)
Special education - Contracts	24,000,000	24,000,000	27,000,000	3,000,000	3,000,000
Total - State school aid program	\$2,181,702,429	\$2,101,702,429	\$2,195,724,733	\$94,022,304	\$14,022,304
General fund	\$1,690,938,429	\$1,610,938,429	\$1,569,704,733	(\$41,233,696)	(\$121,233,696)
Foundation aid stabilization fund	113,000,000 ¹	113,000,000	193,000,000 ¹	80,000,000	80,000,000
State tuition fund	377,764,000	377,764,000	433,020,000	55,256,000	55,256,000
Total - State school aid program	\$2,181,702,429 ²	\$2,101,702,429 ²	\$2,195,724,733	\$94,022,304	\$14,022,304
Other program grants - General fund					
Adult education matching grants	\$4,400,000	\$4,400,000	\$4,400,000	\$0	\$0
School food services matching grants	1,380,000	1,380,000	1,380,000	0	0
Free breakfast program	200,000	200,000	200,000	0	0
Advanced placement testing			425,000 ³	425,000	425,000
Family engagement			350,000 ³	350,000	350,000
Program grant pool	1,500,000 ³	1,500,000		(1,500,000)	(1,500,000)
Leadership professional development	200,000	200,000	325,000 ³	125,000	125,000
Total - Other program grants - General fund	\$7,680,000	\$7,680,000	\$7,080,000	(\$600,000)	(\$600,000)
Other grants - Other funds					
Federal grants	\$286,837,705	\$266,837,705	\$311,837,705	\$45,000,000	\$25,000,000
Music grants - Foundation aid stabilization fund	800,000	800,000		(800,000)	(800,000)
Displaced homemaker program	225,000	225,000	225,000	0	0
Total - Other grants - Other funds	\$287,862,705	\$267,862,705	\$312,062,705	\$44,200,000	\$24,200,000
Total state school aid and other grants - All funds	\$2,477,245,134	\$2,377,245,134	\$2,514,867,438	\$137,622,304	\$37,622,304
Agency administration					
Administration - General fund	\$14,270,944 ⁴	\$14,270,944	\$13,478,475	(\$792,469)	(\$792,469)
Administration - Other funds	38,927,038 ⁵	32,927,038	40,600,773	7,673,735	1,673,735
Total - Agency administration	\$53,197,982	\$47,197,982	\$54,079,248	\$6,881,266	\$881,266

	2019-21 Appropriation	2019-21 Estimated Expenditures	2021-23 Executive Budget	2021-23 Executive Budget Increase (Decrease) Compared to 2019-21 Estimated Expenditures	2021-23 Executive Budget Increase (Decrease) Compared to 2019-21 Appropriation
Passthrough grants					
National writing projects	\$50,000	\$50,000	\$42,500	(\$7,500)	(\$7,500)
Rural art outreach project	360,000	360,000	306,000	(54,000)	(54,000)
North Central Council for Educational Media Services	238,000	238,000	202,300	(35,700)	(35,700)
Mentoring program, of which \$3 million is one-time funding from the foundation aid stabilization fund	2,125,764	2,125,764	4,806,899 ⁶	2,681,135	2,681,135
"We the People" program	50,000	50,000	42,500	(7,500)	(7,500)
Cultural heritage grants	40,000	40,000	34,000	(6,000)	(6,000)
PowerSchool	5,500,000	5,500,000	5,250,000	(250,000)	(250,000)
National board certification	108,000	108,000	108,000	0	0
Total - Passthrough grants	\$8,471,764	\$8,471,764	\$10,792,199	\$2,320,435	\$2,320,435
General fund	\$8,471,764	\$8,471,764	\$7,792,199	(\$679,565)	(\$679,565)
Other funds - Foundation aid stabilization fund			3,000,000	3,000,000	3,000,000
Total - Passthrough grants	\$8,471,764	\$8,471,764	\$10,792,199	\$2,320,435	\$2,320,435
Total - Agency administration and passthrough grants - All funds	\$61,669,746	\$55,669,746	\$64,871,447	\$9,201,701	\$3,201,701
Total Department of Public Instruction - All funds	\$2,538,914,880	\$2,432,914,880	\$2,579,738,885	\$146,824,005	\$40,824,005
Department of Public Instruction - Funding					
Total - General fund	\$1,721,361,137	\$1,641,361,137	\$1,598,055,407	(\$43,305,730)	(\$123,305,730)
Total - Other funds	817,553,743	791,553,743	981,683,478	190,129,735	164,129,735
Total Department of Public Instruction - All funds	\$2,538,914,880	\$2,432,914,880	\$2,579,738,885	\$146,824,005	\$40,824,005
FTE positions	89.25	89.25	89.25	0.00	0.00

¹ In 2019 the Legislative Assembly provided a total of \$110 million of ongoing funding from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium and, in Senate Bill No. 2265 (2019), provided \$3 million of one-time funding from the foundation aid stabilization fund for rapid enrollment grants during the 1st year of the 2019-21 biennium. The 2021-23 executive budget recommendation includes a total of \$193 million from the foundation aid stabilization fund for integrated formula payments, of which \$83 million is considered one-time funding.

² The Department of Public Instruction anticipates general fund turnback for the 2019-21 biennium will total approximately \$80 million.

³ The 2019 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency. The 2021-23 executive budget recommendation reduces funding for program pool initiatives and provides funding for advanced placement testing grants and family engagement. The executive budget recommendation also increases funding for leadership professional development.

⁴ The 2019 Legislative Assembly provided \$2.1 million from the general fund to transfer the teacher shortage loan forgiveness program from the North Dakota University System to the Department of Public Instruction. The Legislative Assembly, in House Bill No. 1429 (2019), transferred the teacher shortage loan forgiveness program from the University System to the Department of Public Instruction, closed the program to new enrollees, and allowed the department to continue any funding remaining for the program at the end of the 2017-19 biennium to the 2019-21 biennium to provide loan forgiveness benefits. The University System transferred \$3,909 in unspent funds to DPI to provide a total of \$2,107,302 for the teacher loan forgiveness program during the 2019-21 biennium.

⁵ The 2019 Legislative Assembly provided \$1.2 million of one-time funding from the foundation aid stabilization fund for a rewrite of the Department of Public Instruction's school district data collection system.

⁶ The 2021-23 executive budget recommendation includes \$3 million of one-time funding from the foundation aid stabilization fund to supplement the teacher mentoring program.

**INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS
FOR THE 2019-21 AND 2021-23 BIENNIUMS**

	2019-21 Legislative Appropriation	2019-21 Actual	2021-23 Executive Budget
1 st -year integrated per student payment rates	\$9,839	\$9,839	\$10,036 ¹
2 nd -year integrated per student payment rates	\$10,036	\$10,036	\$10,036 ¹
Weighted student units			
1 st year	130,618	130,034	133,181 ³
2 nd year	134,903	132,620 ²	135,611 ³
<p>¹The 2021-23 executive recommendation continues to include funding for a base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. Integrated formula payments provide both adequacy-based funding for K-12 education and property tax relief.</p> <p>²Weighted student units for the 2nd year of the 2019-21 biennium are estimated as of December 2020.</p> <p>³Weighted student units for the 2021-23 biennium have been estimated using fall enrollment for the 2020-21 school year for the 1st year of the biennium and a 4-year survival cohort routine, with the 2019-20 school year as the base year, for the 2nd year of the biennium.</p>			

SECTION E - HIGHER EDUCATION

SUMMARY OF KEY RECOMMENDATIONS

E-1

FULL-TIME EQUIVALENT STUDENT ENROLLMENTS

E-3

TUITION RATES

E-4

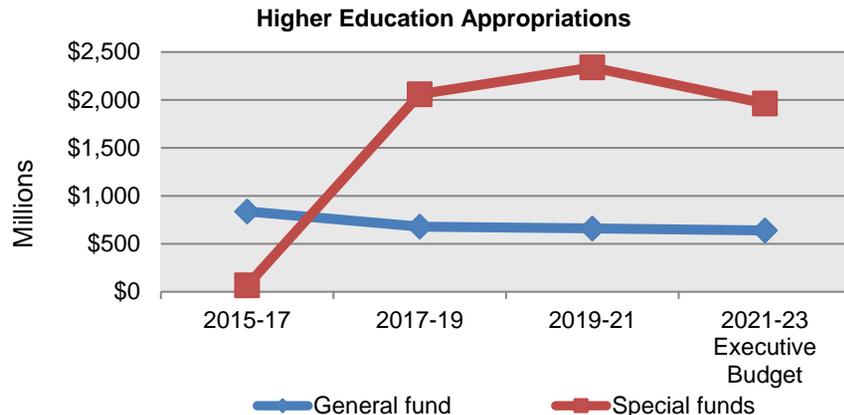
HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2021-23 executive budget recommends the following higher education funding changes compared to 2019-21 appropriations for higher education:

- Decreases **general fund** support by \$21.1 million as follows:

	2019-21 Legislative Appropriations	2021-23 Executive Recommendation	Increase (Decrease)	
Ongoing general fund appropriations	\$648,667,805	\$629,283,429	(\$19,384,376)	(3.0%)
One-time general fund appropriations	11,850,000	10,125,000	(1,725,000)	(14.6%)
Total	\$660,517,805	\$639,408,429	(\$21,109,376)	(3.2%)

- Decreases appropriations from **special funds** by \$376.3 million, or 16.1 percent. The decrease relates primarily to reductions in special funds authority for capital projects at Lake Region State College, University of North Dakota, North Dakota State University, Dickinson State University, Valley City State University, and Dakota College at Bottineau.
- Increases the authorized number of **full-time equivalent (FTE) positions** from 6,609.87 to 6,675.10, an increase of 65.23 positions. The increase relates primarily to position increases made by the North Dakota University System institutions during the 2019-21 biennium based on the funding level approved by the 2019 Legislative Assembly.



Biennium	General Fund	Special Funds	Total
2015-17	\$837,849,212	\$66,644,264	\$904,493,476
2017-19	\$679,438,630	\$2,059,950,275	\$2,739,388,905
2019-21	\$660,517,805	\$2,339,361,114	\$2,999,878,919
2021-23 - Executive budget	\$639,408,429	\$1,963,079,377	\$2,602,487,806

Key recommendations include:

- Decreases base funding for campuses by \$31.5 million, including:
 - \$1.2 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2017-19 actual completed student credit-hour levels;
 - \$39.7 million decrease relating to a **7.5 percent reduction** in the student credit-hour funding formula; and
 - \$9.4 million increase for an **inflationary adjustment** for each institution to provide funding for salary and health insurance increases.
- Appropriates one-time funding of \$20 million, including \$10 million from the general fund and \$10 million from designated 2019-21 biennium legacy fund earnings for the **higher education challenge fund** to provide matching grants for academic enhancements to University System institutions.
- Appropriates one-time funding of \$19 million from bond proceeds to continue the **capital building fund program**.
- Appropriates one-time funding of \$14 million from bond proceeds for the **agriculture products development center** project at North Dakota State University. This amount is in addition to the \$40 million of state funds appropriated by the 2019 Legislative Assembly, including a 2017-19 biennium appropriation of \$20 million from the general fund and a 2019-21 biennium appropriation of \$20 million from bond proceeds.
- Provides \$26.3 million from the general fund for the **student financial assistance grant program**, an increase of \$2.4 million from the 2017-19 biennium general fund appropriation of \$23.9 million.
- Provides \$16.2 million from the general fund for the **career and technical education and academic scholarship program**. This represents an increase of \$4.2 million compared to the 2019-21 biennium general fund appropriation of \$12.0 million.
- Provides \$1 million from the general fund for **tribal community college grants**, the same amount appropriated for the 2019-21 biennium.
- Provides a **system information technology services pool** of \$60,149,789, of which \$36,328,627 is from the general fund and \$23,821,162 is from other funds, for support of the ConnectND system; Higher Education Computer Network; Advanced Learning Technologies, including the Interactive Video Network; the Online

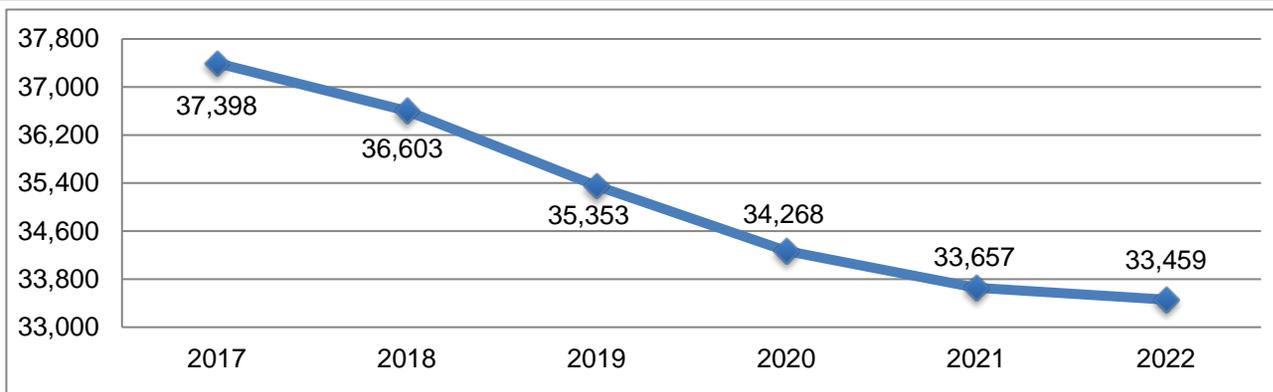
Dakota Information Network; and other related technology initiatives. This level of funding represents a decrease of \$2,136,339 from the 2019-21 biennium appropriation of \$62,286,128. Of the \$2,136,339 decrease, a \$2,417,475 is a reduction in general fund support and \$281,136 is an increase in other funds support.

9. Provides \$61,621,038 for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	\$0	\$18,000,000	\$18,000,000
Capital construction lease payments	13,385,264	0	13,385,264
Base extraordinary repairs	11,179,526	0	11,179,526
Capital building fund program	0	19,000,000	19,000,000
Forest Service equipment over \$5,000	56,248	0	56,248
Total	\$24,621,038	\$37,000,000	\$61,621,038

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 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022
Bismarck State College	2,646	2,611	2,598	2,558	2,558	2,558
Dakota College at Bottineau	527	590	596	552	575	600
Dickinson State University	1,128	1,090	1,093	1,147	1,147	1,147
Lake Region State College	995	1,005	975	867	900	925
Mayville State University	784	817	801	801	801	801
Minot State University	2,467	2,483	2,399	2,273	2,273	2,273
North Dakota State University	12,784	12,394	11,704	11,253	11,156	10,890
North Dakota State College of Science	2,253	2,126	2,076	2,020	1,979	1,939
University of North Dakota	11,964	11,585	11,164	10,933	10,387	10,408
Valley City State University	1,086	1,096	1,164	1,160	1,169	1,180
Williston State College	764	806	783	704	712	738
Total	37,398	36,603	35,353	34,268	33,657	33,459

¹State Board of Higher Education policy provides that a full-time equivalent (FTE) undergraduate student is equal to 15 undergraduate student credit-hours completed per semester. The policy also provides that a graduate FTE student is equal to 12 graduate-level student credit-hours completed per semester and a professional student is counted as 1 FTE student. The information presented in this schedule for the fall 2017 through fall 2020 semesters was provided by the North Dakota University System office. The estimates for the fall 2021 and fall 2022 semesters were provided by representatives of University System institutions.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2017-18 through 2020-21. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. The 2017 Legislative Assembly restored recognition of tuition income in the appropriation process, but provided continuing appropriation authority through June 30, 2019, for any additional funds received by the institutions. House Bill No. 1003 (2019) extended the continuing appropriation authority through June 30, 2021, for any additional funds received by the institutions. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution ¹	2017-18	2018-19 ¹¹	2019-20 ¹¹	2020-21 ¹¹
Bismarck State College				
Undergraduate				
Resident	\$3,791 4.0%	\$3,990 5.2%	\$4,150 4.0%	\$4,816 16.0%
Minnesota resident ²	\$4,245 4.0%	\$4,469 5.3%	\$4,648 4.0%	\$5,394 16.0%
Contiguous state/province ³	\$4,738 4.0%	\$5,985 26.3%	\$6,225 4.0%	\$7,224 16.0%
Other nonresident	\$10,120 4.0%	\$5,985 (40.9%)	\$6,225 4.0%	\$7,224 16.0%
International students	\$10,120 4.0%	\$6,983 (31.0%)	\$7,262 4.0%	\$8,428 16.1%
Dakota College at Bottineau				
Undergraduate				
Resident	\$3,607 4.0%	\$3,751 4.0%	\$4,066 8.4%	\$4,229 4.0%
Minnesota resident ²	\$4,040 4.0%	\$4,201 4.0%	\$4,554 8.4%	\$4,737 4.0%
Contiguous state ³	\$4,509 4.0%	\$4,689 4.0%	\$5,083 8.4%	\$5,286 4.0%
All Canadian provinces ⁴	\$3,607 4.0%	\$3,751 4.0%	\$4,066 8.4%	\$4,229 4.0%
Other nonresident	\$5,411 4.0%	\$5,627 4.0%	\$6,100 8.4%	\$6,344 4.0%
International students	\$5,411 4.0%	\$5,627 4.0%	\$7,116 26.5%	\$7,401 4.0%
Dickinson State University				
Undergraduate				
Resident	\$5,344 4.0%	\$5,558 4.0%	\$6,522 17.3%	\$7,470 14.5%
Minnesota resident ²	\$5,985 4.0%	\$6,225 4.0%	\$7,304 17.3%	\$7,470 2.3%
Contiguous state/province ³	\$6,680 4.0%	\$6,947 4.0%	\$8,152 17.3%	\$7,470 (8.4%)
Other nonresident	\$8,015 4.0%	\$8,336 4.0%	\$9,782 17.3%	\$9,570 (2.2%)

Institution ¹	2017-18	2018-19 ¹¹	2019-20 ¹¹	2020-21 ¹¹
International students	\$8,015 4.0%	\$9,170 14.4%	\$11,413 24.5%	\$9,570 (16.1%)
Lake Region State College ⁵				
Undergraduate				
Resident and nonresident	\$3,459 4.0%	\$3,598 4.0%	\$3,778 5.0%	\$3,929 4.0%
International students	\$8,648 4.0%	\$8,994 4.0%	\$9,445 5.0%	\$9,823 4.0%
Mayville State University				
Undergraduate				
Resident	\$5,255 4.0%	\$5,465 4.0%	\$5,793 6.0%	\$6,025 4.0%
Minnesota resident ²	\$5,886 4.0%	\$6,121 4.0%	\$6,488 6.0%	\$6,748 4.0%
Contiguous state/province ³	\$6,569 4.0%	\$6,832 4.0%	\$7,241 6.0%	\$7,532 4.0%
Other nonresident or Canadian province	\$7,883 4.0%	\$8,198 4.0%	\$8,690 6.0%	\$9,038 4.0%
International students	\$14,032 4.0%	\$14,593 4.0%	\$10,138 (30.5%)	\$10,544 4.0%
Minot State University ⁶				
Undergraduate	\$5,400 4.0%	\$5,616 4.0%	\$6,088 8.4%	\$6,691 9.9%
Graduate	\$7,140 4.0%	\$7,425 4.0%	\$8,049 8.4%	\$8,731 8.5%
North Dakota State University				
Undergraduate				
Resident	\$7,201 4.0%	\$7,957 10.5%	\$8,275 4.0%	\$8,606 4.0%
Minnesota resident ²	\$8,065 4.0%	\$8,912 10.5%	\$9,268 4.0%	\$9,639 4.0%
Contiguous state/province ³	\$10,802 4.0%	\$9,548 (11.6%)	\$9,930 4.0%	\$10,328 4.0%
Other nonresident	\$19,227 4.0%	\$11,936 (37.9%)	\$12,413 4.0%	\$12,909 4.0%
International students	\$19,227 4.0%	\$13,925 (27.6%)	\$14,482 4.0%	\$15,061 4.0%
Graduate				
Resident	\$7,724 4.0%	\$8,645 11.9%	\$8,991 4.0%	\$9,350 4.0%
Minnesota resident ²	\$9,810 4.0%	\$10,979 11.9%	\$11,418 4.0%	\$11,875 4.0%
Contiguous state ³	\$11,586 4.0%	\$12,967 11.9%	\$13,486 4.0%	\$14,026 4.0%
Other nonresident	\$20,623 4.0%	\$12,967 (37.1%)	\$13,486 4.0%	\$14,026 4.0%

Institution ¹	2017-18	2018-19 ¹¹	2019-20 ¹¹	2020-21 ¹¹
International students	\$20,623 4.0%	\$15,129 (26.6%)	\$15,734 4.0%	\$16,363 4.0%
North Dakota State College of Science ^{7,8}				
Undergraduate				
Resident	\$3,925 4.0%	\$4,082 4.0%	\$4,204 3.0%	\$4,330 3.0%
Minnesota resident ²	\$4,396 4.0%	\$4,571 4.0%	\$4,708 3.0%	\$4,850 3.0%
Contiguous state/province ³	\$4,906 4.0%	\$5,102 4.0%	\$5,045 (1.1%)	\$5,196 3.0%
Other nonresident	\$10,479 4.0%	\$10,898 4.0%	\$5,045 (53.7%)	\$5,196 3.0%
International students	\$10,479 4.0%	\$10,898 4.0%	\$7,357 (32.5%)	\$7,578 3.0%
University of North Dakota				
Undergraduate				
Resident	\$6,946 4.0%	\$7,224 4.0%	\$8,212 13.7%	\$8,540 4.0%
Minnesota resident ²	\$7,780 4.0%	\$8,091 4.0%	\$9,197 13.7%	\$9,565 4.0%
Contiguous state/province ³	\$10,419 4.0%	\$10,836 4.0%	\$12,318 13.7%	\$12,811 4.0%
Other nonresident	\$18,546 4.0%	\$19,288 4.0%	\$12,318 (36.1%)	\$12,811 4.0%
International students	\$18,546 4.0%	\$19,288 4.0%	\$16,424 (14.8%)	\$17,081 4.0%
Graduate				
Resident	\$7,688 7.0%	\$8,227 7.0%	\$10,533 28.0%	\$11,060 5.0%
Minnesota resident ²	\$9,764 7.0%	\$10,448 7.0%	\$13,377 28.0%	\$14,047 5.0%
Contiguous state/province ³	\$11,532 7.0%	\$12,340 7.0%	\$15,800 28.0%	\$16,591 5.0%
Other nonresident	\$20,526 7.0%	\$21,965 7.0%	\$15,800 (28.1%)	\$16,591 5.0%
International students	\$20,526 7.0%	\$21,965 7.0%	\$21,067 (4.1%)	\$22,121 5.0%
School of Law ⁹				
Resident	\$8,835 9.0%	\$9,631 9.0%	\$13,176 36.8%	\$13,835 5.0%
Minnesota resident and contiguous state/province ³	\$13,253 9.0%	\$14,446 9.0%	\$19,764 36.8%	\$20,752 5.0%
Other nonresident	\$23,592 9.0%	\$25,715 9.0%	\$39,527 53.7%	\$41,504 5.0%

Institution ¹	2017-18	2018-19 ¹¹	2019-20 ¹¹	2020-21 ¹¹
School of Medicine and Health Sciences				
Resident	\$29,932 4.0%	\$31,129 4.0%	\$32,063 3.0%	\$33,025 3.0%
Minnesota resident ²	\$32,924 4.0%	\$34,242 4.0%	\$35,269 3.0%	\$36,328 3.0%
Other nonresident	\$55,403 4.0%	\$57,619 4.0%	\$59,348 3.0%	\$61,128 3.0%
Physical therapy ¹⁰				
Resident and Minnesota resident	\$13,834 4.0%	\$14,387 4.0%	\$14,820 3.0%	\$20,036 35.2%
Other nonresident	\$19,140 4.0%	\$19,906 4.0%	\$22,230 11.7%	\$30,054 35.2%
Valley City State University				
Undergraduate				
Resident	\$5,493 4.0%	\$5,713 4.0%	\$5,884 3.0%	\$6,119 4.0%
Minnesota resident ²	\$6,152 4.0%	\$6,398 4.0%	\$6,590 3.0%	\$6,854 4.0%
Contiguous state/province ³	\$6,866 4.0%	\$7,141 4.0%	\$7,355 3.0%	\$7,649 4.0%
Other nonresident	\$14,667 4.0%	\$15,253 4.0%	\$10,297 (32.5%)	\$10,709 4.0%
Graduate	\$7,308 4.0%	\$7,601 4.0%	\$7,829 3.0%	\$8,142 4.0%
Williston State College				
Undergraduate				
Resident	\$3,535 4.0%	\$3,676 4.0%	\$3,750 2.0%	\$3,900 4.0%
Minnesota resident ²	\$3,535 4.0%	\$3,676 4.0%	\$4,200 14.3%	\$4,368 4.0%
Other nonresident	\$3,535 4.0%	\$3,676 4.0%	\$3,750 2.0%	\$3,900 4.0%
International students	\$4,772 4.0%	\$4,963 4.0%	\$6,563 32.2%	\$6,825 4.0%

¹The tuition rates shown are based on a credit load of 15 credit-hours per semester for undergraduate tuition and 12 credit-hours per semester for graduate tuition, which are the number of credit-hours taken by an average full-time student. Unless otherwise identified, amounts shown are for the institutions' basic tuition rate.

²Under the 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. Beginning with the 2013-14 academic year, the reciprocity agreement was revised to charge Minnesota students attending North Dakota University System institutions 112 percent of resident undergraduate tuition rates and 127 percent of resident graduate tuition rates, with provisions to increase those rates to 115 percent and 130 percent in the future.

³The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

⁴Beginning with the 2002-03 academic year, Dakota College at Bottineau charges resident tuition rates to students from all Canadian provinces.

⁵Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

⁶Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.

⁷Beginning with the 2002-03 academic year, the North Dakota 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. Beginning with the 2005-06 academic year, the special reduced tuition rate is the same as the resident tuition rate.

⁸Beginning with the 2001-02 academic year, the North Dakota State College of Science charges resident tuition rates to students who are enrolled in a business and industry partnership program except for students from Minnesota who are assessed tuition as specified in the reciprocity agreement between North Dakota and Minnesota.

⁹The University of North Dakota School of Law implemented a per-credit tuition model beginning in the 2008-09 academic year. The institution charges a per-credit (part-time) tuition rate for all credit-hours. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time law student.

¹⁰Physical therapy students pay undergraduate tuition rates during the first 2 years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

¹¹The State Board of Higher Education approved a new statewide tuition model that combines tuition and nonmandatory fees, provides consistent on-campus and online tuition rates, charges a flat tuition rate if a student enrolls in more than 12 or 13 credits, and adjusts tuition rates for Minnesota resident students, other nonresident students, and international students. The tuition model principles approved by the board provides for the assessment of tuition based on residency as follows:

- Minnesota resident students - 1.12 times the resident rate.
- Other nonresident United States, Manitoba, and Saskatchewan students - No lower than 1.2 times the resident rate.
- Other international students - No lower than 1.75 times the resident rate.

The State Board of Higher Education implemented the new tuition model at Bismarck State College and North Dakota State University during the 2018-19 academic year. The State Board of Higher Education approved the new tuition model for the other nine campuses for the 2019-20 academic year.

SECTION F - HUMAN SERVICES

SUMMARY OF KEY RECOMMENDATIONS

F-1

MEDICAL SERVICES, LONG-TERM CARE, AND DEVELOPMENTAL DISABILITIES FUNDING

F-3

DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Provides total appropriations and FTE positions as follows:

	2019-21 Legislative Appropriations	2021-23 Executive Budget	Increase (Decrease)	
General fund	\$1,462,663,487	\$1,563,943,856	\$101,280,369	6.9%
Other funds	2,644,160,504	2,813,620,360	169,459,856	6.4%
Total	\$4,106,823,991	\$4,377,564,216	\$270,740,225	6.6%
FTE positions	2,230.23	2,221.63	(8.60)	(0.4%)

- Reduces \$45.8 million from the general fund for estimated reductions in state matching funds required due to changes in the state's **federal medical assistance percentage (FMAP)**.
- Provides \$124.3 million from the general fund for cost to continue, and anticipated **cost, caseload, and utilization changes** in the department's budget.
- Replaces ongoing funding of \$1 million appropriated during the 2019-21 biennium from the health care trust fund and \$6 million appropriated from the tobacco prevention and control trust fund with funding from the general fund.
- Provides \$28.3 million, of which \$13.9 million is from the general fund, for 1 percent annual **inflationary increases** for human service providers in the 2021-23 biennium.
- Transfers \$174.4 million from the tax relief fund to the human service finance fund and appropriates the funding for costs associated with the county social and human services program. The executive budget also appropriates \$1,323,223 from the general fund for the program.
- Underfunds salaries and wages by \$4,694,730 from the general fund in anticipation of savings from **vacant positions and employee turnover**.
- Provides one-time funding of \$30 million, of which \$15 million is from the general fund, to replace the child welfare payment and case management computer system.
- Provides one-time funding of \$35 million, of which \$4.3 million is from the general fund, for the first phase of replacing the Medicaid management information system.

PROGRAM AND POLICY

Medical Services

- Provides \$1,477.4 million for **medical services**, of which \$385.2 million is from the general fund, an increase in total of \$63.7 million, or

4.5 percent, compared to the 2019-21 biennium appropriation of \$1,413.7 million. The executive budget:

Appropriates \$623.8 million, of which \$73.5 million is from the general fund, for **Medicaid Expansion**, a decrease of \$10.9 million compared to the 2019-21 biennium appropriation of \$634.7 million.

Adds 12 FTE positions to transfer the administration of Medicaid Expansion to the department and changes the payment rate for Medicaid Expansion from commercial rates to fee-for-service rates. The change is estimated to save \$82.9 million, of which \$9.1 million is from the general fund.

Long-Term Care

- Provides \$822.6 million for **long-term care**, of which \$404.2 million is from the general fund, an increase in total of \$85.2 million, or 11.6 percent, compared to the 2019-21 biennium appropriation of \$737.4 million. The executive budget:

Provides one-time funding of \$7.2 million, of which \$3.3 million is from the general fund, to implement a new nursing facility payment methodology.

Provides one-time funding of \$3.3 million from the general fund for a nursing home bed buyback program.

Aging Services

- Provides \$34.5 million for **aging services**, of which \$12.4 million is from the general fund, an increase of \$9.3 million, or 36.5 percent, from the 2019-21 biennium appropriation of \$25.2 million.

Behavioral Health Services

- Provides \$85 million for behavioral health services, of which \$36.7 million is from the general fund, an increase in total of \$12.6 million, or 17.4 percent, compared to the 2019-21 biennium appropriation of \$72.4 million. The executive budget:

Adds \$9 million from the general fund for the substance use disorder voucher program to provide total program funding of \$17 million.

Developmental Disabilities

- Provides \$739.3 million for developmental disabilities (DD) services, of which \$344.8 million is from the general fund, an increase in total of \$68.1 million, or 10.1 percent, compared to the 2019-21 biennium appropriation of \$671.2 million. The executive budget:

Provides \$707.7 million for **DD services grants**, of which \$327.2 million is from the general fund, an increase in total of \$48.5 million, or 7.4 percent, compared to the 2019-21 biennium appropriation of \$659.2 million.

Economic Assistance

- Provides \$275 million for economic assistance, of which \$11.9 million is from the general fund, an increase in total of \$13.1 million, or 5 percent, compared to the 2019-21 biennium appropriation of \$261.9 million. The funding includes:

\$7.6 million for **temporary assistance for needy families grants**, the same amount as the 2019-21 biennium.

\$34.7 million for **child care assistance**, an increase of \$6.9 million compared to the 2019-21 biennium level of \$27.8 million.

Children and Family Services

- Provides \$165.6 million for Children and Family Services, of which \$72 million is from the general fund, a decrease in total of \$10.6 million, or 6 percent, compared to the 2019-21 biennium appropriation of \$176.2 million.

INSTITUTIONS

State Hospital

- Provides \$1,292,499 from the general fund for **extraordinary repairs**.
- Provides \$60,800 from the general fund for **equipment** over \$5,000.
- Authorizes the construction of a **new behavioral health hospital and clinic** through a 40-year public-private partnership agreement.

Life Skills and Transition Center

- Provides \$637,106 from the general fund for **extraordinary repairs**.
- Provides \$208,055 from the general fund for **equipment** over \$5,000.

HUMAN SERVICE CENTERS

- Provides \$80,000 from the general fund to replace an air unit at the Southeast Human Service Center.

MEDICAL SERVICES, LONG-TERM CARE, AND DEVELOPMENTAL DISABILITIES FUNDING

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid and other program costs within DHS. The FMAP for the state is:

Federal Fiscal Year	Regular FMAP	COVID-19 Temporary FMAP ¹
2012	55.40%	
2013	52.27%	
2014	50.00%	
2015	50.00%	
2016	50.00%	
2017	50.00%	
2018	50.00%	
2019	50.00%	
2020	50.05%	56.25%
2021	52.40%	58.60%
2022	53.50% (estimate) ²	
2023	53.50% (estimate) ²	

¹The federal Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates.

²Estimate included in the executive budget. The state's FMAP is projected to be 53.59% in federal fiscal year 2022.

NOTE: The following is the Medicaid Expansion FMAP for each calendar year:

2016	100%
2017	95%
2018	94%
2019	93%
2020 and future years	90%

MEDICAL SERVICES

The 2021-23 executive budget recommendation for the medical services grants includes a total of \$1,397.8 million. Of this total, \$332.8 million is from the general fund. The schedule below summarizes medical services grant funding, excluding funding for nursing facility care and other long-term care services, and community-based developmental disabilities services.

	2017-19 Biennium	2019-21 Biennium	2021-23 Executive Budget	2021-23 Executive Budget Increase (Decrease) to 2019-21
General fund	\$283,087,165	\$292,249,752	\$332,789,944	\$40,540,192
Other funds	1,081,558,956	1,055,697,986	1,064,967,021	9,269,035
Total	\$1,364,646,121	\$1,347,947,738	\$1,397,756,965	\$49,809,227

LONG-TERM CARE

The 2021-23 executive budget recommendation for long-term care grants totals \$818.7 million. Of the total, \$400.4 million is from the general fund. The schedule below summarizes the medical services grant funding recommended for long-term care services.

	2017-19 Biennium	2019-21 Biennium	2021-23 Executive Budget	2021-23 Executive Budget Increase (Decrease) to 2019-21
General fund	\$351,423,027	\$377,703,636	\$400,357,461	\$22,653,825
Other funds	339,047,589	358,806,895	418,384,312	59,577,417
Total	\$690,470,616	\$736,510,531	\$818,741,773	\$82,231,242

DEVELOPMENTAL DISABILITIES

The 2021-23 executive budget recommendation for developmental disability grants totals \$707.7 million. Of the total, \$327.2 million is from the general fund. The schedule below summarizes funding for developmental disability grants.

	2017-19 Biennium	2019-21 Biennium	2021-23 Executive Budget	2021-23 Executive Budget Increase (Decrease) to 2019-21
General fund	\$291,452,372	\$319,351,382	\$327,190,627	\$7,839,245
Other funds	300,118,212	339,844,419	380,518,378	40,673,959
Total	\$591,570,584	\$659,195,801	\$707,709,005	\$48,513,204

MAJOR MEDICAID COSTS

The following schedule details funding appropriated for major Medicaid costs and the amount included in the 2021-23 executive budget.

	2015-17 Appropriation	2017-19 Appropriation	2019-21 Appropriation	2021-23 Executive Budget ¹
Nursing facilities	\$511,260,091	\$562,420,970	\$562,849,867	\$635,373,451
Developmental disabilities	\$556,588,970	\$591,570,584	\$659,195,801	\$707,709,005
Hospitals	\$274,807,825	\$272,076,444	\$295,181,166	\$299,714,920
Physicians	\$117,355,626	\$90,531,843	\$100,987,538	\$106,257,752
Drugs	\$42,310,666	\$52,306,635	\$44,208,773	\$47,998,908
Dental	\$29,474,584	\$31,583,484	\$29,333,472	\$28,477,376
Medicaid Expansion	\$541,804,955	\$633,252,458	\$634,720,955	\$623,828,152

¹Funding for the children's health insurance program is now included in the regular Medicaid categories due to DHS administering the program effective January 2020.

LONG-TERM CARE PROGRAMS

The following schedule details funding appropriated for major long-term care programs in the 2019-21 biennium and the amount included in the 2021-23 executive budget.

	General Fund	Other Funds	Total
Service payments for the elderly and disabled (SPED)			
2021-23 executive recommendation	\$20,119,003	\$0	\$20,119,003
2019-21 original appropriation	17,799,841	0	17,799,841
Increase (decrease)	\$2,319,162	\$0	\$2,319,162
Expanded SPED			
2021-23 executive recommendation	\$1,862,672	\$0	\$1,862,672
2019-21 original appropriation	1,844,963	0	1,844,963
Increase (decrease)	\$17,709	\$0	\$17,709
Personal care services			
2021-23 executive recommendation	\$14,791,381	\$16,955,769	\$31,747,150
2019-21 original appropriation	16,846,957	17,636,420	34,483,377
Increase (decrease)	(\$2,055,576)	(\$680,651)	(\$2,736,227)
Targeted case management			
2021-23 executive recommendation	\$18,722	\$138,140	\$156,862
2019-21 original appropriation	885,024	1,032,718	1,917,742
Increase (decrease)	(\$866,302)	(\$894,578)	(\$1,760,880)
Home- and community-based services waiver			
2021-23 executive recommendation	\$21,091,695	\$24,189,469	\$45,281,164
2019-21 original appropriation	14,596,115	15,508,636	30,104,751
Increase (decrease)	\$6,495,580	\$8,680,833	\$15,176,413

	General Fund	Other Funds	Total
Children's medically fragile waiver			
2021-23 executive recommendation	\$184,313	\$211,289	\$395,602
2019-21 original appropriation	265,966	278,450	544,416
Increase (decrease)	(\$81,653)	(\$67,161)	(\$148,814)
Technology dependent waiver¹			
2021-23 executive recommendation	\$0	\$0	\$0
2019-21 original appropriation	286,504	304,784	591,288
Increase (decrease)	(\$286,504)	(\$304,784)	(\$591,288)
Program for all-inclusive care for the elderly			
2021-23 executive recommendation	\$15,560,320	\$17,847,446	\$33,407,766
2019-21 original appropriation	16,017,605	16,849,071	32,866,676
Increase (decrease)	(\$457,285)	\$998,375	\$541,090
Children's hospice waiver			
2021-23 executive recommendation	\$34,075	\$39,082	\$73,157
2019-21 original appropriation	30,210	31,638	61,848
Increase (decrease)	\$3,865	\$7,444	\$11,309
Autism waiver			
2021-23 executive recommendation	\$1,043,939	\$1,198,135	\$2,242,074
2019-21 original appropriation	1,252,972	1,311,800	2,564,772
Increase (decrease)	(\$209,033)	(\$113,665)	(\$322,698)
Autism voucher²			
2021-23 executive recommendation	\$0	\$0	\$0
2019-21 original appropriation	1,325,009	0	1,325,009
Increase (decrease)	(\$1,325,009)	\$0	(\$1,325,009)

¹The executive budget eliminates the technology dependent waiver.

²The executive budget transfers funding for the autism voucher program to the autism waiver program.

INFLATIONARY ADJUSTMENTS

The following schedule compares recent inflationary adjustments provided to human service providers to the inflationary adjustments recommended in the 2021-23 executive budget:

	2017-19 Actual		2019-21 Actual		2021-23 Executive Budget Recommendation	
	First Year Inflationary Adjustment	Second Year Inflationary Adjustment	First Year Inflationary Adjustment	Second Year Inflationary Adjustment	First Year Inflationary Adjustment	Second Year Inflationary Adjustment
Medical services providers	0.00%	0.00%	2.00%	2.50%	1.00%	1.00%
Long-term care providers	0.00%	0.00%	2.00%	2.50%	1.00%	1.00%
Developmental disability providers	0.00%	0.00%	2.00%	2.50%	1.00%	1.00%

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS FOR OTHER STATE AGENCIES INCLUDED IN THE 2021-23 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
GENERAL GOVERNMENT					
101	Governor's office				
	• Reduces salaries funding to remove the salary for the governor		(\$214,365)		(\$214,365)
	• Adds funding for the Capitol grounds agency rent model change		\$148,438		\$148,438
108	Secretary of State				
	• Increases federal funds spending authority for election reform to provide a total of \$3,203,880			\$3,000,000	\$3,000,000
	• Reduces funding as part of the agency's 10 percent general fund budget reduction		(\$254,772)		(\$254,772)
	• Adds funding for temporary salaries from the Secretary of State's general services fund			\$150,000	\$150,000
110	Office of Management and Budget				
	• Transfers 4 full-time equivalent (FTE) positions to the Information Technology Department (ITD) for an information technology (IT) unification initiative	(4.00)	\$0		\$0
	• Adds funding for a human resource officer position related to a reclassification of an existing position		\$110,869		\$110,869
	• Decreases funding for operating expenses, primarily related to IT costs		(\$794,760)	(\$20,000)	(\$814,760)
	• Changes the funding source for the Facility Management Division from general fund to special funds		(\$4,245,161)	\$4,245,161	\$0
	• Removes funding for the Emergency Commission contingency fund		(\$500,000)		(\$500,000)
	• Decreases funding for Prairie Public Broadcasting (\$180,000), community services supervision grants (\$52,500), and other grants (\$54,000)		(\$286,500)		(\$286,500)
	• Adds one-time funding from bonding proceeds for various extraordinary repair projects			\$137,100,000	\$137,100,000
	• Adds one-time funding for budgeting software (\$1,230,100) and procurement software (\$2,021,204)		\$3,251,304		\$3,251,304
	• Adds one-time funding from the Capitol building fund for building automation (\$518,800), interior and exterior signs (\$1,000,000), and other improvements (\$900,000) at the Capitol			\$2,418,800	\$2,418,800
112	Information Technology Department				
	• Underfunds salaries			(\$250,000)	(\$250,000)
	• Adds funding for an IT unification initiative, including the transfer of 66 FTE IT positions from 10 agencies (\$13,891,869) and related operating expenses (\$18,041,163)	66.00		\$31,933,032	\$31,933,032

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adds funding for cybersecurity initiatives, including salaries and wages for 29 new FTE cybersecurity positions (\$7,363,657), operating expenses (\$12,655,500), and capital assets (\$200,000). The recommended funding is provided as a result of a general fund transfer, derived from legacy fund earnings, to the ITD operating fund. 	29.00		\$20,219,157	\$20,219,157
	<ul style="list-style-type: none"> Reduces funding for EduTech operating expenses to provide a total of \$9,732,048 for EduTech, of which \$2,843,136 is from the general fund, \$500,000 is from federal funds, and \$6,388,912 is from special funds 		(\$424,409)	(\$353,214)	(\$777,623)
	<ul style="list-style-type: none"> Reduces funding for K-12 wide area network operating expenses (\$223,661) and equipment (\$200,000) to provide a total of \$4,687,209, of which \$4,597,209 is from the general fund and \$90,000 is from ITD's operating fund 		(\$423,661)		(\$423,661)
	<ul style="list-style-type: none"> Adds funding for Health Information Technology Office operating expenses to provide a total of \$9,166,366 for health IT, of which \$100,000 is from the general fund, \$6,331,472 is from federal funds, and \$2,734,894 is from the health information exchange fund 		\$100,000	\$6,239,963	\$6,339,963
	<ul style="list-style-type: none"> Transfers funding for tower maintenance from State Radio for the statewide interoperable radio network 		\$1,858,240		\$1,858,240
117	State Auditor				
	<ul style="list-style-type: none"> Removes 4 FTE North Dakota University System performance division audit positions, including salaries and wages (\$854,231) and operating expenses (\$79,368) to eliminate the division 	(4.00)	(\$933,599)		(\$933,599)
	<ul style="list-style-type: none"> Adds 4 FTE local government division audit positions, including salaries and wages (\$702,770) and operating expenses (\$41,688) 	4.00		\$744,458	\$744,458
120	State Treasurer				
	<ul style="list-style-type: none"> No major changes were identified for this agency 				
125	Attorney General				
	<ul style="list-style-type: none"> Adds funding for 4 FTE gaming division positions due to increase demand for electronic pull tabs, of which \$814,863 is for salaries and wages and \$144,836 is for related operating expenses 	4.00		\$959,699	\$959,699
	<ul style="list-style-type: none"> Adds funding for the state agency Capitol grounds rent proposal 		\$289,501		\$289,501
	<ul style="list-style-type: none"> Removes funding from the lottery fund for the Lottery Narcotics Task Force 			(\$755,000)	(\$755,000)
	<ul style="list-style-type: none"> Removes 1 FTE assistant attorney general position for the intellectual property attorney program, including \$426,095 for salaries and benefits and \$21,695 for related operating expenses 	(1.00)	(\$447,790)		(\$447,790)
	<ul style="list-style-type: none"> Reduces funding for human trafficking victims grants to provide a total of \$1,002,356 from the general fund, of which \$1,000,000 is for grants and \$2,356 is for salaries and benefits 		(\$400,000)		(\$400,000)

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> • Adds one-time funding from the Attorney General refund fund for the criminal history improvement project 			\$400,000	\$400,000
	<ul style="list-style-type: none"> • Adds one-time funding from the Attorney General operating fund for the charitable gaming technology system 			\$475,000	\$475,000
	<ul style="list-style-type: none"> • Adds one-time funding from federal funds for the automated biometric identification system 			\$300,000	\$300,000
	<ul style="list-style-type: none"> • Adds one-time funding from federal funds for Crime Laboratory equipment 			\$1,111,706	\$1,111,706
	<ul style="list-style-type: none"> • Adds one-time funding for a statewide litigation pool 		\$3,000,000		\$3,000,000
127	Tax Commissioner				
	<ul style="list-style-type: none"> • Removes 5 FTE undesignated unfunded vacant positions 	(5.00)	(\$10)		(\$10)
	<ul style="list-style-type: none"> • Underfunds salaries and wages 		(\$1,322,242)		(\$1,322,242)
	<ul style="list-style-type: none"> • Increases funding for the homestead tax credit program (\$2,200,000) and the disabled veterans' tax credit program (\$5,589,800) 		\$7,789,800		\$7,789,800
140	Office of Administrative Hearings				
	<ul style="list-style-type: none"> • No major changes were identified for this agency 				
150	Legislative Assembly				
	<ul style="list-style-type: none"> • Provides funding for annual legislative compensation increases of 1 percent in the 1st year and 2 percent in the 2nd year of the biennium, including monthly compensation, additional leadership monthly compensation, and daily session pay 		\$143,106		\$143,106
	<ul style="list-style-type: none"> • Adds funding for IT expansion 		\$1,400,000		\$1,400,000
	<ul style="list-style-type: none"> • Adds funding for increases in monthly lodging 		\$19,830		\$19,830
	<ul style="list-style-type: none"> • Adds one-time funding for redistricting session 		\$315,032		\$315,032
	<ul style="list-style-type: none"> • Adds one-time funding for IT expansion 		\$1,450,000		\$1,450,000
160	Legislative Council				
	<ul style="list-style-type: none"> • Provides funding for annual legislative compensation increases of 1 percent in the 1st year and 2 percent in the 2nd year of the biennium for interim meeting per diem 		\$21,211		\$21,211
	<ul style="list-style-type: none"> • Adds funding for 8 FTE IT positions, including salaries and wages (\$1,715,619) and operating expenses (\$24,000), for the expansion of IT services 	8.00	\$1,739,619		\$1,739,619
	<ul style="list-style-type: none"> • Adds funding for proposed building rent model 		\$331,229		\$331,229
	<ul style="list-style-type: none"> • Adds one-time funding for public website design 		\$150,000		\$150,000
	<ul style="list-style-type: none"> • Adds one-time funding for IT expansion 		\$48,000		\$48,000
180	Judicial branch Supreme Court				
	<ul style="list-style-type: none"> • Adds one-time funding for a new docket management system 		\$2,000,000		\$2,000,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	District Court				
	• Removes funding for juvenile intensive in-home services		(\$500,000)		(\$500,000)
	• Removes funding for youth cultural achievement programs		(\$455,000)		(\$455,000)
	• Adds funding to lease IT equipment		\$980,397		\$980,397
	• Adds one-time funding for a new juvenile case management system		\$2,000,000		\$2,000,000
	Judicial Conduct Commission				
	• No major changes were identified for this agency				
188	Commission on Legal Counsel for Indigents				
	• Reduces funding for professional service fees to provide a total of \$9,235,136		(\$1,310,565)		(\$1,310,565)
190	Retirement and Investment Office				
	• No major changes were identified for this agency				
192	Public Employees Retirement System				
	• Removes 1 FTE internal auditor position, of which \$180,926 is salaries and wages and \$14,365 is related operating expenses	(1.00)		(\$195,291)	(\$195,291)
	• Adds 1 FTE accountant position, of which \$180,926 is salaries and wages and \$14,365 is related operating expenses	1.00		\$195,291	\$195,291
	• Adds 1 FTE receptionist position, of which \$139,337 is salaries and wages and \$15,033 is related operating expenses	1.00		\$154,370	\$154,370
	• Adds one-time funding to upgrade the PERSLink website			\$257,600	\$257,600
	• Adds one-time funding to upgrade benefit enrollment software			\$104,500	\$104,500
195	Ethics Commission				
	• Reduces funding for operating expenses		(\$49,847)		(\$49,847)
	• Adds funding for contingencies		\$50,000		\$50,000
	EDUCATION				
226	Department of Trust Lands				
	• Adds one-time funding from the state lands maintenance fund to complete an IT project			\$1,600,000	\$1,600,000
250	State Library				
	• Adds funding for proposed building rent model		\$280,693		\$280,693
	• Reduces funding for state aid to public libraries		(\$86,379)		(\$86,379)
252	School for the Deaf				
	• Adjusts the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue		(\$365,542)	\$350,000	(\$15,542)
	• Adds funding for teacher salary increases		\$133,704		\$133,704

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue to upgrade the standby boiler and other Resource Center projects 			\$650,000	\$650,000
253	North Dakota Vision Services - School for the Blind				
	<ul style="list-style-type: none"> Adjusts the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, contributions, and service revenue 		(\$220,294)	\$145,982	(\$74,312)
	<ul style="list-style-type: none"> Adds funding for teacher salary increases 		\$72,610		\$72,610
	<ul style="list-style-type: none"> Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue to replace electrical service to the South Wing and other building projects 			\$370,000	\$370,000
270	Department of Career and Technical Education				
	<ul style="list-style-type: none"> Removes 1 FTE assistant program supervisor position and 1 FTE administrative assistant II position 	(2.00)	(\$292,614)		(\$292,614)
	<ul style="list-style-type: none"> Adds funding for cost to continue school reimbursement rates for career and technical education courses 		\$1,000,000		\$1,000,000
	<ul style="list-style-type: none"> Adds funding for the state agency Capitol grounds rent proposal 		\$169,313		\$169,313
	<ul style="list-style-type: none"> Adds federal funding to partner with Lake Region State College for an apprenticeship program, primarily for IT-related apprenticeships 			\$300,000	\$300,000
	<ul style="list-style-type: none"> Adds one-time funding from the bond proceeds for competitive grants to build career academies 			\$45,000,000	\$45,000,000
HEALTH AND HUMAN SERVICES					
301	State Department of Health				
	<ul style="list-style-type: none"> Transfers 5 FTE positions to ITD for the information technology unification initiative and increases funding for operating expenses 	(5.00)			\$0
	<ul style="list-style-type: none"> Adds 22.5 FTE positions, including salaries and wages totaling \$3,992,392 and other related expenses totaling \$6,846,180 to a new COVID-19 line item in the department's budget 	22.50	\$9,063,708	\$1,774,864	\$10,838,572
	<ul style="list-style-type: none"> Reduces funding from the general fund and increases funding from the community health trust fund for tobacco prevention and control 		(\$1,108,000)	\$1,196,000	\$88,000
	<ul style="list-style-type: none"> Reduces funding from the general fund and increases funding from the community health trust fund for state loan repayment programs for professionals 		(\$823,155)	\$70,500	(\$752,655)
	<ul style="list-style-type: none"> Adjusts funding source for agencywide costs due to an increase in the federal indirect rate 		(\$1,060,000)	\$1,060,000	\$0
	<ul style="list-style-type: none"> Adds funding for proposed building rent model 		\$336,399		\$336,399

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adds one-time funding, including \$5,000,000 from the community health trust fund, for one-time costs related to COVID-19 response, including temporary salaries and wages totaling \$17,639,224, grants totaling \$13,649,000, and other operating expenses totaling \$52,943,837 		\$45,441,323	\$38,790,738	\$84,232,061
	<ul style="list-style-type: none"> Adds one-time funding for forensic examiner equipment and information technology upgrades 		\$910,000		\$910,000
	<ul style="list-style-type: none"> Adds one-time funding from the community health trust fund for statewide health strategies 			\$3,000,000	\$3,000,000
303	Department of Environmental Quality				
	<ul style="list-style-type: none"> Reduces salaries and wages and increases operating expenses to transfer 1 FTE computer and network specialist III position to ITD for the IT unification initiative 	(1.00)			\$0
	<ul style="list-style-type: none"> Adds 1.5 FTE accounting positions and related funding and reduces funding for operating expenses related to accounting services provided by the State Department of Health 	1.50		(\$140,739)	(\$140,739)
	<ul style="list-style-type: none"> Increases funding from fees for boiler inspection program operating expenses 			\$200,000	\$200,000
	<ul style="list-style-type: none"> Adds funding to develop a web-based application reporting system for the North Dakota Pollutant Discharge Elimination System Program 			\$343,732	\$343,732
	<ul style="list-style-type: none"> Removes funding for the water treatment system operator certificate program 		(\$125,000)		(\$125,000)
	<ul style="list-style-type: none"> Reduces funding for Volkswagen settlement grants to provide a total of \$4,485,118 			(\$914,411)	(\$914,411)
313	Veterans' Home				
	<ul style="list-style-type: none"> Removes funding for 5.93 FTE positions 		(\$528,703)	(\$142,421)	(\$671,124)
	<ul style="list-style-type: none"> Adds one-time funding from the soldier's home fund for equipment, including a carpet shampooer (\$10,700) and humidifiers (\$6,000) 			\$16,700	\$16,700
	<ul style="list-style-type: none"> Adds one-time funding from the soldier's home fund for a flooring project in half of the basic care unit 			\$131,500	\$131,500
	<ul style="list-style-type: none"> Adds one-time funding from the Melvin Norgard memorial fund for a memorial garden project 			\$200,000	\$200,000
316	Indian Affairs Commission				
	<ul style="list-style-type: none"> Reduces funding as part of the agency's 5 percent general fund budget reduction 		(\$54,722)		(\$54,722)
	<ul style="list-style-type: none"> Adds funding for rent 		\$30,262		\$30,262
	<ul style="list-style-type: none"> Adds funding for ITD key customer management fee 		\$6,000		\$6,000
	<ul style="list-style-type: none"> Increases funding for the Youth Leadership Academy annual conference 		\$5,000		\$5,000
321	Department of Veterans' Affairs				
	<ul style="list-style-type: none"> Adds funding for the highly rural transportation program to provide a total of \$1,280,000 			\$480,000	\$480,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> Adds funding for a temporary loan and grant officer position 		\$140,000		\$140,000
	<ul style="list-style-type: none"> Adds one-time federal funding for a Veterans' Home cemetery program 			\$291,500	\$291,500
360	Protection and Advocacy Project				
	<ul style="list-style-type: none"> No major changes were identified for this agency 				
380	Job Service North Dakota				
	<ul style="list-style-type: none"> Transfers 16 FTE positions to ITD for an IT unification initiative, resulting in a decrease in salaries and wages (\$2,368,775) and an increase in operating expenses (\$3,491,397) due to 5 FTE positions being previously unfunded in the Job Service North Dakota budget 	(16.00)		\$1,122,622	\$1,122,622
	<ul style="list-style-type: none"> Adds federal Reed Act funding for the unemployment insurance system modernization project to provide a total of \$10,908,567 			\$470,012	\$470,012
REGULATORY					
401	Insurance Commissioner, including insurance tax payments to fire departments				
	<ul style="list-style-type: none"> Removes 2 FTE positions, including 1 insurance rate analyst and 1 insurance company financial analyst 	(2.00)		(\$305,365)	(\$305,365)
	<ul style="list-style-type: none"> Adds federal funding for the Reinsurance Association of North Dakota 			\$21,488,350	\$21,488,350
	<ul style="list-style-type: none"> Adds funding from special funds for an office remodel project 			\$100,000	\$100,000
405	Industrial Commission				
	<ul style="list-style-type: none"> Removes 4 FTE positions, including 1 computer network specialist, 1 engineering technician, and 2 contingent positions 	(4.00)	(\$632,461)		(\$632,461)
	<ul style="list-style-type: none"> Removes funding for the 1st year of the biennium for 7 FTE engineering technician positions 		(\$723,396)		(\$723,396)
	<ul style="list-style-type: none"> Underfunds salaries and wages 		(\$214,360)		(\$214,360)
	<ul style="list-style-type: none"> Adjusts funding for operating expenses 		(\$730,400)	\$8,124	(\$722,276)
	<ul style="list-style-type: none"> Increases funding for bond payments 			\$11,531,954	\$11,531,954
406	Department of Labor and Human Rights				
	<ul style="list-style-type: none"> Adds funding for the state agency Capitol grounds rent proposal 		\$95,529		\$95,529
	<ul style="list-style-type: none"> Adds one-time funding to upgrade the department's paperless storage software 		\$147,717	\$30,000	\$177,717
408	Public Service Commission				
	<ul style="list-style-type: none"> Reduces funding as part of the agency's 10 percent general fund budget reduction 		(\$746,993)		(\$746,993)
	<ul style="list-style-type: none"> Adds funding to reclassify an FTE position to a natural gas pipeline inspector 		\$167,547	\$167,548	\$335,095
	<ul style="list-style-type: none"> Adds funding for rent 		\$210,287		\$210,287
	<ul style="list-style-type: none"> Adds special fund authority to self fund programs 			\$550,000	\$550,000
	<ul style="list-style-type: none"> Adds federal funds for specialized legal services 			\$336,000	\$336,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
412	Aeronautics Commission				
	• Reduces funding as part of the agency's 5 percent general fund budget reduction		(\$25,000)		(\$25,000)
	• Increases grant funding for airports			\$1,875,000	\$1,875,000
	• Adjusts funding resulting from special fund reprioritizations			(\$37,738)	(\$37,738)
413	Department of Financial Institutions				
	• Adds funding due to a salary shortfall			\$50,000	\$50,000
	• Adds funding for money transmitter examinations			\$160,000	\$160,000
	• Adjusts funding resulting from special fund reprioritizations			(\$173,809)	(\$173,809)
	• Adds funding for a financial literacy program			\$40,000	\$40,000
414	Securities Department				
	• No major changes were identified for this agency				
471	Bank of North Dakota				
	• Transfers 16 FTE positions to ITD for an IT unification initiative	(16.00)		\$0	\$0
	• Increases funding for IT costs			\$1,987,348	\$1,987,348
	• Reduces funding for Bank of North Dakota contingencies to provide a total of \$3 million			(\$500,000)	(\$500,000)
473	Housing Finance Agency				
	• Transfers the administration of the HOME program from the Department of Commerce	2.00		\$8,343,371	\$8,343,371
	• Adds 2 FTE positions to administer mortgage loans transferred from the Bank of North Dakota	2.00		\$322,079	\$322,079
	• Increases funding for Housing and Urban Development grants			\$1,808,600	\$1,808,600
475	Mill and Elevator Association				
	• Increases funding for operating costs, primarily related to insurance, repairs, and supplies			\$3,680,000	\$3,680,000
	• Adds funding for mill capacity increases, primarily related to utility costs			\$3,300,000	\$3,300,000
485	Workforce Safety and Insurance				
	• Transfers 12 FTE positions to ITD for an IT unification initiative	(12.00)	\$0	\$0	\$0
	• Adds one-time funding for Releases 9 through 12 of the claims and policy system project			\$7,500,000	\$7,500,000
	• Adds one-time funding for Releases 5 through 8 of the myWSI extranet enhancement project			\$3,050,000	\$3,050,000
	• Adds one-time funding for building upgrades, including lighting, elevator door operators, and geothermal heat pump replacements			\$514,000	\$514,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
PUBLIC SAFETY					
504	Highway Patrol				
	• Removes 2 FTE positions and reduces operating funding	(2.00)	(\$2,047,237)	\$791,478	(\$1,255,759)
	• Reallocates funding provided from the motor carrier electronic permit fund for 1 FTE permit technician position and 2 FTE administrative assistant positions to provide funding for 1 FTE records technician position and 2 FTE crash assistance personnel positions			\$175,709	\$175,709
	• Transfers 2 FTE positions to ITD for an IT unification initiative. Salary funding of \$428,137 relating to the positions is reallocated for IT processing costs.	(2.00)	\$0	\$0	\$0
	• Adds funding for a computer-aided dispatching system subscription fee		\$51,000	\$8,000	\$59,000
	• Adds funding for the state agency Capitol grounds rent proposal		\$96,794		\$96,794
	• Adds funding for Microsoft Office 365 expenses		\$16,179	\$5,963	\$22,142
	• Adds one-time funding for hard body armor		\$228,000	\$37,000	\$265,000
	• Adds one-time funding for body and in-car cameras		\$1,158,000		\$1,158,000
530	Department of Corrections and Rehabilitation				
	• Adds 5 FTE positions to expand pretrial services	5.00	\$882,352		\$882,352
	• Adds 9 FTE positions, including 1 corrections agent, 2 case managers, 5 parole and probation officers, and 1 parole and probation manager, to expand community corrections	9.00	\$1,216,470	\$561,991	\$1,778,461
	• Transfers 6 FTE positions to ITD for an IT unification initiative	(6.00)			
	• Adds funding to expand the free through recovery program to provide a total of \$8 million		\$1,000,000		\$1,000,000
	• Adds federal funding for juvenile services			\$804,020	\$804,020
	• Adds federal justice reinvestment initiative funding for parole and probation costs			\$999,638	\$999,638
	• Underfunds salaries and wages at the James River Minimum Unit		(\$409,094)		(\$409,094)
	• Reduces funding for transitional facilities		(\$5,333,816)		(\$5,333,816)
	• Reduces funding for juvenile community programming		(\$828,107)	(\$347,313)	(\$1,175,420)
	• Reduces funding for the contract with the Dakota Women's Correctional and Rehabilitation Center to provide a total of \$7.5 million		(\$4,405,311)		(\$4,405,311)
	• Adds one-time funding for deferred admission payments to local and regional jails related to the COVID-19 pandemic		\$1,000,000		\$1,000,000
	• Adjusts funding for adult education		(\$700,512)	\$329,503	(\$371,009)
	• Adds funding for teacher salaries and wages to comply with the Teacher Composite Schedule		\$204,332		\$204,332

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
540	Adjutant General, including the National Guard and Department of Emergency Services				
	• Adds funding for Fargo readiness center operations		\$170,000	\$170,000	\$340,000
	• Adds funding for the lease of land to expand Camp Grafton		\$280,000		\$280,000
	• Reduces funding for tuition assistance to provide a total of \$3,042,235		(\$1,739,837)		(\$1,739,837)
	• Adds funding for the Veterans' Cemetery, including for the interment of veterans' spouses and dependents		\$75,000	\$77,822	\$152,822
	• Adjusts funding for State Radio		(\$707,690)	\$1,007,690	\$300,000
	• Reduces funding for Emergency Services grants			(\$1,723,425)	(\$1,723,425)
	• Adds federal funding for disaster costs			\$11,487,154	\$11,487,154
	• Transfers maintenance of State Radio towers to ITD		(\$1,858,240)		(\$1,858,240)
	• Adds one-time funding for the purchase of land to expand Camp Grafton		\$2,600,000		\$2,600,000
	• Adds one-time funding for Emergency Services equipment and supplies		\$1,000,000		\$1,000,000
	• Adds one-time federal funding for the Dickinson readiness center project			\$15,500,000	\$15,500,000
	• Adds one-time federal funding for the bridge training site project			\$6,000,000	\$6,000,000
AGRICULTURE AND ECONOMIC DEVELOPMENT					
601	Department of Commerce				
	• Underfunds salaries and wages		(\$140,000)		(\$140,000)
	• Transfers 1 FTE position to ITD for the IT unification initiative	(1.00)			
	• Transfers 2 FTE positions to the Housing Finance Agency for the HOME program, including \$356,421 for salaries and wages, \$286,950 for operating expenses, and \$7,700,000 for grants	(2.00)		(\$8,343,371)	(\$8,343,371)
	• Adds funding for the unmanned aircraft systems (UAS) program, of which \$2,000,000 is for operating expenses and \$7,020,150 is for grants to provide total ongoing funding of \$11,020,150, of which \$2,000,000 is for operating expenses and \$9,020,150 is for grants. Of the total, \$2,000,000 is from the general fund, \$8,000,000 is from federal funds, and \$1,020,150 is from the UAS fund.		\$2,000,000	\$7,020,150	\$9,020,150
	• Reduces funding for homeless shelter grants to provide a total of \$1,330,212		(\$169,788)		(\$169,788)
	• Adds funding for a state apprenticeship expansion program			\$347,157	\$347,157
	• Adds funding to continue authority to spend federal funding received as a result of the COVID-19 pandemic, including \$3 million for the community development block grant program, \$4 million for the community services block grant program, and \$1 million for the emergency solutions grant program			\$8,000,000	\$8,000,000
	• Reduces funding for discretionary funds to provide a total of \$1,550,000 from the general fund		(\$600,000)		(\$600,000)

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	• Transfers funding to the Agriculture Commissioner for North Dakota Trade Office operating expenses		(\$850,000)		(\$850,000)
	• Adds one-time funding for tourism marketing		\$2,000,000		\$2,000,000
	• Adds one-time funding for tourism branding		\$200,000		\$200,000
	• Adds one-time funding from the UAS fund for UAS program grants			\$1,000,000	\$1,000,000
	• Adds one-time funding for technical skills training grants		\$1,000,000		\$1,000,000
602	Department of Agriculture				
	• Unfunds 1 FTE Pride of Dakota position		(\$152,521)		(\$152,521)
	• Adds funding for the state agency Capitol grounds rent proposal		\$166,440		\$166,440
	• Transfers funding from the Department of Commerce for North Dakota Trade Office operating expenses		\$850,000		\$850,000
	• Removes funding for wine research (\$80,000), apiary research (\$75,000), and waterbank grants (\$300,000)		(\$155,000)	(\$300,000)	(\$455,000)
	• Adjusts funding for the wildlife services program from the general fund to the environment and rangeland protection fund		(\$398,600)	\$398,600	\$0
	• Adds one-time funding to replace various program databases		\$180,000		\$180,000
627	Upper Great Plains Transportation Institute				
	• Reduces funding for travel and professional development		(\$219,816)		(\$219,816)
628	Branch Research Centers				
	• Adjusts funding for operations		(\$753,722)	\$58,000	(\$695,722)
630	North Dakota State University Extension Service				
	• Adjusts funding for operations		(\$3,856,450)	\$234,820	(\$3,621,630)
	• Adds 4 FTE positions for a livestock industry initiative	4.00	\$1,010,000		\$1,010,000
638	Northern Crops Institute				
	• Reduces funding for operations		(\$154,440)	(\$50,000)	(\$204,440)
640	North Dakota State University Main Research Center				
	• Adjusts funding for operations		(\$7,453,269)	\$1,461,872	(\$5,991,397)
	• Adds 6 FTE positions and related funding for operations and equipment for increased data storage and analysis and to enhance the North Dakota Agricultural Weather Network	6.00	\$1,659,999		\$1,659,999
	• Adds one-time funding for deferred maintenance		\$500,000		\$500,000
649	Agronomy Seed Farm				
	• No major changes were identified for this agency				
665	State Fair Association				
	• No major changes were identified for this agency				

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
670	Racing Commission				
	• Reduces funding as part of the agency's 5 percent general fund budget reduction		(\$7,507)		(\$7,507)
NATURAL RESOURCES					
701	State Historical Society				
	• Transfers the Lewis and Clark Interpretive Center operations from the Parks and Recreation Department to the State Historical Society	3.75	\$823,109	\$587,999	\$1,411,108
	• Reduces funding as part of the agency's 10 percent general fund budget reduction		(\$1,541,416)		(\$1,541,416)
	• Restores funding for temporary salaries removed in the agency's general fund budget reduction		\$500,001		\$500,001
	• Adds funding for 2021-23 base bond payment for improvements to the state archives and for improvements to the interpretive center at the Chateau de Mores State Historic Site in Medora		\$81,000		\$81,000
	• Adds funding to upgrade the State Archives Digital Repository		\$125,000		\$125,000
	• Reduces federal funds authority			(\$276,235)	(\$276,235)
	• Adds funding for capital improvements		\$500,000		\$500,000
709	Council on the Arts				
	• Reduces funding for operating expenses		(\$18,665)		(\$18,665)
	• Reduces funding for grants		(\$60,842)	(\$53,515)	(\$114,357)
720	Game and Fish Department				
	• Transfers 3 FTE to ITD for an IT unification initiative and transfers \$572,288 from salaries and wages to operating expenses	(3.00)			
	• Increases funding for extraordinary repairs to provide a total of \$3,586,170			\$527,679	\$527,679
	• Increases funding for land, buildings, and maintenance to provide a total of \$3,249,497			\$122,440	\$122,440
	• Reduces funding for equipment over \$5,000 to provide a total of \$476,000			(\$243,505)	(\$243,505)
	• Increases funding for IT expenses to provide a total of \$3,226,795			\$233,000	\$233,000
	• Increases funding for motor vehicles to provide a total of \$838,500			\$568,180	\$568,180
	• Increases funding for other capital payments to provide a total of \$2,014,292, which includes in lieu of tax payments of \$1,465,600			\$111,292	\$111,292
	• Adds funding for Microsoft Office 365 license expenses			\$18,507	\$18,507
	• Adds one-time funding for additional landowner payments for the PLOTS program, of which \$1,113,750 is from federal funds			\$1,485,000	\$1,485,000
	• Adds one-time funding from the outdoor heritage fund as partial matching funds for a federal Regional Conservation Partnership Program			\$500,000	\$500,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
750	Parks and Recreation Department				
	• Transfers the Lewis and Clark Interpretive Center operations from the Parks and Recreation Department to the State Historical Society	(3.75)	(\$840,595)	(\$587,999)	(\$1,428,594)
	• Reduces funding as part of the agency's 10 percent general fund budget reduction (\$561,439) of which (\$265,000) was restored		(\$296,439)		(\$296,439)
	• Reduces funding for equipment over \$5,000			(\$511,800)	(\$511,800)
	• Increases funding for ITD costs		\$372,250		\$372,250
	• Adds one-time funding from legacy fund earnings transferred to the parks operating fund for deferred parks maintenance			\$10,000,000	\$10,000,000
	• Adds one-time funding from bond proceeds for park district infrastructure grants			\$20,600,000	\$20,600,000
	• Adds one-time funding from bond proceeds for state park infrastructure improvements			\$9,885,000	\$9,885,000
770	State Water Commission				
	• Adds 1 FTE position in the Regulatory Division	1.00		\$211,596	\$211,596
	• Removes 1 FTE risk mapping position and related federal funds	(1.00)		(\$183,884)	(\$183,884)
	• Increases funding for operating expenses			\$16,737,302	\$16,737,302
	• Increases funding for capital asset projects			\$19,412,210	\$19,412,210
	• Reduces funding for project carryover			(\$12,970,635)	(\$12,970,635)
	• Reduces funding for water supply projects			(\$51,137,064)	(\$51,137,064)
	• Reduces funding for rural water supply projects			(\$16,974,087)	(\$16,974,087)
	• Removes funding for the Fargo area flood control line item			(\$66,500,000)	(\$66,500,000)
	• Removes funding for the Mouse River flood control line item			(\$82,500,000)	(\$82,500,000)
	• Increases funding for flood control projects			\$46,630,512	\$46,630,512
	• Reduces funding for general water projects			(\$11,766,501)	(\$11,766,501)
TRANSPORTATION					
801	Department of Transportation				
	• Adds funding for a Transportation Management Center, which includes salaries and wages (\$1,004,301), capital assets (\$6,300,050), operating expenses (\$2,435,649), and grants (\$260,000). The Transportation Management Center project includes \$5,000,000 from federal funds.	5.00		\$10,000,000	\$10,000,000
	• Increases funding for temporary salaries			\$1,737,788	\$1,737,788
	• Increases funding for operating expenses			\$34,693,353	\$34,693,353
	• Increases funding for capital assets			\$15,346,426	\$15,346,426
	• Increases funding for grants			\$16,954,000	\$16,954,000

Dept. No.	Agency/Item Description	FTE Changes	General Fund Increase (Decrease)	Other Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> • Adds one-time funding for construction and materials management system 			\$9,660,000	\$9,660,000
	<ul style="list-style-type: none"> • Adds one-time funding from bond proceeds for transportation infrastructure projects, of which \$45 million is from federal funds 			\$347,400,000	\$347,400,000

SECTION H - CAPITAL CONSTRUCTION

SUMMARY OF KEY RECOMMENDATIONS	H-1
MAJOR NEW CAPITAL CONSTRUCTION PROJECTS	H-2
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SALES TAX LIMITATION - BOND PAYMENTS	H-12

CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive budget recommendation includes a total of \$1,617,108,123 for capital projects as reflected on the following schedule:

	2021-23 Biennium		
	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page H-2	\$2,600,000	\$58,660,000	\$61,260,000
Extraordinary repairs - See the extraordinary repairs schedule on page H-6	15,565,046	165,324,798	180,889,844
Department of Transportation - Contractor payments	0	1,184,591,709	1,184,591,709
Water projects ¹	0	165,050,827	165,050,827
Game and Fish Department - Fisheries	0	548,692	548,692
Institutions of higher education special assessments	0	246,230	246,230
State agency special assessments	214,740	300,000	514,740
Payments in lieu of taxes ²	81,306	1,465,600	1,546,906
Other bond payments	18,126,446	4,332,729	22,459,175
Total	\$36,587,538	\$1,580,520,585	\$1,617,108,123

¹This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project.

²This amount includes payments in lieu of taxes of approximately \$1,465,600 for the Game and Fish Department from special funds and \$81,306 for the Adjutant General from the general fund. This amount does not include payments in lieu of taxes of approximately \$432,000 estimated to be paid by Workforce Safety and Insurance in the 2021-23 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The executive budget recommendation includes a total of \$17,028,945 from the general fund for 2021-23 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, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, branch research centers, Main Research Center, and Veterans' Home.

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 2021-23 biennium is estimated to be \$41.6 million based on projected sales, use, and motor vehicle excise tax collections included in the December 2020 executive revenue forecast.

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 2021-23 BIENNIUM COMPARED TO THE 2019-21 BIENNIUM**

No.	Agency or Institution	Project	2021-23 Executive Budget Recommendations			2019-21 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
235	North Dakota State University	Ag Product Development Center			\$14,000,000			
243	Dakota College at Bottineau	Old Main renovation		\$2,000,000	2,000,000			
401	Insurance Commissioner	Office remodel		100,000				
530	Department of Corrections and Rehabilitation	Red River Industries storage warehouse		500,000				
540	Adjutant General	Camp Grafton South expansion project	\$2,600,000					
		Estimated new federal construction (federal funds)		5,700,000				
		Line of Communication Bridge (LOC-B) training site (federal funds)		6,000,000				
		North Dakota National Guard Readiness Center - Dickinson (federal funds)		15,500,000				
720	Game and Fish Department	Land acquisitions		800,000				
750	Parks and Recreation Department	Electric services upgrade			1,660,000			
		Fiber upgrade at state parks			1,500,000			
		Seasonal and park ranger housing			2,200,000			
		Water service upgrade			1,100,000			
801	Department of Transportation	Land and buildings		5,600,000				
Total 2021-23 executive budget recommendation			<u>\$2,600,000</u>	<u>\$36,200,000</u>	<u>\$22,460,000</u>			
Total 2019-21 legislative appropriations						<u>\$750,000</u> ¹	<u>\$183,115,100</u> ¹	<u>\$250,100,000</u> ¹

¹ Represents the total original appropriation for major new capital construction provided by the 2019 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions for the 2019-21 Biennium* report for details regarding the 2019-21 appropriations. The 2019 Legislative Assembly authorized the State Board of Higher Education to issue \$120.1 million of revenue bonds.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2021-23 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

<u>Agency or Institution</u>	2021-23 Executive Budget Recommendations		
	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
Office of Management and Budget (110)			
Capitol automation upgrades		\$518,800	\$518,800
Capitol interior and exterior signs		1,000,000	1,000,000
Capitol improvements from capitol building fund		900,000	900,000
Various projects at state buildings using bond proceeds		137,100,000	137,100,000
Total - Office of Management and Budget		<u>\$139,518,800</u>	<u>\$139,518,800</u>
Bismarck State College (227)			
Miscellaneous projects	<u>\$417,673</u>		<u>\$417,673</u>
Total - Bismarck State College	\$417,673		\$417,673
Lake Region State College (228)			
Miscellaneous projects	<u>\$155,367</u>		<u>\$155,367</u>
Total - Lake Region State College	\$155,367		\$155,367
Williston State College (229)			
Miscellaneous projects	<u>\$197,801</u>		<u>\$197,801</u>
Total - Williston State College	\$197,801		\$197,801
University of North Dakota (230)			
Building exterior	\$280,000		\$280,000
Interior finishes	280,000		280,000
Mechanical and electrical upgrades	1,169,000		1,169,000
Miscellaneous projects	20,000		20,000
Paving and lighting	1,935,000		1,935,000
Structural repairs	24,333		24,333
Utilities and infrastructure	<u>703,233</u>		<u>703,233</u>
Total - University of North Dakota	\$4,411,566		\$4,411,566
North Dakota State University (235)			
Miscellaneous projects	<u>\$2,732,244</u>	<u>\$5,464,488</u>	<u>\$8,196,732</u>
Total - North Dakota State University	\$2,732,244	\$5,464,488	\$8,196,732
North Dakota State College of Science (238)			
Miscellaneous projects	<u>\$1,012,379</u>		<u>\$1,012,379</u>
Total - North Dakota State College of Science	\$1,012,379		\$1,012,379
Dickinson State University (239)			
Miscellaneous projects	<u>\$409,078</u>		<u>\$409,078</u>
Total - Dickinson State University	\$409,078		\$409,078

2021-23 Executive Budget Recommendations

<u>Agency or Institution</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
Mayville State University (240)			
Miscellaneous projects	\$358,992		\$358,992
Total - Mayville State University	\$358,992		\$358,992
Minot State University (241)			
Miscellaneous projects	\$899,620		\$899,620
Total - Minot State University	\$899,620		\$899,620
Valley City State University (242)			
Miscellaneous projects	\$408,319		\$408,319
Total - Valley City State University	\$408,319		\$408,319
Dakota College at Bottineau (243)			
Miscellaneous projects	\$114,007		\$114,007
Total - Dakota College at Bottineau	\$114,007		\$114,007
Forest Service (244)			
Building exterior project at Towner state nursery and paving project at Bottineau field office	\$62,480		\$62,480
Total - Forest Service	\$62,480		\$62,480
School for the Deaf (252)			
Extraordinary repair allocation		\$158,678	\$158,678
Upgrade standby campus boiler		350,000	350,000
Replace Resource Center roof, heating, ventilation, and air conditioning		300,000	300,000
Total - School for the Deaf		\$808,678	\$808,678
North Dakota Vision Services - School for the Blind (253)			
Base budget extraordinary repairs		\$39,192	\$39,192
Replace flooring		10,000	10,000
Replace electrical service to the South Wing		165,000	165,000
Replace air conditioning units		40,000	40,000
Sidewalk and roof repairs		24,000	24,000
Replace main door		5,000	5,000
Building key fob system		20,000	20,000
Replace garage doors		20,000	20,000
Heating, ventilation, and air conditioning		86,000	86,000
Total - North Dakota Vision Services - School for the Blind		\$409,192	\$409,192

2021-23 Executive Budget Recommendations

<u>Agency or Institution</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
State Department of Health (301)			
Connect additional laboratories to the generator		\$15,000	\$15,000
Install new flooring in South Building	\$30,000		30,000
Garage door for storage building		5,000	5,000
Remodel laboratory 305		10,000	10,000
Remodel laboratory 505		5,500	5,500
Repair cement in front of storage building door		4,000	4,000
Repair driveway and parking lot		25,000	25,000
Repair drywall	650	14,350	15,000
Update intercom system		12,000	12,000
Update generator transfer switch		15,000	15,000
Total - State Department of Health	\$30,650	\$105,850	\$136,500
Department of Environmental Quality (303)			
Replace carpet in office areas	\$2,400	\$9,600	\$12,000
Repair/replace sound system	1,400	5,600	7,000
Replace door	1,000	4,000	5,000
Total - Department of Environmental Quality	\$4,800	\$19,200	\$24,000
Veterans' Home (313)			
Flooring		\$131,500	\$131,500
Memorial garden		200,000	200,000
Total - Veterans' Home		\$331,500	\$331,500
Department of Human Services (325)			
Makeup air unit replacement - Southeast Human Service Center	\$80,000		\$80,000
Various projects - State Hospital	1,292,499		1,292,499
Various projects - Life Skills and Transition Center	637,106		637,106
Total - Department of Human Services	\$2,009,605		\$2,009,605
Workforce Safety and Insurance (485)			
Building repairs, including lights, elevators, and heat pumps		\$514,000	\$514,000
Total - Workforce Safety and Insurance		\$514,000	\$514,000
North Dakota State University Main Research Center (640)			
Building exterior repair	\$268,093		\$268,093
Interior repair	268,093		268,093
Mechanical and electrical repair	268,093		268,093
Paving and area lighting	134,046		134,046
Structural repair	134,047		134,047
Utilities and infrastructure	268,093		268,093
Deferred maintenance	500,000		500,000
Total - North Dakota State University Main Research Center	\$1,840,465		\$1,840,465

<u>Agency or Institution</u>	2021-23 Executive Budget Recommendations		
	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>
State Historical Society (701)			
Miscellaneous repairs and maintenance	\$500,000		\$500,000
Total - State Historical Society	\$500,000		\$500,000
Game and Fish Department (720)			
Department facility repairs		\$1,329,000	\$1,329,000
Fishing area projects		785,000	785,000
Communications and conservation improvements		645,000	645,000
Lonetree improvements		175,000	175,000
Wildlife management area improvements		652,170	652,170
Total - Game and Fish Department		\$3,586,170	\$3,586,170
Parks and Recreation Department (750)			
Departmentwide		\$1,141,920	\$1,141,920
Additional repairs and maintenance from bond proceeds		13,425,000	13,425,000
Total - Parks and Recreation Department		\$14,566,920	\$14,566,920
Total 2021-23 executive budget recommendation - Extraordinary repairs	\$15,565,046	\$165,324,798	\$180,889,844

**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, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
1997 Legislative Assembly approved: North Dakota 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 State 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 ^{1,2}	\$9,750,000	\$1,370,000	\$0	\$0	\$0	\$0	\$0
1999 Legislative Assembly approved North Dakota State University (NDSU)- Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000)									
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000) Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	2010 Series A and 2010 Series B bonds refunded the 2002 Series A State Building Authority revenue bonds (2% to 4% - 12-year bonds) (2022)	5,002,000 ³	6,035,000	918,472	930,857	495,200	1,710,000	885,000	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 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)	2012 Series A facilities improvement refunding bonds used to refund the 2003 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2021)	11,645,237 ⁴	13,080,000 ⁵	1,808,794	1,786,127	909,000	2,610,000	900,000	0
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) NDSU - Hazardous material handling and storage facility (\$3,500,000) North Dakota State College of Science - Electrical distribution (\$736,000) Dickinson State University - Murphy Hall (\$4,100,557)	2017 Series A refunded 2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 ⁶	8,439,303	6,954,205	5,797,886	13,656,032	7,786,608	2,512,416

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
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) State Historical Society and Heritage Center - Research collections expansion (\$5,500,000) Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
2009 Legislative Assembly approved: Veterans' Home (\$2,355,000) - Series A	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) (2030)	2,355,000	2,355,000	404,283	405,733	407,271 ⁷	1,960,000 ⁸	1,685,000	1,390,000
Veterans' Home - (\$630,000) - Series B	2010 Series B State Building Authority facilities improvement bonds (2% to 4% - 12-year bonds) - Used to fund a portion of the Veterans' Home project and to refund a portion of the 2002 Series A bond - Job Service North Dakota and State Department of Health (2022)	630,000	630,000	0	0	0	0	0	0
2019 Legislative Assembly approved: NDSU - Dunbar Hall (\$40,000,000) Valley City State University - Communications and Fine Arts Building (\$30,000,000) University of North Dakota (UND) - Gamble Hall (\$6,000,000) Dickinson State University - Pulver Hall (\$4,000,000)	2020 Series A Facilities Improvement Bonds (5% - 20-year bonds) ¹¹	80,000,000	82,323,685 ⁹	0	0	10,188,694	0	64,415,000	60,480,000
Total		\$139,262,985	\$152,128,685	\$12,940,852	\$10,076,922	\$17,798,051	\$19,936,032	\$75,671,608	\$64,382,416
Breakdown of payments									
General fund				\$11,894,190 ¹⁰	\$9,019,762 ¹⁰	\$17,028,945 ¹⁰			
Agency contributions				1,046,662	1,057,160	769,106			
Total				\$12,940,852	\$10,076,922	\$17,798,051			

¹Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from nongeneral 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 NDSU and a renovation to the Ed James Wing of the medical school building at UND. The NDSU project was delayed until the 1999 legislative session. The UND project was handled through a separate bond issue (1998 Series C bond issue).

²House Bill No. 1022 (1999) authorized an animal research facility at NDSU, 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 (2001 Series A bond issue).

In addition to the \$2,207,500 appropriated from bond proceeds for the NDSU 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 \$1,975,500.

³Senate Bill No. 2023 (2001) included a section stating \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from nongeneral 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.

⁴House 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.

⁵This 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.

⁶Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from nongeneral 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.

⁷2021-23 estimated bond payments for Veterans' Home Series A bond payments total \$407,271 and that number is included in Senate Bill No. 2014 (2021). In addition, a federal bond subsidy of \$78,786 is paid to the trustee, which is the Bank of North Dakota.

⁸Interest only payments are made on the Veterans' Home Series A bonds until the Veterans' Home Series B bonds are paid off. The first principal payment on the Series A bonds was made on December 1, 2016.

⁹Bonds were sold on October 15, 2020, to provide project funds of \$80,000,000. The bond sale resulted in \$64,415,000 of bonds and a premium of \$17,908,685 which will be amortized over the life of the bond issue. The all-in true interest rate which takes into account the premium and all bond costs is 2.36 percent. The bond coupons are 5 percent.

¹⁰Section 54-17.2-23 provided 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 Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 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 Legislative Assembly in 1997 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 Legislative Assembly in 2001 clarified the statute to provide 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.

NEW BONDING AUTHORIZED AND ISSUED DURING 2019-2021 BIENNIUM

Senate Bill No. 2297 (2019) authorizes the Industrial Commission to issue up to \$100 million of evidences of indebtedness for various institutions of higher education building projects as detailed in the following table, during the 2019-21 biennium. The debt service is to be paid by funds received from lease payments from general fund appropriations. The State Building Authority did not issue bonds for the NDSU Agriculture Products Development Center in the amount of \$20 million as NDSU was not able to meet the Legislative directive to provide match funding in the amount of \$20 million.

Institution	Project	Authorized Bond Amount
NDSU	Dunbar Hall	\$40,000,000
Valley City State University	Communications and Fine Arts Building	30,000,000
NDSU	Agriculture Products Development Center	20,000,000
UND	Gamble Hall	6,000,000
Dickinson State University	Pulver Hall	4,000,000
Total		\$100,000,000

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2019-21 through 2025-27 biennium 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 2021-23 biennium executive budget revenue forecast):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2019-21	\$10,076,922 ¹	\$1,057,160	\$9,019,762	\$41,600,000	\$32,580,238
2021-23	\$17,798,051 ¹	\$769,106	\$17,028,945	\$41,600,000	\$24,571,055
2023-25	\$13,233,707 ¹	\$499,317	\$12,734,390	\$41,600,000	\$28,865,610
2025-27	\$10,628,056 ¹	\$448,181	\$10,179,875	\$41,600,000	\$31,420,125

¹The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2019-21 biennium, the 2006 Series A bond issue was paid off.

SECTION I - STATE EMPLOYEES

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STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASES

The 2021-23 executive budget recommendation provides state employee salary increases of up to 2 percent effective July 1, 2021, and 2 percent effective July 1, 2022. For agencies able to identify long-term salary savings, additional salary increases are authorized during the biennium. The executive budget includes funding of \$71.7 million, of which \$31.9 million is from the general fund, for the cost of the salary increase proposal.

SALARY UNDERFUNDING

The 2021-23 executive budget recommendation underfunds general fund salary budgets for nine agencies totaling \$8.9 million. Agencies with general fund underfunded salary budgets include:

Agency	General Fund
127 - Tax Commissioner	\$1,322,242
252 - School for the Deaf	365,542
253 - School for the Blind	220,294
325 - Department of Human Services	4,694,730
405 - Industrial Commission	937,756
406 - Department of Labor and Human Rights	113,400
408 - Public Service Commission	700,000
530 - Department of Corrections and Rehabilitation	409,094
601 - Department of Commerce	140,000
Total	\$8,903,058

UNFUNDED POSITIONS

The 2021-23 executive budget recommendation provides for 1 FTE position to be unfunded for the Agriculture Commissioner.

ACCRUED LEAVE PAYOUTS

The 2021-23 executive budget recommendation includes funding for accrued leave payouts in five agencies totaling \$2.2 million, of which approximately \$600,000 is from the general fund and \$1.6 million is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment.

HIGHER EDUCATION

The 2019 Legislative Assembly authorized a total of 6,609.87 FTE higher education positions; however, Section 24 of House Bill No. 1003 (2019) authorized the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control during the 2019-21 biennium. As of December 2020, the State Board of Higher Education has increased FTE higher education positions to 6,675.10, an increase of 65.23 FTE positions compared to the original authorization of 6,609.87 FTE positions.

The 2021-23 executive recommendation provides funding for 6,533.99 FTE positions, a decrease of 141.11 FTE positions from the 2019-21 biennium authorized level of 6,675.10 FTE positions.

EXECUTIVE BRANCH ELECTED OFFICIALS

Except for the governor, the executive budget recommendation provides funding for executive branch elected officials' salary increases equal to 2 percent of salaries effective July 1, 2021, and 2 percent of salaries effective July 1, 2022. Statutory changes necessary to adjust elected officials' salaries are recommended to be included in the respective elected officials' appropriation bills. The executive budget provides for the governor's salary to be \$0 after June 30, 2021.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of 2 percent of salaries effective July 1, 2021, and 2 percent effective July 1, 2022. Salary increases for Supreme Court justices are also 2 percent effective July 1, 2021, and 2 percent effective July 1, 2022. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or 2 percent effective July 1, 2021, and 2 percent effective July 1, 2022. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule as requested by the judicial branch.

HEALTH INSURANCE

The executive budget recommendation includes funding for the cost of health insurance premiums for state employees. The executive budget recommends continuing the existing health insurance plan with no changes to deductibles or coinsurance and providing for health insurance premiums of \$1,429 per month, an increase of \$2, or 0.1 percent, compared to the 2019-21 biennium premium rate of \$1,427. The estimated cost of the health insurance premium increase is \$764,000, of which approximately \$340,000 is from the general fund.

A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
2001-03	\$409	16.9%
2003-05	\$489	19.6%
2005-07	\$554	13.3%
2007-09	\$658	18.8%
2009-11	\$826	25.5%
2011-13	\$887	7.4%
2013-15	\$982	10.7%
2015-17	\$1,130	15.1%
2017-19	\$1,241	9.8%
2019-21	\$1,427	15.0%
2021-23 executive recommendation	\$1,429	0.1%

The executive budget is not recommending using Public Employees Retirement System health reserves to reduce the health insurance premium for the 2021-23 biennium.

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at \$1.54 per month, or \$18.48 annually.

LIFE INSURANCE

The monthly rate for life insurance provided to state employees remains at \$0.28 per month, or \$3.36 annually.

UNEMPLOYMENT INSURANCE

Funding is continued for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum). No unemployment insurance was collected on state employee salaries during the 2013-15 and 2015-17 bienniums.

RETIREMENT

The 2021-23 executive budget recommendation includes increasing contributions to the retirement plan by 2 percent, 1 percent paid by the employee and 1 percent paid by the state, beginning January 1, 2022. The estimated cost of the retirement plan increase is \$9.4 million, of which approximately \$4.2 million is from the general fund. The total retirement contribution recommended is 16.12 percent, including 8.12 percent from state contributions and 8 percent from employee contributions, for employees hired before January 1, 2020. For employees hired after December 31, 2019, the total retirement contribution recommended is 17.26 percent, including 9.26 percent from state contributions and 8 percent from employee contributions, due to the passage of Senate Bill No. 2046 (2019), which

reallocated the 1.14 percent employer contribution for the retiree health insurance credit to the main system defined benefit retirement plan for employees hired after December 31, 2019.

Of the 8 percent employee contribution, the state would continue to pay 4 percent of the employee contribution, resulting in a total state contribution of 12.12 percent for employees hired before January 1, 2020, and a total state contribution of 13.26 percent for employees hired after December 31, 2019.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2021-23 executive budget.

	General Fund	Other Funds	Total
Salary increases of 2 percent, effective July 1, 2021, and 2 percent, effective July 1, 2022	\$31,920,297	\$39,825,861	\$71,746,158
Health insurance premium increases	340,050	424,268	764,318
Retirement plan increase - employer	4,164,966	5,196,487	9,361,453
Total	\$36,425,313	\$45,446,616	\$81,871,929

FULL-TIME EQUIVALENT POSITIONS

The 2021-23 executive budget includes a total of 15,779.13 FTE positions, a decrease of 26.64 FTE positions from the 2019-21 authorized level of 15,805.77 FTE positions, including a decrease of 75.88 FTE positions in higher education and an increase of 49.24 FTE positions in all other state agencies.

The executive budget recommends the addition of 130.00 FTE new positions at a cost of \$25,191,760, of which \$10,104,990 is from the general fund and recommends the removal of 63.68 FTE positions, saving \$8,942,240, of which \$7,292,540 is from the general fund.

Major changes in FTE positions, excluding higher education, are as follows:

Agency Increases	2019-21 Authorized FTE Positions	2021-23 Executive Budget	Increase
112 - Information Technology Department	402.00	497.00	95.00
301 - State Department of Health	204.00	221.50	17.50
530 - Department of Corrections and Rehabilitation	899.79	907.79	8.00
Agency Decreases	2019-21 Authorized FTE Positions	2021-23 Executive Budget	(Decrease)
380 - Job Service North Dakota	172.61	156.61	(16.00)
471 - Bank of North Dakota	181.50	165.50	(16.00)
485 - Workforce Safety and Insurance	260.14	248.14	(12.00)

INFORMATION TECHNOLOGY UNIFICATION

The 2019 Legislative Assembly authorized an information technology unification initiative for the 2019-21 biennium, which included the transfer of 96 FTE positions from five agencies to the Information Technology Department, as a pilot project to consolidate information technology resources in state government as follows:

Agency	FTE Transferred
226 - Department of Trust Lands	2
325 - Department of Human Services	48
540 - Adjutant General - Department of Emergency Services	4
750 - Parks and Recreation Department	1
801 - Department of Transportation	41
Total	96

The 2021-23 executive budget recommendation includes the transfer of an additional 66 FTE positions from 10 agencies to the Information Technology Department, to continue consolidating information technology resources in state government as follows:

Agency	FTE Transferred
110 - Office of Management and Budget	4
301 - State Department of Health	5
303 - Department of Environmental Quality	1
380 - Job Service North Dakota	16
471 - Bank of North Dakota	16
485 - Workforce Safety and Insurance	12
504 - Highway Patrol	2
530 - Department of Corrections and Rehabilitation	6
601 - Department of Commerce	1
720 - Game and Fish Department	3
Total	66

If approved, the governor's recommendation for information technology unification would result in a total of 162 FTE positions transferred to the Information Technology Department from 15 agencies during the 2019-21 and 2021-23 bienniums.

**ANALYSIS OF NEW FTE POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS
RECOMMENDED IN THE 2021-23 EXECUTIVE BUDGET**

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
GENERAL GOVERNMENT							
18.00	18.00	0.00	101 - Governor's office				18.00
32.00	32.00	0.00	108 - Secretary of State				32.00
112.00	108.00	(4.00)	110 - Office of Management and Budget				112.00
			Transfers to the Information Technology Department:				
			(1.00) FTE program manager	(\$267,092)		(\$267,092)	
			(2.00) FTE information services specialist positions	(385,632)		(385,632)	
			(1.00) FTE business analyst position	(193,823)		(193,823)	
			<u>(4.00)</u>	<u>(\$846,547)</u>	<u>\$0</u>	<u>(\$846,547)</u>	
402.00	497.00	95.00	112 - Information Technology Department				497.00
			Adds:				
			<u>29.00</u> FTE cybersecurity positions		\$7,250,002	\$7,250,002	
			Transfers for the information technology unification initiative:				
			<u>66.00</u> FTE information technology positions from 10 agencies	\$0	\$13,891,869	\$13,891,869	
			Total:				
			<u>95.00</u>	<u>\$0</u>	<u>\$21,141,871</u>	<u>\$21,141,871</u>	
58.00	58.00	0.00	117 - State Auditor				60.00
			Removes:				
			(4.00) FTE North Dakota University System performance division audit positions to eliminate the division	(\$854,231)	\$0	(\$854,231)	
			Adds:				
			<u>4.00</u> FTE local government division audit positions	\$0	\$702,770	\$702,770	
			Total:				
			<u>0.00</u>	<u>(\$854,231)</u>	<u>\$702,770</u>	<u>(\$151,461)</u>	
7.00	7.00	0.00	120 - State Treasurer				7.00
246.00 ²	248.00 ²	2.00 ²	125 - Attorney General				253.00
			Removes:				
			(1.00) FTE 2019-21 one-time assistant attorney general position ²		\$0	\$0	
			(1.00) FTE assistant attorney general - intellectual property attorney position	(\$426,095)		(\$426,095)	
			<u>(2.00)</u>				
			Adds:				
			<u>4.00</u> FTE gaming division positions		\$814,863	\$814,863	
			Total:				
			<u>2.00</u>	<u>(\$426,095)</u>	<u>\$814,863</u>	<u>\$388,768</u>	

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
123.00	118.00	(5.00)	127 - Tax Department				123.00
			Removes:				
			(5.00) FTE undesignated unfunded vacant positions	(\$10)	\$0	(\$10) ³	
5.00	5.00	0.00	140 - Office of Administrative Hearings				5.00
36.00	44.00	8.00	160 - Legislative Council				44.00
			Adds:				
			4.00 FTE information technology specialist positions	\$953,696		\$953,696	
			4.00 FTE information technology programmer positions	761,920		761,920	
			8.00	\$1,715,616	\$0	\$1,715,616	
363.00	363.00	0.00	180 - Judicial branch				363.00
40.00	40.00	0.00	188 - Commission on Legal Counsel for Indigents				40.00
20.00	20.00	0.00	190 - Retirement and Investment Office				20.00
34.50	35.50	1.00	192 - Public Employees Retirement System				39.50
			Removes:				
			(1.00) FTE internal auditor position		(\$180,926)	(\$180,926)	
			Adds:				
			1.00 FTE accountant position		\$180,926	\$180,926	
			1.00 FTE receptionist position		139,337	139,337	
			2.00	\$0	\$320,263	\$320,263	
			Total:				
			1.00	\$0	\$139,337	\$139,337	
2.00	2.00	0.00	195 - Ethics Commission				2.00
<u>1,498.50</u>	<u>1,595.50</u>	<u>97.00</u>	TOTAL GENERAL GOVERNMENT	<u>(\$411,267)</u>	<u>\$22,798,841</u>	<u>\$22,387,574</u>	<u>1,615.50</u>
			OTHER EDUCATION				
89.25	89.25	0.00	201 - Department of Public Instruction				89.25
28.00	30.00	2.00	226 - Department of Trust Lands				31.00
			Adds:				
			1.00 FTE administrative assistant position		\$159,486	\$159,486	
			1.00 FTE mineral title specialist position		211,665	211,665	
			2.00	\$0	\$371,151	\$371,151	
27.75	26.75	(1.00)	250 - State Library				26.75
			Removes:				
			(2.00) FTE unidentified library positions	(\$308,462)	\$0	(\$308,462)	
			Adds:				
			1.00 FTE educational program administrator II position	\$151,000	\$0	\$151,000	

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
			Total:				
			(1.00)	(\$157,462)	\$0	(\$157,462)	
44.61	44.61	0.00	252 - School for the Deaf				44.61
27.90	27.75	(0.15)	253 - North Dakota Vision Services - School for the Blind				27.75
			Removes:				
			(0.15) FTE activity assistant II position	(\$9,370)	\$0	(\$9,370)	
52.30	50.30	(2.00)	270 - Department of Career and Technical Education				50.30
			Removes:				
			(1.00) FTE assistant program supervisor position	(\$174,335)		(\$174,335)	
			(1.00) FTE administrative assistant II position	(118,279)		(118,279)	
			(2.00)	(\$292,614)	\$0	(\$292,614)	
<u>269.81</u>	<u>268.66</u>	<u>(1.15)</u>	TOTAL OTHER EDUCATION	<u>(\$459,446)</u>	<u>\$371,151</u>	<u>(\$88,295)</u>	<u>269.66</u>
			HEALTH AND WELFARE				
204.00	221.50	17.50	301 - State Department of Health				355.50
			Adds:				
			1.00 FTE research analyst IV position - Fiscal and Operations	\$219,580		\$219,580	
			1.00 FTE account/budget specialist II position - Fiscal and Operations		\$172,724	172,724	
			1.00 FTE research analyst II position - Fiscal and Operations	54,039	100,357	154,396	
			1.00 FTE research analyst II position - Fiscal and Operations	54,039	100,357	154,396	
			1.00 FTE epidemiologist II position - Medical Services	32,510	123,038	155,548	
			1.00 FTE health/human services program administrator III position - Medical Services	51,168	130,280	181,448	
			1.00 FTE epidemiologist II position - Medical Services	7,540	179,088	186,628	
			1.00 FTE epidemiologist II position - Medical Services	7,540	179,088	186,628	
			1.00 FTE administrative assistant II position - Medical Services	46,839	74,161	121,000	
			1.00 FTE health/human services program administrator III position - Medical Services	64,595	116,853	181,448	
			1.00 FTE administrative staff officer III position - Healthy and Safe Communities	171,376		171,376	
			1.00 FTE administrative staff officer III position - Healthy and Safe Communities	171,376		171,376	
			1.00 FTE administrative staff officer III position - Healthy and Safe Communities	171,376		171,376	
			0.50 FTE senior microbiologist position - Laboratory Services	135,494		135,494	
			1.00 FTE administrative assistant I position - Laboratory Services	135,691		135,691	
			1.00 FTE microbiologist I position - Laboratory Services		161,394	161,394	
			1.00 FTE microbiologist I position - Laboratory Services		161,394	161,394	
			1.00 FTE microbiologist I position - Laboratory Services		161,394	161,394	
			1.00 FTE laboratory technician I position - Laboratory Services	145,566		145,566	
			1.00 FTE laboratory technician I position - Laboratory Services	145,566		145,566	
			1.00 FTE laboratory technician I position - Laboratory Services	145,566		145,566	
			1.00 FTE administrative staff officer II position - Health Resources	151,950		151,950	
			1.00 FTE administrative assistant III position - Research and Response	144,036		144,036	
			<u>22.50</u>	<u>\$2,055,847</u>	<u>\$1,660,128</u>	<u>\$3,715,975</u>	
			Transfers to the Information Technology Department:				
			(1.00) FTE data processing coordinator III position - Medical Services	(\$2,329)	(\$230,575)	(\$232,904)	
			(1.00) FTE data processing coordinator III position - Healthy and Safe Communities	(39,428)	(164,122)	(203,550)	

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
			(1.00) FTE data processing coordinator III position - Health Resources	(44,585)	(120,546)	(165,131)	
			(1.00) FTE data processing coordinator III position - Health Resources	(111,320)	(74,214)	(185,534)	
			(1.00) FTE data processing coordinator III position - Health Resources		(185,534)	(185,534)	
			<u>(5.00)</u>	<u>(\$197,662)</u>	<u>(\$774,991)</u>	<u>(\$972,653)</u>	
			Total:				
			<u>17.50</u>	<u>\$1,858,185</u>	<u>\$885,137</u>	<u>\$2,743,322</u>	
165.50	166.00	0.50	303 - Department of Environmental Quality				168.00
			Adds:				
			1.00 FTE accounting manager II position		\$75,858	\$75,858	
			<u>0.50</u> FTE accounting/budget specialist III position		<u>253,764</u>	<u>253,764</u>	
			<u>1.50</u>	<u>\$0</u>	<u>\$329,622</u>	<u>\$329,622</u>	
			Transfers to the Information Technology Department:				
			<u>(1.00)</u> FTE computer and network specialist III position	<u>(\$78,525)</u>	<u>(\$145,832)</u>	<u>(\$224,357)</u>	
			Total:				
			<u>0.50</u>	<u>(\$78,525)</u>	<u>\$183,790</u>	<u>\$105,265</u>	
120.72	114.79	(5.93)	313 - Veterans' Home				114.79
			Removes:				
			(0.93) FTE licensed practical nurse position	(\$147,495)		(\$147,495)	
			(1.00) FTE general trades maintenance worker I position		(\$142,421)	(142,421)	
			(1.00) FTE administrative assistant I position	(135,039)		(135,039)	
			(1.00) FTE direct care associate I position	(119,891)		(119,891)	
			(1.00) FTE resident living specialist II position	(126,278)		(126,278)	
			<u>(1.00)</u> FTE resident living specialist I position			<u>0</u>	
			<u>(5.93)</u>	<u>(\$528,703)</u>	<u>(\$142,421)</u>	<u>(\$671,124)</u>	
4.00	4.00	0.00	316 - Indian Affairs Commission				4.00
7.00	7.00	0.00	321 - Department of Veterans' Affairs				10.00
2,230.23	2,221.63	(8.60)	325 - Department of Human Services				2,218.63
			Removes:				
			(1.00) FTE dental hygienist position	(\$212,279)		(\$212,279)	
			(2.00) FTE pharmacy technician positions	(291,428)		(291,428)	
			(2.00) FTE medical lab technician positions	(128,966)	(\$162,268)	(291,234)	
			(4.00) FTE cook I positions	(448,922)	(3,003)	(451,925)	
			(1.00) FTE food service assistant position	(110,540)		(110,540)	
			(0.60) FTE custodian position	(117,276)		(117,276)	
			(2.00) FTE direct care associate II positions	(124,198)	(124,198)	(248,396)	
			(14.00) FTE direct care associate III positions	(1,182,700)	(547,635)	(1,730,335)	
			(1.00) FTE pharmacist I position	(304,945)		(304,945)	
			(2.00) FTE registered nurse II positions	(463,698)		(463,698)	
			(2.00) FTE addiction counselor II positions	(463,698)		(463,698)	
			<u>(1.00)</u> FTE heating plant supervisor II position	<u>(194,810)</u>		<u>(194,810)</u>	
			<u>(32.60)</u>	<u>(\$4,043,460)</u>	<u>(\$837,104)</u>	<u>(\$4,880,564)</u>	

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
			Adds:				
			6.00 FTE medical claims service specialist I positions	\$186,692	\$560,082	\$746,774	
			5.00 FTE health and human services program administrator III positions	415,630	415,630	831,260	
			1.00 FTE accounting and budget specialist III position	92,162	92,162	184,324	
			3.00 FTE social worker II positions		431,213	431,213	
			1.00 FTE executive staff officer position	165,036	99,870	264,906	
			2.00 FTE administrative staff officer II positions	229,651	138,971	368,622	
			2.00 FTE human resource officer II positions	345,815	68,882	414,697	
			1.00 FTE civil rights program administrator II position	149,459	101,057	250,516	
			1.00 FTE public information specialist II position	134,944	32,432	167,376	
			1.00 FTE professional services II position	201,966	48,549	250,515	
			1.00 FTE quality control reviewer position	73,178	88,660	161,838	
			<u>24.00</u>	<u>\$1,994,533</u>	<u>\$2,077,508</u>	<u>\$4,072,041</u>	
<u>2,230.23</u>	<u>2,221.63</u>	<u>(8.60)</u>	<u>(8.60)</u>	<u>(\$2,048,927)</u>	<u>\$1,240,404</u>	<u>(\$808,523)</u>	<u>2,218.63</u>
28.50	28.50	0.00	360 - Protection and Advocacy Project				28.50
172.61	156.61	(16.00)	380 - Job Service North Dakota				172.61
			Transfers to the Information Technology Department:				
			(3.00) FTE computer & network specialist II positions		(\$159,432)	(\$159,432)	
			(1.00) FTE design analyst III position (unfunded)		0	0	
			(1.00) FTE information technology administrator II position		(300,073)	(300,073)	
			(1.00) FTE product support specialist I position (unfunded)		0	0	
			(2.00) FTE programmer analyst II positions		(362,948)	(362,948)	
			(5.00) FTE programmer analyst III positions		(868,716)	(868,716)	
			(1.00) FTE project manager I position		(179,112)	(179,112)	
			(2.00) FTE senior programmer analyst positions		(498,490)	(498,490)	
			<u>(16.00)</u>	<u>\$0</u>	<u>(\$2,368,771)</u>	<u>(\$2,368,771)</u>	
<u>2,932.56</u>	<u>2,920.03</u>	<u>(12.53)</u>	TOTAL HEALTH AND WELFARE	<u>(\$797,970)</u>	<u>(\$201,861)</u>	<u>(\$999,831)</u>	<u>3,072.03</u>
			REGULATORY				
41.00	39.00	(2.00)	401 - Insurance Department				39.00
			Removes:				
			(1.00) FTE insurance rate analyst position		(\$158,485)	(\$158,485) ⁴	
			(1.00) FTE insurance company financial analyst position		(146,880)	(146,880) ⁴	
			<u>(2.00)</u>	<u>\$0</u>	<u>(\$305,365)</u>	<u>(\$305,365)</u>	
112.25 ⁵	108.25	(4.00)	405 - Industrial Commission				108.25
			Removes:				
			(1.00) FTE computer network specialist position	(\$222,366)		(\$222,366)	
			(1.00) FTE engineering technician position	(180,551)		(180,551)	
			(1.00) FTE contingent engineering technician position	(86,220)		(86,220)	
			(1.00) FTE contingent petroleum engineering position	(80,254)		(80,254)	
			<u>(4.00)</u>	<u>(\$569,391)</u>	<u>\$0</u>	<u>(\$569,391)</u>	
14.00	14.00	0.00	406 - Department of Labor and Human Rights				14.00

2019-21 FTE	Executive Recommendation 2021-23 FTE	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
43.00	43.00	0.00	408 - Public Service Commission				43.00
7.00	7.00	0.00	412 - Aeronautics Commission				7.00
31.00	31.00	0.00	413 - Department of Financial Institutions				31.00
10.00	10.00	0.00	414 - Securities Department				10.00
181.50	165.50	(16.00)	471 - Bank of North Dakota				165.50
			Transfers to the Information Technology Department:				
			(4.00) FTE technology services specialist positions		(\$667,677)	(\$667,677)	
			(2.00) FTE project manager positions		(437,352)	(437,352)	
			(6.00) FTE application support positions		(1,213,094)	(1,213,094)	
			(1.00) FTE technology services manager position		(230,805)	(230,805)	
			(1.00) FTE information system security analyst position		(231,868)	(231,868)	
			(2.00) FTE bank operations specialist positions		(506,376)	(506,376)	
			(16.00)				
				<u>\$0</u>	<u>(\$3,287,172)</u>	<u>(\$3,287,172)</u>	
44.00	48.00	4.00	473 - Housing Finance Agency				49.00
			Adds:				
			2.00 FTE housing program specialist positions		\$322,079	\$322,079	
			Transfers from the Department of Commerce:				
			2.00 FTE housing program administrator positions		\$356,421	\$356,421	
			Total:				
			4.00		\$0	\$678,500	\$678,500
156.00	156.00	0.00	475 - Mill and Elevator Association				156.00
260.14	248.14	(12.00)	485 - Workforce Safety and Insurance				260.14
			Transfers to the Information Technology Department:				
			(3.00) FTE business analyst II positions		(\$670,415)	(\$670,415)	
			(1.00) FTE computer & network specialist II position		(165,665)	(165,665)	
			(1.00) FTE computer & network specialist III position		(248,301)	(248,301)	
			(1.00) FTE customer technical support specialist I position		(130,826)	(130,826)	
			(1.00) FTE information technology administrator II position		(319,880)	(319,880)	
			(1.00) FTE programmer analyst I position		(161,590)	(161,590)	
			(3.00) FTE programmer analyst III positions		(617,909)	(617,909)	
			(1.00) FTE senior programmer analyst position		(292,643)	(292,643)	
			(12.00)				
				<u>\$0</u>	<u>(\$2,607,229)</u>	<u>(\$2,607,229)</u>	
<u>899.89</u>	<u>869.89</u>	<u>(30.00)</u>	TOTAL REGULATORY	<u>(\$569,391)</u>	<u>(\$5,521,266)</u>	<u>(\$6,090,657)</u>	<u>882.89</u>
			PUBLIC SAFETY				
197.00	193.00	(4.00)	504 - Highway Patrol				195.00
			Removes:				
			(1.00) FTE security officer I position		(\$130,102)	(\$130,102)	

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds	Total	
			(1.00) FTE office assistant I position	(130,102)		(130,102)	
			(2.00)	(\$260,204)	\$0	(\$260,204)	
			Transfers to the Information Technology Department:				
			(1.00) FTE data processing coordinator IV position	(\$198,441)	(\$32,304)	(\$230,745)	
			(1.00) FTE computer and network specialist II position	(169,757)	(27,635)	(197,392)	
			(2.00)	(\$368,198)	(\$59,939)	(\$428,137)	
			Total:				
			(4.00)	(\$628,402)	(\$59,939)	(\$688,341)	
899.79	907.79	8.00	530 - Department of Corrections and Rehabilitation				928.79
			Adds:				
			1.00 FTE corrections agent position	\$136,721		\$136,721	
			2.00 FTE correctional case manager positions	313,732		313,732	
			5.00 FTE parole and probation officer positions	882,099		882,099	
			1.00 FTE parole and probation program manager position	203,579		203,579	
			5.00 FTE pretrial services parole and probation officer positions	827,499		827,499	
			14.00	\$2,363,630	\$0	\$2,363,630	
			Transfers to the Information Technology Department:				
			(1.00) FTE information technology administrator II position	(\$311,094)		(\$311,094)	
			(4.00) FTE computer and network specialist positions	(773,478)		(773,478)	
			(1.00) FTE electronics technician III position	(226,165)		(226,165)	
			(6.00)	(\$1,310,737)	\$0	(\$1,310,737)	
			Total:				
			8.00	\$1,052,893	\$0	\$1,052,893	
222.00	222.00	0.00	540 - Adjutant General				222.00
<u>1,318.79</u>	<u>1,322.79</u>	<u>4.00</u>	TOTAL PUBLIC SAFETY	<u>\$424,491</u>	<u>(\$59,939)</u>	<u>\$364,552</u>	<u>1,345.79</u>
			AGRICULTURE AND ECONOMIC DEVELOPMENT				
61.80	58.80	(3.00)	601 - Department of Commerce				58.80
			Transfers to the Information Technology Department:				
			(1.00) FTE unclassified position	\$149,792		\$149,792	
			Transfers to the Housing Finance Agency:				
			(2.00) FTE unclassified positions		\$356,421	\$356,421	
			Total:				
			(3.00)	\$149,792	\$356,421	\$506,213	
78.00	78.00	0.00	602 - Department of Agriculture				79.00
43.88 ⁶	43.88	0.00	627 - Upper Great Plains Transportation Institute				44.88

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
109.81 ⁶	108.21	(1.60)	628 - Branch research centers				108.21
			Adjusts:				
			(1.60) FTE position adjustment	\$0	\$0	\$0	
242.51 ⁶	242.77	0.26	630 - North Dakota State University Extension Service				242.77
			Adds:				
			1.00 FTE livestock management specialist position	\$198,955		\$198,955	
			1.00 FTE agribusiness livestock development specialist position	198,955		198,955	
			1.00 FTE grazing, forage, and cover crop specialist position	198,955		198,955	
			1.00 FTE veterinary epidemiologist position	248,629		248,629	
			4.00	\$845,494	\$0	\$845,494	
			Adjusts:				
			(3.74) FTE position adjustments	\$0	\$0	\$0	
			Total:				
			0.26	\$845,494	\$0	\$845,494	
12.80 ⁶	13.55	0.75	638 - Northern Crops Institute				13.55
			Adjusts:				
			0.75 FTE position adjustment	\$0	\$0	\$0	
344.05 ⁶	337.56	(6.49)	640 - Main Research Center				337.56
			Adds:				
			1.00 FTE database architect position	\$203,799		\$203,799	
			2.00 FTE data curator positions	183,340		183,340	
			1.00 FTE North Dakota agricultural weather network technician position	163,659		163,659	
			1.00 FTE North Dakota agricultural weather network programmer position	224,273		224,273	
			1.00 FTE North Dakota agricultural weather network specialist position	203,799		203,799	
			6.00	\$978,870	\$0	\$978,870	
			Adjusts:				
			(12.49) FTE position adjustments	\$0	\$0	\$0	
			Total:				
			(6.49)	\$978,870	\$0	\$978,870	
3.00 ⁶	3.00	0.00	649 - Agronomy Seed Farm				3.00
2.00	2.00	0.00	670 - Racing Commission				2.00
<u>897.85</u>	<u>887.77</u>	<u>(10.08)</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>\$1,974,156</u>	<u>\$356,421</u>	<u>\$2,330,577</u>	<u>889.77</u>
			NATURAL RESOURCES AND HIGHWAYS				
75.00	78.75	3.75	701 - State Historical Society				75.00
			Transfers the Lewis and Clark Interpretive Center from the Parks and Recreation Department:				
			1.00 FTE maintenance supervisor II position	\$163,462		\$163,462	
			1.00 FTE historic site supervisor position	180,173		180,173	
			1.00 FTE park interpreter position	151,580		151,580	

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds	Total	
			0.75 FTE administrative assistant I position	123,184		123,184	
			<u>3.75</u>	<u>\$618,399</u>	<u>\$0</u>	<u>\$618,399</u>	
5.00	5.00	0.00	709 - Council on the Arts				5.00
165.00	162.00	(3.00)	720 - Game and Fish Department				165.00
			Transfers to the Information Technology Department:				
			(1.00) FTE programmer analyst II position		(\$192,058)	(\$192,058)	
			(1.00) FTE computer and network specialist III position		(222,812)	(222,812)	
			(1.00) FTE computer and network specialist II position		(160,493)	(160,493)	
			<u>(3.00)</u>	<u>\$0</u>	<u>(\$575,363)</u>	<u>(\$575,363)</u>	
61.50	57.75	(3.75)	750 - Parks and Recreation Department				61.50
			Transfers to the State Historical Society:				
			(1.00) FTE maintenance supervisor II position	(\$163,462)		(\$163,462)	
			(1.00) FTE historic site supervisor position	(180,173)		(180,173)	
			(1.00) FTE park interpreter position	(151,580)		(151,580)	
			(0.75) FTE administrative assistant I position	(123,184)		(123,184)	
			<u>(3.75)</u>	<u>(\$618,399)</u>	<u>\$0</u>	<u>(\$618,399)</u>	
90.00	90.00	0.00	770 - State Water Commission				89.00
			Removes:				
			(1.00) FTE risk map position	\$0	(\$183,884)	(\$183,884)	
			Adds:				
			1.00 FTE engineering and planning services VI position	\$0	\$212,750	\$212,750	
			Total:				
			<u>0.00</u>	<u>\$0</u>	<u>\$28,866</u>	<u>\$28,866</u>	
982.00	987.00	5.00	801 - Department of Transportation				982.00
			Adds:				
			3.00 FTE transportation engineer III positions		\$624,621	\$624,621	
			2.00 FTE transportation senior manager positions		401,013	401,013	
			<u>5.00</u>	<u>\$0</u>	<u>\$1,025,634</u>	<u>\$1,025,634</u>	
<u>1,378.50</u>	<u>1,380.50</u>	<u>2.00</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>\$0</u>	<u>\$479,137</u>	<u>\$479,137</u>	<u>1,377.50</u>

2019-21 FTE Positions	Executive Recommendation 2021-23 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Removed in Executive Budget Due to New or Deleted Positions			2021-23 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
SUMMARY TOTALS							
1,498.50	1,595.50	97.00	General Government	(\$411,267)	\$22,798,841	\$22,387,574	1,615.50
269.81	268.66	(1.15)	Other Education	(459,446)	371,151	(88,295)	269.66
2,932.56	2,920.03	(12.53)	Health and Welfare	(797,970)	(201,861)	(999,831)	3,072.03
899.89	869.89	(30.00)	Regulatory	(569,391)	(5,521,266)	(6,090,657)	882.89
1,318.79	1,322.79	4.00	Public Safety	424,491	(59,939)	364,552	1,345.79
897.85	887.77	(10.08)	Agriculture and Economic Development	1,974,156	356,421	2,330,577	889.77
1,378.50	1,380.50	2.00	Natural Resources and Highways	0	479,137	479,137	1,377.50
<u>9,195.90</u>	<u>9,245.14</u>	<u>49.24</u>	TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>\$160,573</u>	<u>\$18,222,484</u>	<u>\$18,383,057</u>	<u>9,453.14</u>
HIGHER EDUCATION							
148.90 ⁷	158.83	9.93	215 - North Dakota University System office	\$0	\$0	\$0	158.83
323.93 ⁷	332.90	8.97	227 - Bismarck State College	0	0	0	332.90
118.10 ⁷	115.76	(2.34)	228 - Lake Region State College	0	0	0	115.76
100.48 ⁷	101.29	0.81	229 - Williston State College	0	0	0	101.29
2,132.17 ⁷	2,059.98	(72.19)	230 - University of North Dakota	0	0	0	2,059.98
485.32 ⁷	492.67	7.35	232 - University of North Dakota School of Medicine and Health Sciences	0	0	0	492.67
1,870.16 ⁷	1,829.43	(40.73)	235 - North Dakota State University	0	0	0	1,829.43
310.73 ⁷	311.61	0.88	238 - North Dakota State College of Science	0	0	0	311.61
213.26 ⁷	175.50	(37.76)	239 - Dickinson State University	0	0	0	175.50
209.27 ⁷	230.35	21.08	240 - Mayville State University	0	0	0	230.35
407.58 ⁷	403.04	(4.54)	241 - Minot State University	0	0	0	403.04
180.68 ⁷	202.77	22.09	242 - Valley City State University	0	0	0	202.77
82.29 ⁷	91.86	9.57	243 - Dakota College at Bottineau	0	0	0	91.86
27.00 ⁷	28.00	1.00	244 - Forest Service	0	0	0	28.00
<u>6,609.87</u>	<u>6,533.99</u>	<u>(75.88)</u>	TOTAL HIGHER EDUCATION	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>6,533.99</u>
<u>15,805.77</u>	<u>15,779.13</u>	<u>(26.64)</u>	TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	<u>\$160,573</u>	<u>\$18,222,484</u>	<u>\$18,383,057</u>	<u>15,987.13</u>

NOTE: Funding for the positions listed does not include the executive recommendation for salaries and benefits, health insurance, and retirement increases.

¹ Total FTE positions requested, including optional adjustments.

² Section 3 of Senate Bill No. 2015 (2019) authorized one assistant attorney general FTE position to assist in litigation relating to voter identification for the 2019-21 biennium. Salaries and wages costs for the position were to be paid from funds in the Office of Management and Budget's litigation funding pool line item. Pursuant to Section 2 of the bill, funding for the litigation funding pool is considered one-time funding and is not a part of OMB's base budget for the 2021–23 biennium. Accordingly, the FTE position authorized in Section 3 of the bill is considered a one-time funding item and is not a part of the Attorney General's base budget for the 2021-23 biennium.

³ The executive budget removes the authorization for these positions, because the funding was removed in prior bienniums.

⁴ The fringe benefits were not removed in the executive budget for the FTE positions removed from the Insurance Department.

⁵ The 2019-21 biennium authorization for the Industrial Commission includes 2 contingent FTE positions that are available to the agency only if the total number of wells capable of production and injection exceeds 20,800. The contingency has not been met.

⁶ 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 House Bill No. 1020 (2019):

	2019-21 Legislative Authorization	Adjusted FTE Position Level	Variance
Upper Great Plains Transportation Institute	43.88	43.88	0.00
Branch research centers	109.81	108.21	(1.60)
North Dakota State University Extension Service	242.51	238.77	(3.74)
Northern Crops Institute	12.80	13.55	0.75
Main Research Center	344.05	331.56	(12.49)
Agronomy Seed Farm	3.00	3.00	0.00
Total	<u>756.05</u>	<u>738.97</u>	<u>(17.08)</u>

⁷ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 24 of House Bill No. 1003 (2019):

	2019-21 Legislative Authorization	Adjusted FTE Position Level	Variance
North Dakota University System office	148.90	158.83	9.93
Bismarck State College	323.93	332.90	8.97
Lake Region State College	118.10	115.76	(2.34)
Williston State College	100.48	101.29	0.81
University of North Dakota	2,132.17	2,059.98	(72.19)
University of North Dakota School of Medicine and Health Sciences	485.32	492.67	7.35
North Dakota State University	1,870.16	1,829.43	(40.73)
North Dakota State College of Science	310.73	311.61	0.88
Dickinson State University	213.26	175.50	(37.76)
Mayville State University	209.27	230.35	21.08
Minot State University	407.58	403.04	(4.54)
Valley City State University	180.68	202.77	22.09
Dakota College at Bottineau	82.29	91.86	9.57
Forest Service	27.00	28.00	1.00
Total	<u>6,609.87</u>	<u>6,533.99</u>	<u>(75.88)</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 4-year universities; 7.3% higher education faculty at 2-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 4-year universities, 5% higher education faculty at 2-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 4 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)	2.9%
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)	3.8%
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)	(0.3%)
2010 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)	1.6%
2011 ⁴	3% (Salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by the Office of Management and Budget (OMB).)	3.1%
2012 ⁴	3% (Salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by OMB.)	2.1%
2013 ⁵	From 3 to 5% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.5%
2014 ⁵	From 2 to 4% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.6%
2015 ⁶	From 2 to 4% based on performance	0.1%
2016 ⁶	From 2 to 4% based on performance	1.2%
2017	0%	1.6%
2018	0%	2.2%
2019	2% with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 ⁷	1.6%
2020	2.5%	0.2%
2021	2% ⁸	2.0% (projected)
2022	2% ⁸	2.6% (projected)

*Percentage change, consumer price index annual rate, Moody's Analytics and IHS Markit

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 (2007)).

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 OMB to address salary equity issues. House Bill No. 1015 (2009) 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 2011 Legislative Assembly provided additional salary equity-related funding for the following agencies:

- Attorney General's office - \$125,000 from the general fund - Salary increases available upon certification completion for personnel advancement.
- Industrial Commission - \$502,832 from the general fund - Salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer - \$24,000 from the general fund - Salary increases for employee reclassifications.
- Department of Transportation - \$600,000 from special funds - Optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

The 2011-13 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance premium increases.

The 2011 Legislative Assembly provided 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.

⁵The 2013 Legislative Assembly provided salary increases for eligible classified employees of up to 2 percent per year based on an employee's position in the assigned pay range and increases of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance. The Legislative Assembly provided salary increases to eligible nonclassified employees of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance.

The Legislative Assembly also provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2014. For the increase, employees paid 1 percent of the increased contribution and the state paid the remaining 1 percent.

⁶The 2015 Legislative Assembly provided salary increases for all eligible classified and nonclassified employees of 2 to 4 percent per year, based on performance.

The 2015 Legislative Assembly also provided targeted market equity funds of \$4.49 million, which included \$3.75 million from the general fund to address occupational market disparities, economic growth areas, recruitment and retention challenges, and external pay inequities for employees who are critical to the mission of the agency. Agencies that received a targeted market equity salary adjustment include the Adjutant General (\$71,323), Veterans' Home (\$468,954), State Department of Health (\$724,558), Department of Human Services (\$3,039,616), and the Protection and Advocacy Project (\$185,549).

The 2015 Legislative Assembly also provided additional salary market equity-related funding for the following agencies:

- Attorney General's office - \$1,546,301, which includes \$1,012,301 from the general fund.
- Office of Administrative Hearings - \$38,110 from special funds.
- Retirement and Investment Office - \$50,000 from special funds.
- Department of Public Instruction - \$100,000 from the general fund.
- Department of Corrections and Rehabilitation - \$2,126,442 from the general fund.
- Adjutant General - \$192,621 from the general fund.

⁷The 2019 Legislative Assembly approved state employee salary increases of 2 percent with a \$120 monthly minimum and a \$200 monthly maximum on July 1, 2019, which results in the following:

- Employees earning less than \$72,000 each year will receive a \$120 monthly salary increase rather than a 2 percent increase;
- Employees earning \$72,000 or more each year but less than \$120,000 each year will receive a 2 percent salary increase; and
- Employees earning \$120,000 or more each year are limited to a \$200 monthly salary increase rather than a 2 percent increase.

⁸As recommended in the 2021-23 biennium executive budget.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2021-23 biennium includes funding to provide salary increases of 2 percent effective July 1, 2021, and 2 percent effective July 1, 2022, for executive branch elected officials. The statutory changes necessary to adjust elected officials' salaries are recommended to be included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the 2019 Legislative Assembly and the salary being proposed in the executive budget.

State Official	Statutory Annual Salary Authorized by the 2019 Legislative Assembly		Proposed Annual Salary Included in the 2021-23 Executive Budget Recommendation	
	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022
Governor	\$135,364	\$138,748	\$0 ³	\$0 ³
Lieutenant Governor	\$105,285	\$107,917	\$110,075	\$112,277
Secretary of State	\$107,885	\$110,582	\$112,794	\$115,050
Attorney General	\$159,409	\$163,394	\$166,662	\$169,995
Superintendent of Public Instruction	\$122,810	\$125,880	\$128,398	\$130,966
Tax Commissioner	\$117,087	\$120,014	\$122,414	\$124,862
Insurance Commissioner	\$107,885	\$110,582	\$112,794	\$115,050
Public Service Commissioners (3)	\$110,829	\$113,600	\$115,872	\$118,189
Agriculture Commissioner	\$116,836 ¹	\$119,757 ¹	\$122,152	\$124,595
State Auditor	\$107,885	\$110,582	\$112,794	\$115,050
State Treasurer	\$107,885 ²	\$110,582 ²	\$112,794	\$115,050

¹The 2019 Legislative Assembly provided a salary equity increase to the Agriculture Commissioner of \$5,889 per year, the same salary equity increase provided to the State Treasurer.

²The 2019 Legislative Assembly provided a salary equity increase to the State Treasurer of \$5,889 per year to align the State Treasurer's salary with the State Auditor's salary.

³The executive budget proposes amending Section 54-07-04 to provide the governor's salary is \$0 after June 30, 2021.

The judicial branch included funding in its request for a 2 percent annual increase in judges salaries. The following schedule shows the current salary and the salary being proposed for each judge in the judicial branch budget request:

	Statutory Annual Salary Authorized by the 2019 Legislative Assembly		Proposed Annual Salary Included in the 2021-23 Judicial Branch Budget Request	
	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022
Supreme Court Chief Justice	\$163,917	\$168,015	\$171,375	\$174,803
Other Supreme Court justices	\$159,409	\$163,394	\$166,662	\$169,995
District court presiding judges	\$150,425	\$154,186	\$157,270	\$160,415
Other district court judges	\$146,269	\$149,926	\$152,925	\$155,984

SECTION J - TRUST FUND ANALYSES

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**ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$666,415,898		\$726,534,475
Add estimated revenues				
Investment income	\$11,687,319 ¹		\$14,000,000 ¹	
Oil and gas tax collections	48,431,258 ²		0 ²	
Transfer from general fund	0 ³		0	
Total estimated revenues		60,118,577		14,000,000
Total available		\$726,534,475		\$740,534,475
Less estimated expenditures and transfers				
Transfer to general fund	\$0		\$258,497,443 ⁴	
Total estimated expenditures and transfers		0		258,497,443
Estimated ending balance		<u>\$726,534,475</u>		<u>\$482,037,032</u>

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under Section 54-27.2-01.

²Section 57-51.1-07.5 provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire \$75 million amount is not anticipated to be deposited into the fund during the 2019-21 biennium due to the fund reaching its fund limit. No oil tax collections are anticipated to be deposited into the fund during the 2021-23 biennium due to the fund being at its maximum balance.

³Chapter 54-27.2 provides 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 the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The executive budget proposes reducing the maximum balance of the budget stabilization fund to 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. Therefore, the fund would be at its maximum balance at the end of the 2019-21 biennium.

⁴The executive budget includes a transfer of \$258,497,443 from the budget stabilization fund to the general fund during the 2021-23 biennium due to the proposed reduction in the maximum balance of the fund.

NOTE: The executive budget proposes to reduce the maximum balance of the budget stabilization fund from 15 to 10 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. Based on the executive budget recommendation for general fund appropriations of \$4,835,670,367 for the 2021-23 biennium, the maximum balance of the budget stabilization fund would be \$483,567,036.

FUND HISTORY

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

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. House Bill No. 1451 (2011) decreased the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. House Bill No. 1155 (2017) increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides 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.

- Section 54-27.2-03 provides 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 a general fund revenue shortfall. The section originally limited the transfer 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. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the director of the budget.

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS (REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2021-23 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Mineral Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	13.57%
	1999	\$444,823,559	\$23,200,000	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	11.05%
	2001	\$521,509,978	\$23,775,000	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	(1.34%)
	2003	\$522,905,814	\$28,896,500	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	12.60%
	2005	\$614,738,548	\$30,000,000	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	7.51%
	2007	\$761,901,287	\$31,100,000	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	(4.22%)
	2009	\$908,928,685	\$33,400,000	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	14.48%
	2011	\$1,221,501,801	\$38,589,000	17.99%
2011-13	2012	\$1,622,412,984	\$46,257,000	2.42%
	2013	\$1,917,135,220	\$46,257,000	10.65%
2013-15	2014	\$2,417,363,782	\$65,163,000	13.85%
	2015	\$3,128,315,233	\$65,163,000	.50%
2015-17	2016	\$3,437,988,002	\$103,067,000	(0.63%)
	2017	\$3,512,355,582	\$103,067,000	9.50%
2017-19	2018	\$3,940,114,988	\$144,132,000	6.50%
	2019	\$4,318,989,728	\$144,132,000	3.87%
2019-21 ¹	2020	\$4,651,515,837	\$183,378,000	(1.87%)
	2021	\$4,819,013,877	\$183,378,000	²
2021-23	2022	²	\$210,510,000	²
	2023	²	\$210,510,000	²

¹The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund. In addition, Senate Bill No. 2362 provides, if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with Section 26 of Article X of the Constitution of North Dakota exceed the estimate made by the 66th Legislative Assembly by at least \$64,370,000, the State Treasurer must immediately transfer \$64,370,000 from the general fund to the common schools trust fund, for the biennium beginning July 1, 2019, and ending June 30, 2021.

²Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$5,060,487,858 as of September 30, 2020.**

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. Measure No. 1 (2006), approved by voters, removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals, but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X, Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Select North Dakota Century Code Provisions

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

Until July 1, 2017, 45 percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund was transferred to the common schools trust fund and became a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the Master Settlement Agreement and to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, no additional tobacco settlement proceeds will be deposited into the common schools trust fund.

Tobacco settlement money received by the state and transferred to the common schools trust fund totaled \$189,745,840. The following is a summary of actual transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement.

Biennium	Total Transfers
1999-2001	\$23,805,353
2001-03	23,998,745
2003-05	20,977,122
2005-07	19,722,653
2007-09	27,672,929
2009-11	18,248,834
2011-13	18,108,052
2013-15	19,003,716
2015-17	18,208,436
Total	\$189,745,840

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND Select Constitutional Provisions

Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of lands and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The

measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.

- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

Select North Dakota Century Code Provisions

Section 15-01-02

This section provides the Board of University and School Lands has full control of:

- The selection, appraisalment, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

**ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$19,858,323		\$21,069,997
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$21,435,674 ¹		\$0	
Projected remaining transfers from the tobacco settlement trust fund	18,000,000 ²		36,000,000 ²	
Total estimated revenues		39,435,674 ²		36,000,000 ²
Total available		\$59,293,997		\$57,069,997
Less estimated expenditures and adjustments				
State Department of Health (2019 HB 1004; Executive budget recommendation)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	\$6,500,000 ³		\$5,853,000 ³	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	3,200,000 ⁴		5,043,000 ⁴	
Women's Way program	329,500		329,500	
Behavioral Risk Factor State Survey	270,500		200,000	
Dentists' loan repayment program	324,000 ⁵		360,000 ⁵	
Behavioral health loan repayment program	200,000 ⁶		234,500 ⁶	
Cancer programs			580,324 ⁷	
Domestic violence prevention			300,000 ⁷	
Local public health state aid			525,000 ⁷	
One-time local public health pandemic response grants			5,000,000 ⁸	
One-time funding for statewide health strategies			3,000,000 ⁹	
Department of Human Services - Medical Services Division (2019 SB 2012; Executive recommendation)	27,400,000		24,000,000	
Total estimated expenditures and adjustments		38,224,000		45,425,324
Estimated ending balance		\$21,069,997		\$11,644,673

¹Through October 2020 the state has received tobacco settlement payments totaling \$21,280,388 for the 2019-21 biennium, all of which has been transferred from the tobacco settlement trust fund to the community health trust fund for the 2019-21 biennium. In addition, the community health trust fund received a transfer of \$155,286 from the tobacco settlement trust fund related to funding returned to the tobacco settlement trust fund from an appropriation to the Attorney General for the 2017-19 biennium. Total transfers of \$104,319,518, including funding returned by the Attorney General, have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues for the remainder of the 2019-21 biennium have been estimated based on actual revenues received through October 2020 and the estimated allocations for the 2021-23 biennium are based on the December 2020 executive budget revenue forecast.

Initiated Measure No. 3 (2008) resulted in the allocation shown below of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust

fund remained at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the tobacco settlement trust fund must be transferred within 30 days of receipt to the community health trust fund. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017 and 2019 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	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
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Actual payments 2017-19 biennium	74.1 million ¹	N/A	0	33.3 million	40.7 million
Estimated 2019-21 biennium	39.2 million	N/A	0	0	39.4 million ²
Estimated 2021-23 biennium	36.0 million	N/A	0	0	36.0 million
Estimated 2023-25 biennium	52.5 million	N/A	0	0	52.5 million
Total	\$532.5 million	\$105.7 million	\$101.2 million	\$134.5 million	\$191.0 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement, net of unspent funds returned by the Attorney General.

²This amount includes unspent funding returned to the tobacco settlement trust fund by the Attorney General.

³In 2019 the Legislative Assembly provided \$6.5 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2019-21 biennium. The executive budget recommendation for the 2021-23 biennium provides a total of \$5,853,000 for grants to local public health units for tobacco prevention and control programs.

⁴Section 54-27-25 provides money in the community health trust fund may be appropriated for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. In 2019 the Legislative Assembly appropriated \$3.2 million from the community health trust fund for tobacco prevention and control programs during the 2019-21 biennium. The executive budget recommendation for the 2021-23 biennium provides a total of \$5,043,000 for tobacco prevention and control programs including \$2,833,504 for operating expenses and \$2,209,496 for other grants, including cessation.

⁵In 2019 the Legislative Assembly provided a total of \$740,000 for the dental loan repayment program, of which \$324,000 is from the community health trust fund and \$416,000 is from the general fund. The executive budget recommendation for the 2021-23 biennium provides a total of \$360,000 from the community health trust fund for the dental loan repayment program, \$380,000 less than the total funding provided during the 2019-21 biennium.

⁶In 2019 the Legislative Assembly provided a total of \$364,000 for the behavioral health loan repayment program, of which \$200,000 is from the community health trust fund and \$164,000 is from the general fund. The executive budget recommendation for the 2021-23 biennium provides a total of \$248,125 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$13,625 is from the general fund.

⁷In 2019 the Legislative Assembly changed the funding source for cancer programs and domestic violence offender treatment grants to the tobacco prevention and control trust fund. A total of \$880,324 was provided from the tobacco prevention and control trust fund for cancer programs (\$580,324) and domestic violence offender treatment grants (\$300,000) during the 2019-21 biennium. In addition, the Legislative Assembly provided a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the tobacco prevention and control trust fund, for grants to local public health units during the 2019-21 biennium. The executive budget recommendation for the 2021-23 biennium changes the funding source for cancer programs (\$580,324) and domestic violence offender treatment grants (\$300,000) from the tobacco prevention and control trust fund to the community health trust fund. In addition, the executive budget recommendation provides \$5,250,000 for local public health unit grants, of which \$4,725,000 is from the general fund and \$525,000 is from the community health trust fund.

⁸The executive budget recommendation includes one-time funding for local public health pandemic response grants totaling \$10,000,000, of which \$1,361,000 is from the general fund, \$3,639,000 is from federal funds, and \$5,000,000 is from the community health trust fund.

⁹The executive budget recommendation includes one-time funding for a statewide health strategies program.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established the community health trust fund. This section created 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:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health 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 continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 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. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization.

**ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$422,117,621		\$374,783,645
Add estimated revenues				
Oil extraction tax allocations	\$142,666,024 ¹		\$126,319,787 ¹	
Total estimated revenues		142,666,024 ²		126,319,787
Total available		\$564,783,645		\$501,103,432
Less estimated expenditures and transfers				
Department of Public Instruction - State school aid	\$110,000,000		\$110,000,000 ³	
Department of Public Instruction - One-time funding for state school aid			83,000,000 ³	
Department of Public Instruction - One-time funding for a teacher support program			3,000,000 ³	
Department of Public Instruction - One-time funding to rewrite the state automated reporting system application (2019 SB 2013)	1,200,000			
Department of Public Instruction - One-time funding for rapid enrollment grants (2019 SB 2265)	3,000,000 ³			
Department of Public Instruction - One-time funding for music education grants (2019 SB 2265)	800,000 ³			
Transfer to the school construction assistance revolving loan fund (2019 SB 2214)	75,000,000 ³		35,000,000 ³	
Total estimated expenditures and transfers		190,000,000 ⁴		231,000,000 ⁴
Estimated ending balance		\$374,783,645		\$270,103,432
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium		214,831,704 ⁵		257,328,933 ⁶
Estimated ending balance available		\$159,951,941		\$12,774,499

¹Estimated revenues - Based on actual oil and gas tax revenue collections deposited in the fund through August 2020. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the December 2020 executive budget revenue forecast.

²Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the period July 1, 2019, through October 31, 2020, \$967,052 of interest has been allocated to the general fund.

³The Legislative Assembly approved Senate Bill No. 2265 (2019) which provides \$3 million from the foundation aid stabilization fund for rapid enrollment grants to qualifying school districts during the 1st year of the 2019-21 biennium and \$800,000 from the foundation aid stabilization fund for music education grants for grades kindergarten through grade five. Senate Bill No. 2214 (2019) provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund and legislative intent that the 67th Legislative Assembly appropriate \$110 million from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid and transfer an additional \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund. The executive budget recommendation for the 2021-23 biennium provides \$110 million from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid and \$83 million from the foundation aid stabilization fund for one-time funding for state school aid. The executive budget recommendation for the 2021-23 biennium also provides for \$3 million of

one-time funding from the foundation aid stabilization fund for a teacher support program and a \$35 million transfer from the foundation aid stabilization fund to the school construction assistance revolving loan fund.

⁴Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes.

⁵Amendments to the constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. The appropriation for integrated formula payments, transportation aid, and special education grants totals \$2,009,904,163 during the 2017-19 biennium, of which \$305,546,905 is provided from the state tuition fund, \$295,000,000 is from the foundation aid stabilization fund, and \$1,409,357,258 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education totaled \$22,854,100 during the 2017-19 biennium. Based on this level of funding from the general fund during the 2017-19 biennium, the Office of Management and Budget, in its 2019-21 executive budget documents, reported a required reserve balance of \$214,831,704 for the 2019-21 biennium.

⁶In 2019, the Legislative Assembly provided \$2,178,702,429 for integrated formula payments, transportation aid, and special education grants during the 2019-21 biennium, of which \$377,764,000 is provided from the state tuition fund, \$110,000,000 is from the foundation aid stabilization fund, and \$1,690,938,429 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education, totaled \$24,587,780 during the 2019-21 biennium. Based on this level of funding from the general fund during the 2019-21 biennium, the required reserve balance for the 2021-23 biennium is \$257,328,933, \$42,497,229 more than the reserve required for the 2019-21 biennium.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

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

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016), and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. The Legislative Assembly approved Senate Bill No. 2272 (2017), which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the director of the budget may order an allotment to control the rate of expenditures of state agencies. This section provided that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent the allotment can be offset by transfers from the foundation aid stabilization fund. The Legislative Assembly approved Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis.

**ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues ^{1,2}				
Motor vehicle fuel tax	\$186,500,000		\$200,429,292	
Special fuels taxes	173,700,000		186,000,000	
Motor vehicle registration fees	176,700,000		186,500,000	
Total estimated revenues		536,900,000		572,929,292
Total available		\$536,900,000		\$572,929,292
Less estimated deductions and transfers				
Highway Patrol	\$7,204,043		\$8,429,292	
Motorboat safety account	200,000		200,000	
State snowmobile fund	200,000		200,000	
Rail safety fund	589,018		0	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,700,000		4,700,000	
Total estimated deductions before distributions		18,393,061		19,029,292
Total available for distributions and transfers		\$518,506,939		\$553,900,000
Less estimated distributions and transfers				
State highway fund	\$317,856,785		\$339,500,000	
Counties	114,064,687		121,900,000	
Cities	64,809,481		69,200,000	
Townships	13,998,848		15,000,000	
Transit	7,777,138		8,300,000	
Total estimated distributions and transfers		518,506,939		553,900,000
Estimated ending balance		\$0		\$0

¹Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

²The amounts shown reflect actual revenue collections deposited in the fund through September 2020. The estimated revenue for the remainder of the 2019-21 biennium and the estimated collections for the 2021-23 biennium are based on DOT's revenue forecast.

FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair, and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first \$5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the State Treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
 - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
 - b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
 - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
 - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
 - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
 - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

- a. The cost of maintaining the state highway system.
- b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
- c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the State Treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition, the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.

Motor Vehicle Fuel Tax

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of House Bill No. 1539 (1983) imposed a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
Through December 31, 1983	\$0.09
January 1, 1984, through December 31, 1984	\$0.08
January 1, 1985, through December 31, 1985	\$0.07
January 1, 1986, through June 30, 1992	\$0.09
July 1, 1992	\$0.13

The Legislative Assembly, in Section 1 of Senate Bill No. 2296 (1985), changed the language from agricultural ethyl or methanol to "a qualifying alcohol," adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
July 1, 1985, through June 30, 1987	\$0.05
July 1, 1987, through December 31, 1992	\$0.09
January 1, 1993	\$0.13

The Legislative Assembly, in Section 9 of Senate Bill No. 2557 (1987), increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of Senate Bill No. 2029 (1989), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. The referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 2 of House Bill No. 1575 (1991), removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The Legislative Assembly, in Section 1 of House Bill No. 1163 (1997), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of House Bill No. 1183 (1999), increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 12 of Senate Bill No. 2012 (2005), increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478 (2005), created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the Tax Commissioner and after that date is ineffective.

Special Fuels Excise Tax

The 1983 Legislative Assembly also repealed Chapter 57-52, relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 (1983) amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The Legislative Assembly, in Section 1 of House Bill No. 1248 (1985), amended the definition of special fuel to include compressed natural gas.

The Legislative Assembly, in Section 10 of Senate Bill No. 2557 (1987), increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2029 (1989), increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. The referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 12 of House Bill No. 1311 (1997), removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 (1997), increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The Legislative Assembly, in Section 3 of House Bill No. 1183 (1999), increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2454 (2001), amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The Legislative Assembly, in Section 14 of Senate Bill No. 2012 (2005), amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

Motor Vehicle Registration Fees

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of \$10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by \$10.

**ANALYSIS OF THE LEGACY FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$6,093,018,603		\$6,991,440,537
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312) ¹	\$898,421,934		\$768,635,141	
Investment earnings (losses) ^{2,3}	500,000,000		989,303,428	
Total estimated revenues		1,398,421,934		1,757,938,569
Total estimated available		\$7,491,440,537		\$8,749,379,106
Less estimated expenditures and transfers				
Transfer of realized earnings to the general fund (2019 SB 2015) ^{3,4,5}	\$500,000,000		\$0	
Transfer of realized earnings to various special funds ⁵			559,957,578	
Expenditure of principal ⁴	0		0	
Total estimated expenditures and transfers		500,000,000		559,957,578
Estimated ending balance		<u>\$6,991,440,537</u>		<u>\$8,189,421,528</u>

¹The oil and gas tax revenues reflect allocations for August through July (24 months). These amounts reflect actual allocations through August 2020. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the December 2020 executive budget revenue forecast.

Senate Bill No. 2312 (2019) amended the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

²Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. The schedule below provides more detail on the investment earnings since the 2013-15 biennium.

	2013-15 Biennium Actual	2015-17 Biennium Actual	2017-19 Biennium Actual	2019-21 Biennium Estimated	2021-23 Biennium Estimated
Realized earnings (losses)	\$145,255,008	\$273,064,100	\$502,243,356	\$500,000,000	N/A
Unrealized earnings (losses)	67,871,752	252,305,388	167,170,302	0	N/A
Total investment earnings (losses)	\$213,126,760	\$525,369,488	\$669,413,658	\$500,000,000 ³	\$989,303,428 ³

The investment earnings (losses) for the legacy fund for the 2019-21 biennium through October 31, 2020, were approximately \$791.2 million, including realized earnings (losses) of \$445.5 million and unrealized earnings (losses) of \$345.7 million.

³The estimated investment earnings shown for the 2019-21 biennium included June 2019 realized earnings of \$46,980,140 due to the timing of the transfer and the reporting of earnings at the end of the 2017-19 biennium. The estimated earnings for the 2019-21 and 2021-23 bienniums reflect the December 2020 executive budget revenue forecast. The actual earnings may differ significantly from these estimates based on actual investment performance.

⁴The principal and earnings of the legacy fund may not be spent until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. After June 30, 2017, the principal and earnings may be spent as follows:

- Up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.
- The realized earnings accruing after June 30, 2017, are transferred by the State Treasurer to the general fund at the end of the biennium and may be spent from the general fund pursuant to legislative appropriation.

Senate Bill No. 2362 (2019) provides a contingent transfer of \$64.37 million from legacy fund earnings deposited in the general fund to the common schools trust fund if the legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium are at least \$164.37 million. The 2019 Legislative Assembly approved the contingent transfer to correct a shortfall of oil extraction tax collections to the common schools trust fund in prior bienniums.

⁵Of the \$500 million of estimated investment earnings shown for the 2019-21 biennium the executive budget designates \$336 million for the general fund, \$64 million for the common schools trust fund, \$30 million for the innovation loan fund to support technology advancement, \$25 million for information technology initiatives, \$27 million for unmanned aircraft systems, \$10 million for state park infrastructure, and \$8 million for the housing incentive fund. In addition, the executive budget recommends contingent designations if the legacy fund earnings exceed \$500 million, which include \$5 million for the environmental quality restoration fund, \$10 million for a state park challenge grant program, \$10 million for a higher education challenge grant program, and additional amounts to the general fund.

For the 2021-23 biennium, the executive budget recommends using a percent of market value calculation to determine the amount of legacy fund earnings available for spending and returning the remaining earnings to the principal of the legacy fund. The amount shown for the 2021-23 biennium reflects the amount available using 8 percent of the 5-year average of legacy fund assets. The earnings would be transferred to various newly created special funds for spending during the 2023-25 biennium. Of the \$560 million, the executive budget recommends 20 percent for economic diversification (\$112 million), 10 percent for research (\$56 million), 10 percent for government transformation (\$56 million), 20 percent for legacy projects (\$112 million), and the remaining 40 percent for bond repayments (\$224 million).

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X of the Constitution of North Dakota--to provide 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. Investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

**ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance, excluding infrastructure revolving loan fund		\$326,742,619		\$323,868,773
Add estimated revenues and transfers				
Oil extraction tax collections	\$288,265,349 ¹		\$254,755,563 ¹	
Repayments and reimbursements	13,568,805		13,126,800	
Investment earnings/miscellaneous income	4,492,000		1,500,000	
Total estimated revenues		306,326,154		269,382,363
Total available		\$633,068,773		\$593,251,136
Less funds designated for the infrastructure revolving loan fund (Section 61-02-78)	\$0 ²		\$0 ²	
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, pursuant to Senate Bill No. 2020 (2019) for the 2019-21 biennium and the executive budget for the 2021-23 biennium	305,000,000 ³		580,328,898 ⁴	
Industrial Commission - Western Area Water Supply Authority asset study				
Total estimated State Water Commission expenditures and loans		305,000,000		580,328,898
Transfer to renewable energy development fund (Section 57-51.1-07)	\$3,000,000 ⁵		\$3,000,000 ⁵	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000 ⁵		1,200,000 ⁵	
Total estimated transfers		4,200,000		4,200,000
Estimated ending balance, excluding funds designated for infrastructure revolving loan fund		<u>\$323,868,773</u>		<u>\$8,722,238</u>

¹Estimated oil extraction tax revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through August 2020. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the December 2020 executive budget revenue forecast.

²House Bill No. 1020 (2017) amended Section 61-02-78 to provide no more than \$26,000,000 of total resources trust fund revenue may be allocated to the infrastructure revolving loan fund. As a result, excess transfers of \$8,440,473 were returned to the resources trust fund during the 2017-19 biennium and there will be no more transfers to the infrastructure revolving loan fund.

Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections	
	Infrastructure Revolving Loan Fund Transfers
2013-15 biennium	\$11,407,864
2015-17 biennium	23,032,609
2017-19 biennium	(8,440,473)
Total	\$26,000,000 ¹

¹Loans outstanding as of October 31, 2020, totaled \$22,667,836.

³Sections 1 and 3 of Senate Bill No. 2020 (2019) appropriate \$778,482,206 or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

⁴The executive budget recommendation includes \$580,328,898 from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2021-23 biennium.

⁵The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands. The changes also restored the maximum allocation to the energy conservation grant fund from \$200,000 to \$1.2 million.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the Legislative Assembly in Senate Bill No. 2233 (2013), which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **\$26 million**.

RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated 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; and
- Energy conservation programs.

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

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

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Section 24 of Article X of the Constitution of North Dakota.

Section 57-51.1-07, as amended by Senate Bill No. 2129 (2011), provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Section 24 of Article X of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota.

House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The Legislative Assembly in Senate Bill No. 2020 (2015) directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030.

The Legislative Assembly in Senate Bill No. 2020 (2019) provided \$37.2 million to pay off the Bank of North Dakota loan. The bill contains an emergency clause, added in Senate Bill No. 2015 (2019); therefore, the State Water Commission paid off the Bank loan from the water development trust fund during the 2017-19 biennium.

**ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$189,428,862 ¹		\$180,972,578 ¹	
Total estimated revenues		189,428,862		180,972,578
Total available		\$189,428,862		\$180,972,578
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$101,723,299		\$97,182,274	
City share (46.3 percent)	87,705,563		83,790,304	
Total estimated expenditures and transfers		189,428,862		180,972,578
Estimated ending balance		\$0		\$0

¹The amounts shown reflect actual revenue collections deposited in the fund through October 2020. The estimated revenue for the remainder of the 2019-21 biennium and the estimated collections for the 2021-23 biennium are based on the December 2020 executive revenue forecast.

FUND HISTORY

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. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

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 Through June 30, 2011			
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%

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties, which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

Population Category Effective July 1, 2011		
Counties	Percentage	Cities
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
Total	100.00%	

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census data.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$1,142,813,830		\$744,694,424
Add estimated revenues				
Production royalties (2017 SB 2134; 2019 SB 2211) ^{1,2}	\$153,536,120		\$118,000,000	
Mineral leases ¹	2,166,893		1,200,000	
Oil and gas bonuses ¹	1,381,335		0	
Investment earnings ¹	28,032,358		28,000,000	
Oil and gas tax collections (2019 HB 1014, 2019 HB 1066; 2019 SB 2249, 2019 SB 2312, 2019 SB 2362) ^{3,4}	294,234,539		56,019,500	
Total estimated revenues		479,351,245		203,219,500
Total estimated available		\$1,622,165,075		\$947,913,924
Less estimated expenditures and transfers				
Secretary of State				
Voting system information technology project (2019 SB 2002)	\$8,200,000			
Office of Management and Budget				
Litigation funding pool (2019 SB 2015)	3,500,000			
Comprehensive real estate assessment (2019 SB 2015)	500,000			
Transfer to preliminary planning revolving fund (2019 SB 2015)	100,000			
Information Technology Department				
Information technology projects (2019 HB 1021)	5,150,000			
Statewide interoperable radio network (2019 HB 1435)	20,000,000			
State Treasurer				
Information technology project (2019 SB 2005)	35,000			
Department of Trust Lands				
Oil and gas impact grants (2019 HB 1013)	2,000,000			
Contract costs to determine mineral revenue repayments (2019 SB 2211)	1,088,635			
Department of Environmental Quality				
Contingent appropriation for the implementation of air pollution control primacy (2019 HB 1024)	1,040,000			
Department of Human Services				
Information technology projects and capital projects (2019 SB 2012)	11,490,695			
Industrial Commission				
Rare earth elements and fracturing sand studies (2019 HB 1014)	270,000			
Aeronautics Commission				
Airport grants (2019 HB 1006)	20,000,000			
Department of Corrections and Rehabilitation				
Equipment, repairs, and a facility assessment (2019 HB 1015)	1,218,000			
Adjutant General				
Dispatch system information technology project and Camp Grafton expansion project (2019 SB 2016)	2,502,253			

Department of Commerce			
Entrepreneurship grants and vouchers program (2019 HB 1018)	3,000,000		
NDSU Main Research Center			
Extraordinary repairs (2019 HB 1020)	940,465		
Parks and Recreation Department			
Various capital projects at parks and the International Peace Garden (2019 SB 2019)	3,755,000		
Transfer to the general fund (2019 SB 2015; executive budget)	764,400,000	\$400,000,000	
Contingent transfer to the infrastructure revolving loan fund (2019 HB 1014) ⁵	25,137,707		
Mineral revenue repayments from reserves (2017 SB 2134; 2019 SB 2211) ²	0	0	
Administrative costs/other fees	3,142,896	4,000,000	
Total estimated expenditures and transfers		877,470,651	404,000,000
Estimated ending balance		\$744,694,424	\$543,913,924
Restricted fund income			
Reserve relating to potential title disputes (2017 SB 2134; 2019 SB 2211) ^{2,6}		229,325,049	229,325,049
Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296) ⁷		50,000,000	50,000,000
Estimated ending balance - Unobligated		\$465,369,375	\$264,588,875

¹The amounts shown reflect projections by the Department of Trust Lands for the 2019-21 and 2021-23 bienniums.

²Senate Bill No. 2134 (2017) changes the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund and requiring repayments for previously received mineral revenues. The bill appropriates \$100 million from the strategic investment and improvements fund and authorizes \$87 million from a line of credit through the Bank of North Dakota for the mineral revenue repayments. Some production royalties may be deposited in the strategic investment and improvements fund prior to the implementation of the repayment process. The bill provides legislative intent that the \$87 million line of credit is to be repaid from the strategic investment and improvements fund; however, the total amount of funding needed for mineral revenue repayments is unknown and any changes to the amount of funding or the line of credit repayments will be determined by future legislative assemblies.

House Bill No. 1202 (2019) clarifies the definition of navigable waters, which may affect the state's mineral interests and mineral revenue deposited in the strategic investment and improvements fund. However, the estimated impact is unknown.

³Estimated revenues - These amounts reflect actual allocations through August 2020. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the December 2020 executive revenue forecast.

⁴House Bill Nos. 1014 and 1066 (2019) and Senate Bill Nos. 2016, 2249, 2312, and 2362 (2019) change the oil and gas tax revenue allocation formulas. The combined effect of the bills results in a decrease in the allocations to the strategic investment and improvements fund.

The executive budget recommends increasing the oil and gas tax revenue allocations to the general fund by \$100 million, from \$400 million to \$500 million, resulting in a decrease in allocations to the strategic investment and improvements fund for the 2021-23 biennium.

⁵House Bill No. 1014 (2019) provides a contingent transfer of up to \$40 million from the strategic investment and improvements fund to the infrastructure revolving loan fund if the actual oil and gas tax revenues deposited in the strategic investment and improvements fund during the 2017-19 biennium exceed \$755 million. The contingency was met, and the amount shown for the 2019-21 biennium reflects the actual transfer to the infrastructure revolving loan fund.

⁶These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve.

⁷Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from the strategic investment and improvements fund to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increases the limit for loan guarantees to \$50 million.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. 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 strategic investment and improvements fund, pursuant to Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund. The unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

**ANALYSIS OF THE TAX RELIEF FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS
(REFLECTING THE 2021-23 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$182,300,000		\$200,199,146
Add estimated revenues				
Allocation of oil and gas tax revenues	\$200,000,000 ¹		\$200,000,000 ¹	
Refund of prior biennium county expenses	199,146			
Total estimated revenues		200,199,146		200,000,000
Total available		\$382,499,146		\$400,199,146
Less estimated expenditures and transfers				
Transfer to general fund (Section 5 of 2019 SB 2015 and the executive budget for the 2021-23 biennium)	\$8,600,000		\$23,040,408	
Transfer to human service finance fund (Section 6 of 2019 SB 2015 and the executive budget for the 2021-23 biennium)	173,700,000		174,380,767 ²	
Total estimated expenditures and transfers		182,300,000		197,421,175
Estimated ending balance		\$200,199,146		\$202,777,971

¹Estimated revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through August 2020. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the December 2020 executive budget revenue forecast.

²The executive budget recommends continuing to use the fund for defraying the expenses of the state-paid economic assistance and social services program.

FUND HISTORY

Section 57-64-05, as created by Senate Bill No. 2199 (2009), created the 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. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of House Bill No. 1013 (2013), changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.

House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to reduce the allocation to the tax relief fund to \$200 million.

House Bill No. 1066 (2019) amended Section 57-51.1-07.5 but did not change the allocation of \$200 million to the tax relief fund.