

# Status of the General Fund

## Presented to the Budget Section

March 13, 2012



## ECONOMIC INDICATORS

### National

Consumer Prices - The 12-month percent change in the non-seasonally adjusted consumer price index (CPI), as reported by the Bureau of Labor Statistics, was 2.9% in January 2012, little changed from the annual average in 2011 of 3.2%. The CPI has spiked in recent months to as high as 3.9% in September 2011 and averaged 3.5% for the last six months of 2011. The annual average for 2010 was only 1.6%. According to *Moody's Analytics*, the CPI is expected to remain moderate, averaging 1.9% for 2012, then fluctuating between 2.1% and 2.9% during the long-term forecast through 2016.

Money Markets – The average yield on a three-month Treasury bill is currently .02%. Rates have remained below 20 basis points since June of 2009 and averaged only .1% for 2011. *Moody's* expects three month T-bill rates to remain low, averaging less than .1% for 2012 and increasing to slightly over 1.0% by 2014. *Moody's* predicts that the prime rate, which has averaged 3.3% since 2009, will continue nearly unchanged through 2013, averaging 3.1% during the next two years. Their forecast, although revised downward, provides for a sharp increase in the ensuing years, to 4.3% in 2014, 6.0% in 2015, and 7.0% in 2016.

Personal Income – Personal income, as reported by *Moody's* in inflation adjusted 2005 dollars, grew by 2.3% during 2011. Quarterly data show the strong growth of 4.0% realized during the first quarter of 2011, shrunk to only 1.3% by the fourth quarter of 2011. *Moody's* predicts personal income growth will average 2.6% during 2012, followed by annual growth of 3.3% to 4.5% through 2016.

Commodity Prices – Agricultural prices rose by an average of 25.9% during 2011, the result of a 32.0% increase in crop prices and a 17.1% increase in livestock prices. The outlook remains positive, with more moderate levels of growth between 1.6% to 4.7% per year through 2016. The outlook for West Texas Intermediate crude, the benchmark oil forecast for *Moody's Analytics*, is increased slightly from previous months. The average price per barrel for 2011 was \$95.10. *Moody's* predicts prices to continue upward until stabilizing at around \$110 per barrel in 2014.

### Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in December 2011 remains the lowest in the nation at only 3.2%, even lower than the December 2010 rate of 3.8%. The national average unemployment rate was 8.3% in December 2011, an improvement of nearly 1.0% over the December 2010 rate of 9.1%.

Energy – The April 2011 legislative forecast is based on oil production increasing from 390,000 barrels per day at the start of the 2011-13 biennium to 425,000 barrels per day by the end of the biennium. North Dakota crude oil prices are estimated to range from \$72 per barrel to \$75 per barrel during that time. The current rig count is 206 rigs, 34 rigs more than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	December 2011	November 2011	October 2011
Actual average price per barrel	\$87.98	\$90.36	\$81.89
Production (barrels/day)	534,900	519,600	487,700
Drilling permits	180	169	201
Producing wells	6,471	6,332	6,210
Rig count	199	199	197

Mortgage Rates – Mortgage rates remain at near record lows. Thirty-year fixed rate mortgages are available locally for 4.0% to 4.25%. Fifteen-year fixed rates are between 2.875% and 3.125%.

**GENERAL FUND STATUS STATEMENT  
2011-13 BIENNIUM  
AS OF FEBRUARY 29, 2012**

Beginning balance:		
Beginning unobligated balance - July 1, 2011	\$996,832,711	
Balance obligated for authorized carryover of appropriations	<u>106,945,443</u>	
Total beginning balance		\$1,103,778,154
Revenues:		
Revenues collected to date	\$1,689,600,274	
Remaining forecasted revenues	<u>2,163,020,626</u>	
Total revenues		<u>3,852,620,900</u>
Total available		\$4,956,399,054
Expenditures:		
Legislative appropriations - One time	(\$533,958,760)	
Legislative appropriations - Ongoing	(3,532,895,032)	
Legislative appropriations - Special session	(96,832,668)	
Contingent legislative appropriations - Special session	(73,000,000)	
Authorized carryover from previous biennium	(106,945,443)	
2011-13 authority used in 2009-11 pursuant to emergency clause	<u>519,254</u>	
Total authorized expenditures		(4,343,112,649)
Estimated deficiency requests:		
DHS - FY2013 reduced FMAP		<u>(21,200,000)</u>
Estimated ending balance - June 30, 2013		<u><u>\$592,086,405</u></u> <sup>\1</sup>

\1 NDCC Section 54-27.2-02 provides that any end of biennium balance in excess of \$65.0 million must be transferred to the budget stabilization fund, up to a cap of 9.5 percent of general fund appropriations.

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**SELECTED SPECIAL FUNDS  
FEBRUARY 29, 2012 FUND BALANCES**

<b>Fund</b>	<b>Balance</b>
Budget stabilization fund	\$386,351,110
Legacy fund	\$219,528,326
Foundation aid stabilization fund	\$181,935,870
Property tax relief sustainability fund	\$101,487,950

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
***Compared to the Legislative Forecast***  
**2011-13 Biennium**  
**February 2012**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	April 2011 <u>Leg. Forecast</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent</u>	April 2011 <u>Leg. Forecast</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent</u>
Sales Tax	59,592,000	80,943,379	21,351,379	35.8%	475,687,000	694,249,091	218,562,091	45.9%
Motor Vehicle Excise Tax	6,199,000	9,540,265	3,341,265	53.9%	55,778,000	77,089,174	21,311,174	38.2%
Individual Income Tax	7,445,000	18,349,023	10,904,023	146.5%	154,693,000	230,352,179	75,659,179	48.9%
Corporate Income Tax	1,795,000	10,488,162	8,693,162	484.3%	25,937,000	71,726,613	45,789,613	176.5%
Insurance Premium Tax	4,500,000	7,676,470	3,176,470	70.6%	16,100,000	22,950,304	6,850,304	42.5%
Financial Institutions Tax	89,000	183,670	94,670	106.4%	89,000	(126,695)	(215,695)	-242.4%
Oil & Gas Production Tax*					89,237,000	99,799,206	10,562,206	11.8%
Oil Extraction Tax*					110,763,000	100,200,794	(10,562,206)	-9.5%
Gaming Tax	764,812	672,031	(92,781)	-12.1%	3,379,072	4,251,918	872,846	25.8%
Lottery								
Cigarette & Tobacco Tax	1,615,000	2,001,978	386,978	24.0%	15,117,000	17,786,235	2,669,235	17.7%
Wholesale Liquor Tax	484,000	565,410	81,410	16.8%	4,934,000	5,551,593	617,593	12.5%
Coal Conversion Tax	1,525,000	1,087,761	(437,239)	-28.7%	10,498,000	11,339,995	841,995	8.0%
Mineral Leasing Fees	1,416,667	2,047,002	630,335	44.5%	7,083,336	28,695,243	21,611,907	305.1%
Departmental Collections	1,916,706	5,110,379	3,193,673	166.6%	23,023,316	26,327,913	3,304,597	14.4%
Interest Income	985,000	465,385	(519,615)	-52.8%	6,850,000	3,837,104	(3,012,896)	-44.0%
State Mill & Elevator-Transfer								
Major Special Fund Transfers					295,000,000	295,000,000	0	0.0%
Other Transfers		3	3	100.0%	556,875	569,606	12,731	2.3%
<b>Total Revenues and Transfers</b>	<b>88,327,185</b>	<b>139,130,917</b>	<b>50,803,732</b>	<b>57.5%</b>	<b>1,294,725,599</b>	<b>1,689,600,274</b>	<b>394,874,675</b>	<b>30.5%</b>

\* Oil and gas production and extraction tax collections totaled \$159.0 million in February. Through February, oil tax collections totaling \$200.0 million have been deposited in the general fund and \$101.5 million have been deposited in the property tax relief sustainability fund. Once property tax relief sustainability fund deposits total \$341.8 million, an additional \$100.0 million will be deposited into the general fund. Through February, \$219.5 million has been deposited into the legacy fund.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Previous Biennium Revenues**  
**2011-13 Biennium**  
**February 2012**

Revenues and Transfers	Fiscal Month				Biennium To Date			
	February 2010	February 2012	Variance	Percent	2009-11	2011-13	Variance	Percent
Sales Tax	43,873,102	80,943,379	37,070,277	84.5%	368,058,026	694,249,091	326,191,065	88.6%
Motor Vehicle Excise Tax	3,992,325	9,540,265	5,547,940	139.0%	34,046,367	77,089,174	43,042,807	126.4%
Individual Income Tax	14,183,870	18,349,023	4,165,153	29.4%	187,562,014	230,352,179	42,790,166	22.8%
Corporate Income Tax	1,729,989	10,488,162	8,758,173	506.3%	38,023,724	71,726,613	33,702,890	88.6%
Insurance Premium Tax	3,642,175	7,676,470	4,034,294	110.8%	12,563,110	22,950,304	10,387,195	82.7%
Financial Institutions Tax	264,395	183,670	(80,725)	-30.5%	(724,874)	(126,695)	598,178	-82.5%
Oil & Gas Production Tax					32,718,333	99,799,206	67,080,873	205.0%
Oil Extraction Tax					38,281,667	100,200,794	61,919,127	161.7%
Gaming Tax	1,339,793	672,031	(667,762)	-49.8%	5,919,439	4,251,918	(1,667,521)	-28.2%
Lottery								
Cigarette & Tobacco Tax	1,603,378	2,001,978	398,599	24.9%	15,359,737	17,786,235	2,426,498	15.8%
Wholesale Liquor Tax	502,138	565,410	63,272	12.6%	4,943,651	5,551,593	607,942	12.3%
Coal Conversion Tax	1,374,650	1,087,761	(286,888)	-20.9%	13,337,489	11,339,995	(1,997,495)	-15.0%
Mineral Leasing Fees	1,414,123	2,047,002	632,878	44.8%	5,419,379	28,695,243	23,275,864	429.5%
Departmental Collections	1,756,781	5,110,379	3,353,599	190.9%	21,789,049	26,327,913	4,538,865	20.8%
Interest Income	729,198	465,385	(263,813)	-36.2%	7,018,280	3,837,104	(3,181,175)	-45.3%
State Mill & Elevator-Transfer								
Major Special Fund Transfers					295,000,000	295,000,000	0	0.0%
Other Transfers	6,083	3	(6,080)	-99.9%	1,480,577	569,606	(910,972)	-61.5%
<b>Total Revenues and Transfers</b>	<b>76,412,001</b>	<b>139,130,917</b>	<b>62,718,917</b>	<b>82.1%</b>	<b>1,080,795,969</b>	<b>1,689,600,274</b>	<b>608,804,305</b>	<b>56.3%</b>

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## Report on Federal Grants Per NDCC 54-27-27

<b>Agency</b>	<b>Time Period of Grant</b>	<b>Amount of Grant</b>
ND Department of Veterans Affairs	8/1/2012 – 7/31/2013	\$156,000
Department of Public Instruction	7/1/2012 – 6/30/2015	\$3,965,274
Department of Labor	2/10/2012 – 9/30/12	\$165,400
Department of Transportation	1/1/2012 – 12/31/2012	\$10,000,000

**Note:**      **There were no Fiscal Irregularities to report pursuant to NDCC 54-14-03.1.**



**AGENCY REPORT ON FEDERAL GRANTS**  
OFFICE OF MANAGEMENT AND BUDGET  
SFN 59976 (Rev. 7/26/2011)

This form is for all **NEW** Federal grants that the agency is applying for over \$25,000. Complete Section 1, retain copy, and return original to OMB **prior to submitting grant application**. Within 30 days of notification of grant award/decline, complete Section 2 and send a copy to OMB. Mail to: OMB, Attn: Federal Grant Report, 600 East Boulevard Avenue, Dept. 110, Bismarck ND 58505-0400 or e-mail to [omb@nd.gov](mailto:omb@nd.gov).

**SECTION 1**

Agency Name: <b>ND Department of Veterans Affairs</b>	Agency/Department Number: <b>321</b>	Date Form Completed: <b>01/12/2012</b>
Contact Name: <b>Lonnie Wangen</b>	Contact Telephone Number: <b>701-239-7165</b>	Date Grant Application Due: <b>1/17/2012</b>
Title of Grant: <b>AmeriCorps</b>	Time Period Covered by Grant: <b>8/1/2012-7/31/2013</b>	Amount of Grant Request: <b>\$156,000</b>
Purpose of Grant: To place AmeriCorps members in North Dakotas colleges and universities. The members will work with Veterans and their family members attending institutions of higher learning. The specific veterans which will be targeted are those returning from overseas deployments with barriers to attaining their education and career goals due to re-integration issues, Post Traumatic Stress Disorder, Depression, Traumatic Brain Injuries, physical disabilities and other service connected barriers to learning. The AmeriCorps members will be trained on what resources are available for these veterans to overcome these barriers. They will be located on the campuses, will post informational posters, hold informational seminars, meet with veterans personally and in group sessions to connect them with the resources available to assist them in their mission to gain a higher education and career goals. The AmeriCorps members will visit with and make connections to all services available to assist the veterans in their area of responsibility.		
Additional Employees (FTE) Required Due to Grant Award:  Will work with current staff and coordinate with the institutes of higher education staff to work together on this project.		
Grant Requirements (include state matching requirements, maintenance of effort requirements and any other requirements): Will be applying for a direct funding grant which does not require any direct or in-kind matching. However we will be reporting on our budget in the grant the expected expenses and time needed to administer the program. These would include but are not limited to: ND DVA staff conducting accounting operations, training the AmeriCorps members, phone and computer use, printing and informational brochure development. The institutes of higher education will provide supervision of the AmeriCorps members, some office and meeting room space, some printing, computer, phone, copier and other office supplies as approved.		
Authorized Department Signature: 	Authorized Name (Printed): <b>Lonnie Wangen</b>	Date Signed: <b>01/12/2012</b>

**SECTION 2**

Notification Date of Grant Award/Decline:	Amount of Grant Received:



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**SECTION 1**

Agency Name: <b>Department of Public Instruction</b>	Agency/Department Number: <b>201</b>	Date Form Completed: <b>Jan 31, 2012</b>
Contact Name: <b>Steve Snow</b>	Contact Telephone Number: <b>701-328-2189</b>	Date Grant Application Due: <b>Dec 15, 2011</b>
Title of Grant: <b>Statewide, LDS Grants for FY 2012</b>	Time Period Covered by Grant: <b>Jul 01, 2012 - Jun 30, 2015</b>	Amount of Grant Request: <b>\$3,965,274</b>
Purpose of Grant: Postsecondary Education P-20W State Longitudinal Data System (PEP-20W SLDS) project was initiated to address gaps which have been hindering North Dakota to have a comprehensive P-20W State Longitudinal Data System. This project will address Priority 3, to develop and link postsecondary and/or workforce data with the State's K-12 data system. State agencies responsible for the direction and implementation of grant activities include; executive sponsoring agency- North Dakota University System (NDUS), State Education Agency- Department of Public Instruction (DPI), and Information Technology Department (ITD)		
Additional Employees (FTE) Required Due to Grant Award: <b>0 (current FTEs will be supplemented with contractors)</b>		
Grant Requirements (include state matching requirements, maintenance of effort requirements and any other requirements): The application included \$191,589 for in-kind cost of projected state FTE commitments (these will be NDUS FTEs) The grant will require yearly 'best practices' meetings with other grant recipients in Washington DC (cost included in grant application) and monthly status updates (via phone conferences) to federal oversight team Other requirements are the accomplishment of task and time-lines set by the grant writing team as listed in the grant application		
Authorized Department Signature: <i>Wayne G. Sanstead</i>	Authorized Name (Printed): <b>Wayne G. Sanstead</b>	Date Signed: <b>2-1-2012</b>

**SECTION 2**

Notification Date of Grant Award/Decline:	Amount of Grant Received:
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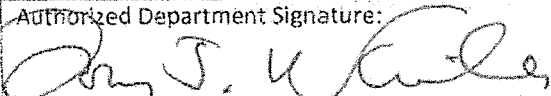




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**SECTION 1**

Agency Name: <b>Department of Labor</b>	Agency/Department Number: <b>40600</b>	Date Form Completed: <b>2/10/2012</b>
Contact Name: <b>Tony J. Weiler</b>	Contact Telephone Number: <b>328-2660</b>	Date Grant Application Due: <b>12/22/2011</b>
Title of Grant: <b>Fair Housing Outreach and Education Partnership</b>	Time Period Covered by Grant: <b>Award to 9/30/2012</b>	Amount of Grant Request: <b>\$165,400</b>
<b>Purpose of Grant:</b> The North Dakota Department of Labor (NDDOL) intends to partner with Legal Services of North Dakota (LSND) to apply for HUD/FHEO partnership funds available to the NDDOL as a FHAP Agency. The NDDOL will utilize the services of LSND to effectively carry out the provisions of North Dakota's substantially equivalent fair housing law. The NDDOL and LSND partnership will conduct effective and comprehensive fair housing education and outreach to citizens of North Dakota.  The NDDOL understands there may be landlords and tenants in the state who do not know of or understand the state's fair housing laws, are unfamiliar with the process for accessing their right to fair housing enforcement, and would benefit from education on both. North Dakota is currently facing a significant housing shortage due to an expanding employer and employee base because of increased oil activity and other economic development. The state is also facing a housing shortage because of unprecedented flooding in many parts of the state. This impacts persons with disabilities, the elderly, minorities, and others who may be considered high risk for being discriminated against.  While much of the focus of the work of the partnership will be in western North Dakota, the education and outreach will also target a statewide audience. The NDDOL's proposal includes: 1) public speaking and outreach; 2) new public service announcements (PSAs) to run primarily in the western half of North Dakota, but to also reach a statewide audience; 3) new fair housing brochures to be utilized at public speaking engagements and other events; 4) a new fair housing banner to be utilized during speaking events; and 5) new fair housing promotional materials to be distributed during speaking events and at other public outreach opportunities.  The public speaking will include information and education presented by the NDDOL on North Dakota's fair housing laws, including education on advertising, fair housing rental laws, and information on how to file a claim with the NDDOL. LSND will provide an overview of its services and information on how it can help those who have been affected by housing discrimination.  The NDDOL also intends to produce two new PSAs with a focus on fair housing. These will run primarily in the western part of the state, but will also air statewide. The NDDOL and LSND will produce new brochures, a fair housing specific banner, and new promotional items all stressing fair housing.  The NDDOL commissioner intends to be the main person from our office conducting the outreach and training, along with appropriate staff. The LSND will also provide at least one staff person to accomplish the outreach and education.  It is anticipated that the advertising, outreach, and PSAs will reach virtually every adult in western ND more than 25 times. According to numbers provided by television and radio, as well as face to face speaking, it is anticipated the aggregate outcome of this partnership and campaign will have a significant impact on and reach a significant, quantifiable, number of people in the state.		
<b>Additional Employees (FTE) Required Due to Grant Award:</b> <b>Zero (0)</b>		
<b>Grant Requirements (include state matching requirements, maintenance of effort requirements and any other requirements):</b> The North Dakota Department of Labor will partner with Legal Services of North Dakota to effectively carry out the provisions of the agencies substantially equivalent fair housing law. Not matching funds are required and the funds need to be spent by the end of the federal fiscal year in 2012 (Sept. 30).		
Authorized Department Signature: 	Authorized Name (Printed): <b>Tony J. Weiler</b>	Date Signed: <b>2/10/2012</b>

**SECTION 2**

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**SECTION 1**

Agency Name:	Agency/Department Number:	Date Form Completed:
Department of Transportation	00801	02/21/2012
Contact Name:	Contact Telephone Number:	Date Grant Application Due:
Patty Schock	328-1933	10/31/2011
Title of Grant:	Time Period Covered by Grant:	Amount of Grant Request:
TIGER III	2012	\$33,312,000
Purpose of Grant: To be used for North Dakota's share, in partnership with BNSF Railway and Amtrak, to raise 15.5 miles of BNSF mainline track between Devils Lake and Churchs Ferry, North Dakota, necessitated by the continued rising level of Devils Lake. Also to be used to upgrade 55 miles of BNSF mainline track to continuously welded rail.		
Additional Employees (FTE) Required Due to Grant Award: None		
Grant Requirements (include state matching requirements, maintenance of effort requirements and any other requirements): This grant is 100% federally funded. There are no state matching requirements		
Authorized Department Signature:	Authorized Name (Printed):	Date Signed:
	Shannon L. Sauer	2/22/2012

**SECTION 2**

Notification Date of Grant Award/Decline:	Amount of Grant Received:
12/22/2011	\$10,000,000