

# **2011-13 BIENNIUM REPORT ON COMPLIANCE WITH LEGISLATIVE INTENT**



Prepared by the  
North Dakota Legislative Council Staff  
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## **REVIEW OF NORTH DAKOTA STATE AGENCY COMPLIANCE WITH LEGISLATIVE INTENT - 2011 LEGISLATIVE ASSEMBLY APPROPRIATIONS**

The following report on state agency compliance with legislative intent is based on the Legislative Council staff analysis, including visitations with agency administrators regarding agency compliance with legislative intent included in the agencies' 2011-13 appropriations.

During March through May 2012 the Legislative Council staff conducted agency visitations with agency administrators and fiscal personnel and discussed compliance with legislative intent, one-time funding provided by the Legislative Assembly, agency changes, budget concerns, staffing changes, and other areas regarding the agencies' operations and appropriations. The report reflects agency activity through March 31, 2012, and later as appropriate.

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**Governor  
Budget 101  
Senate Bill No. 2001**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	18.00	\$3,773,942 <sup>1</sup>	\$21,517,716	\$25,291,658
2009-11 legislative appropriation	<u>18.00</u>	<u>3,474,358</u>	<u>104,699,679</u>	<u>108,174,037</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$299,584	(\$83,181,963)	(\$82,882,379)

<sup>1</sup>This amount includes \$65,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$3,708,942.

**Item Description**

**One-time funding** - The Legislative Assembly identified \$21,582,716 of one-time funding for the 2011-13 biennium, including \$65,000 from the general fund and \$21,517,716 from special funds. The funding of \$65,000 from the general fund is for the transition of staff if a new Governor is elected, and the \$21,517,716 of special funds is federal education jobs funding to be transferred to the Department of Public Instruction.

**Status/Result**

The one-time funding for the transition of staff will be used only if there is a new Governor after the November 2012 election.

The agency is transferring the federal education jobs funding to the Department of Public Instruction.

Secretary of State  
Budget 108  
Senate Bill No. 2002

	FTE Positions	General Fund	Other Funds	Total
2011-13 legislative appropriation	28.00	\$9,326,160 <sup>1</sup>	\$6,786,984	\$16,113,144
2009-11 legislative appropriation	28.00	6,161,588	12,315,676	18,477,264
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$3,164,572	(\$5,528,692)	(\$2,364,120)

<sup>1</sup>This amount includes \$3,543,039 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$5,783,121.

**Item Description**

**Full-time equivalent positions** - The Secretary of State is authorized 28 FTE positions, the same as the 2009-11 biennium. The Secretary of State did not request any additional FTE positions for the 2011-13 biennium.

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2002, the Legislative Assembly identified \$3,543,039 from the general fund, of which \$3.5 million relates to continuing the Secretary of State's mainframe migration computer project (also known as the database and processing platform migration project) and \$43,039 is for an online public meeting system, as one-time funding for the 2011-13 biennium.

**Mainframe migration computer project** - The Legislative Assembly provided one-time funding of \$3.5 million from the general fund to the Secretary of State for the agency's mainframe migration computer project.

In addition, the Legislative Assembly in Section 4 of 2011 Senate Bill No. 2002 provided that any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2011, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any

**Status/Result**

The Secretary of State has experienced significant increases in the number of business registrations and contractor license applications. In September 2011 the Secretary of State received Emergency Commission approval to transfer \$175,000 from the operating expenses line item to the salaries and wages line item to allow the Secretary of State to hire temporary employees rather than contracting with private staffing firms. The temporary staff is assisting in meeting the increased demand for agency services and allowing permanent staff to assist in the agency's technology project. In addition, the Secretary of State may request a deficiency appropriation from the Legislative Assembly in 2013 of approximately \$150,000 from the general fund to provide additional funding for overtime and temporary salary costs incurred as a result of the increased workload. In April 2012 the Secretary of State reduced the number of hours the agency is open to the public each week to provide staff uninterrupted time to process registrations and applications.

The following is a summary of the status of the Secretary of State's one-time funding:

Mainframe migration computer project	See the <b>Mainframe migration computer project</b> section below
Online public meeting system	The Secretary of State is working with the Information Technology Department (ITD) to implement a system similar to a system currently in use in Utah.

General services operating funds in excess of \$75,000 at the end of the 2009-11 biennium totaled \$27,526. These funds became available for the mainframe migration computer project during the 2011-13 biennium. In addition, the Secretary of State received approval, pursuant to Section 54-44.1-11, to continue \$78,000 of the agency's remaining 2009-11 biennium general fund appropriation relating to the mainframe migration computer project during the 2011-13 biennium. These funds combined with \$3.5 million of one-time funding



unexpended funds are available and may be expended by the Secretary of State during the 2011-13 biennium for the mainframe migration computer project. Section 54-09-08 requires the Secretary of State transfer all unobligated funds over \$75,000 remaining in the general services operating fund at the close of each biennium to the general fund.

Section 3 of 2011 Senate Bill No. 2002 provides the one-time funding of \$3.5 million from the general fund for the mainframe migration computer project may not be used for any other purpose and the appropriation authority must be canceled on June 30, 2013.

from the general fund provide a total of \$3,605,526 for the mainframe migration computer project, of which \$3,578,000 is from the general fund.

The Secretary of State is working with ITD on the mainframe migration computer project. The Secretary of State anticipates the \$3,605,526 of current funding available to be sufficient to complete the project; however, the Legislative Assembly may need to address the need to carry over funds for the project into the 2013-15 biennium as the project is anticipated to be completed in April 2014.

**Office of Management and Budget  
Budget 110  
Senate Bill Nos. 2015, 2271, 2275**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	131.50	\$32,892,699 <sup>1</sup>	\$10,514,461	\$43,407,160
2009-11 legislative appropriation	132.50	32,197,196	9,569,448	41,766,644
2011-13 appropriation increase (decrease) to 2009-11 appropriation	(1.00)	\$695,503	\$945,013	\$1,640,516

<sup>1</sup>This amount includes \$3,654,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$29,238,699.

**Item Description**

**State memberships** - The Legislative Assembly provided \$611,000 from the general fund for state dues and memberships as follows:

	<b>General Fund</b>
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$151,000
Council of State Governments	182,000
Governmental Accounting Standards Board	6,000
Western Governors Association	74,300
National Governors Association	81,500
National Lieutenant Governors Association	1,200
Education Commission of the States	115,000
Total dues and memberships	\$611,000

**Capital improvements** - The Legislative Assembly provided \$5,278,000 from the general fund and \$2.6 million from the Capitol building fund for the following extraordinary repairs:

	<b>General Fund</b>	<b>Capitol Building Fund</b>	<b>Total</b>
Capitol Café and hallway remodel		\$700,000	\$700,000
Exterior repairs to Capitol	\$2,800,000		2,800,000
Legislative wing brass and wood restoration		1,000,000	1,000,000
Capitol south entrance remodeling		900,000	900,000
Capitol grounds electrical system repairs	200,000		200,000
Capitol elevator panel replacement	38,000		38,000
Improvements to the Liberty Memorial Building	650,000		650,000
Capitol mechanical repairs	390,000		390,000
Capitol grounds parking lot repairs	1,200,000		1,200,000
Total	\$5,278,000	\$2,600,000	\$7,878,000

**Status/Result**

The state membership amounts are not anticipated to be materially different than projected at the close of the 2011 regular legislative session.

The status of the projects is:

- Capitol Café and hallway remodel - The hallway remodel project will begin during the summer of 2012 and is anticipated to be complete in November 2012. The Capitol Café project will begin in the spring of 2013.
- Exterior repairs to Capitol - The repairs will begin during the 2012 construction season and are anticipated to be complete by the end of 2012.
- Legislative wing brass and wood restoration - The project began in March 2012 and is anticipated to be complete by August 2012.
- Capitol south entrance remodeling - The project is anticipated to begin during the spring of 2013 and is estimated to be complete by the fall of 2013.
- Capitol grounds parking lot repairs - The repairs will begin during the 2012 construction season and are anticipated to be complete by the end of 2012.
- Capitol grounds electrical system repairs, Capitol elevator panel replacement, improvements to the Liberty Memorial Building, Capitol mechanical repairs - The Office of Management and Budget (OMB) anticipates all funding for these repair projects will be used during the 2011-13 biennium.

**Special fund transfers to the general fund** - The Legislative Assembly provided for the following special fund transfers to the general fund:

Strategic investment and improvements fund (Section 4 of 2011 SB 2015)	\$305,000,000
Property tax relief sustainability fund (Section 14 of 2011 HB 1047)	295,000,000
<b>Total</b>	<b>\$600,000,000</b>

**Transfers from the general fund** - The Legislative Assembly provided for the following transfers from the general fund to special funds:

Public transportation fund (Section 3 of 2011 SB 2015)	\$100,000
State highway fund (Section 7 of 2011 HB 1012)	370,600,000
Game and fish fund (Section 3 of 2011 SB 2017)	300,000
Rebuilders loan fund contingent transfer (Section 8 of 2011 SB 2371)	20,000,000
State disaster relief fund (Section 17 of 2011 SB 2371)	48,700,000
Oil and gas impact grant fund contingent transfer (Section 23 of 2011 SB 2371)	30,000,000
Oil and gas impact grant fund contingent transfer (Section 25 of 2011 SB 2371)	5,000,000
<b>Total</b>	<b>\$474,700,000</b>

**Mill and Elevator Association transfers** - The Legislative Assembly in 2009 enacted North Dakota Century Code Section 54-18-19 requiring the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs.

**One-time funding** - Section 2 of 2011 Senate Bill No. 2015 identifies \$3.65 million of one-time funding from the general fund for OMB. Of this amount, \$2.8 million is for exterior repairs to the Capitol, \$800,000 is for Capitol complex parking lot repairs, and \$50,000 for a temporary position and operating costs to assist in planning for the state's 125<sup>th</sup> anniversary. Senate Bill No. 2271 (2011) also contained one-time funding of \$4,000 from the general fund to OMB for a grant to assist in establishing the State Board of Integrative Health.

The status of the transfers as of April 2012 is:

- Strategic investment and improvements fund - The transfer is anticipated to be made near the end of the 2011-13 biennium.
- Property tax relief sustainability fund - The transfer was made in July 2011.

The status of the transfers as of April 2012 is:

- Public transportation fund - The transfer was made in August 2011.
- State highway fund - The transfer was made in August 2011.
- Game and fish fund - The transfer was made in April 2012.
- Rebuilders loan fund - No transfer has been made. The transfer is contingent upon the Bank of North Dakota obligating \$30 million which was previously deposited in the rebuilders loan fund for the rebuilders loan program. Through March 2012, the Bank of North Dakota had obligated \$25 million.
- State disaster relief fund - The transfer has not been made.
- Oil and gas impact grant fund contingent transfer for additional oil and gas impact grants (\$30 million) - The transfer was contingent upon oil and gas tax revenue collections exceeding estimates by \$48 million between July 1, 2011, and February 29, 2012. The contingent criteria was met, and OMB made the transfer in April 2012.
- Oil and gas impact grant fund contingent transfer for new oil-producing counties (\$5 million) - The transfer is contingent upon a county that produced fewer than 100,000 barrels of oil in November 2011 having more than four active oil rigs operating in the county in any one month after November 2011. Through March 2012, no county has met the contingent distribution criteria.

The Mill and Elevator anticipates transfers of \$3,325,000 will be made in June 2012 and June 2013. These are the same amounts as originally estimated during the 2011 regular legislative session.

See the **Capital improvements** section above for information regarding exterior repairs to the Capitol and the Capitol complex parking lot repairs. The Office of Management and Budget has not started the planning for the state's 125<sup>th</sup> anniversary or provided the grant funding to the State Board of Integrative Health.

**Budget stabilization fund** - The Legislative Assembly amended Chapter 54-27.2 to provide that any amount in the general fund at the end of the 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 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly.

**State agency reports on federal grants** - Section 29 of 2011 Senate Bill No. 2015 enacted Section 54-27-27 to implement certain reporting requirements for state agencies submitting applications for federal grants.

**Classified state employee compensation system** - Section 9 of 2011 Senate Bill No. 2015 requires OMB to set an external competitiveness target for the classified state employee compensation system based on funding provided by the Legislative Assembly for 2011-13 biennium classified state employee compensation. The Office of Management and Budget is to develop guidelines for use by state agencies for providing compensation adjustments to classified state employees in accordance with the compensation philosophy statement and compensation system initiative included in 2011 House Bill No. 1031 and the external competitiveness target.

**State contingencies fund** - The Legislative Assembly provided \$700,000 from the general fund for the state contingencies fund for the 2011-13 biennium.

At the end of the 2009-11 biennium, OMB transferred \$61,414,562 from the general fund to the budget stabilization fund resulting in a fund balance of \$386,351,110. This is the same amount as originally estimated during the 2011 regular legislative session.

Due to the increase in general fund appropriations for the 2011-13 biennium approved by the Legislative Assembly during its November 2011 special session, the maximum balance allowed in the budget stabilization fund is now based on 2011-13 biennium general fund appropriations of \$4,236,686,460 resulting in a maximum balance allowed in the fund of \$402,485,214. Therefore, interest earned by the fund will be retained in the fund until the maximum balance is reached.

The Office of Management and Budget has developed a program for state agencies to report information regarding federal grants the agencies have applied for. The Office of Management and Budget provided reports to the Budget Section in September 2011, December 2011, and March 2012 regarding federal grants applied for by state agencies as required under Section 54-27-27.

The Office of Management and Budget has developed new grade structures and salary ranges which will be implemented on July 1, 2012. The Office of Management and Budget has directed applicable agencies to adjust employee salary levels to be at least at the minimum of the new salary ranges. Agencies may request exemptions from the minimum salary requirement if an agency is unable to reallocate enough funding for the salary adjustments. Human Resource Management Services estimates that 734 employees will be below their minimum salary range on July 1, 2012. Including benefits, the estimated cost to increase the compensation of these employees to the new minimum levels is \$1,893,292 for the second year of the 2011-13 biennium.

Through May 2012, the Emergency Commission has approved one request for funding for \$80,000 from the state contingencies fund. The funding was provided to the Attorney General for expenses related to the multistate arbitration hearings concerning funds due the state from the Master Settlement Agreement with tobacco companies.

**Information Technology Department  
Budget 112  
House Bill Nos. 1021, 1475; Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	336.30	\$19,252,204 <sup>1</sup>	\$164,422,760	\$183,674,964
2009-11 legislative appropriation	<u>328.20</u>	<u>19,170,785</u>	<u>210,371,054</u>	<u>229,541,839</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	8.10	\$81,419	(\$45,948,294)	(\$45,866,875)

<sup>1</sup>This amount includes \$1,957,624 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$17,294,580.

**Item Description**

**One-time funding** - The Legislative Assembly identified \$9,957,624 of one-time funding for the 2011-13 biennium, including \$1,957,624 from the general fund and \$8 million of special funds. The funding of \$1,957,624 from the general fund is for Criminal Justice Information Sharing Initiative projects (\$200,000) and the Statewide Longitudinal Data System Initiative (\$1,757,624). The funding of \$8 million from special funds is federal fiscal stimulus funding for health information technology initiatives (\$5.1 million) and continuation of the broadband mapping project (\$2.9 million). This funding is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Information Technology Department is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**FTE position changes** - The Legislative Assembly authorized the Information Technology Department a total of 336.10 FTE positions, an increase of 8.10 FTE positions from the 2009-11 authorized level of 328.20 FTE positions. The increase in the total number of FTE positions authorized consists of 18 new FTE positions and the removal of 9.90 FTE positions.

**Status/Result**

The following is a summary of the status of the Information Technology Department's one-time funding:

Criminal Justice Information Sharing Initiative projects	See the <b>Criminal Justice Information Sharing Initiative</b> section below
Statewide Longitudinal Data System Initiative projects	See the <b>Statewide Longitudinal Data System Initiative</b> section below
Health information technology initiatives	See the <b>Health information technology</b> section below
Broadband mapping project	The department received a grant from the United States Department of Commerce National Telecommunications and Information Administration to develop and maintain a comprehensive, interactive, and searchable inventory map of existing broadband service connectivity available in the state. The department completed the project with assistance from the vendor Tetra Tech. The department is working with broadband providers to submit map updates to the federal government twice per year.

As of April 2012, the Information Technology Department has filled 10 of the 18 new FTE positions authorized for the 2011-13 biennium. The following is a summary of the areas in which new FTE positions were authorized and the number of positions filled:

	<b>Number of Positions Authorized</b>	<b>Number of Positions Filled</b>
EduTech, including statewide deployment of the PowerSchool application	2.00	2.00
Statewide Longitudinal Data System Initiative	3.00	2.00
Health Information Technology	3.00	3.00

Information Technology Department operations (Department of Human Services' eligibility system replacement project)	10.00	3.00
Total	18.00	10.00

**Criminal Justice Information Sharing Initiative** - The Legislative Assembly provided funding of \$2,981,394, of which \$2,051,394 is from the general fund and \$930,000 is from special funds, for the Criminal Justice Information Sharing Initiative. Of the \$2,051,394 from the general fund, \$1,851,394 is ongoing funding for the initiative for the 2011-13 biennium, and \$200,000 is one-time funding for criminal justice sharing projects for the 2011-13 biennium.

The mission of the Criminal Justice Information Sharing Initiative is to provide complete, accurate, and timely information to the right criminal justice officers at the right time. North Dakota Century Code Section 54-59-21 establishes a Criminal Justice Information Sharing Board responsible for setting policy and adopting rules regarding the access to and the collection, storage, and sharing of criminal justice information and the systems necessary to perform those functions.

The initiative includes a hub portal, a records management system for state's attorneys, a records management system for local law enforcement, and the statewide automated victim information and notification (SAVIN) system. The hub portal is a secure, web-based, "one-stop shop" tool for the statewide sharing of offender and other criminal justice information. There are 1,850 registered users for the hub portal accessing multiple criminal justice agency databases, including Attorney General, Department of Corrections and Rehabilitation, Game and Fish Department, Highway Patrol, Department of Transportation, judicial branch, and local law enforcement records. There are 20 entities using the records management software for state's attorneys--Justware Prosecutor--for a fee of \$50 per user per month. There are 47 entities using the records management software for law enforcement--NetRMS--for a fee of \$25 per full-time officer per month. The Information Technology Department estimates collecting \$180,000 in special funds during the 2011-13 biennium from these fees. The SAVIN system allows victims to register to receive important offender status notifications.

The department is using the one-time funding of \$200,000 provided for the initiative for the 2011-13 biennium for the SAVIN system (\$16,458), a common statute code table (\$97,450), federal search enhancements (\$45,000), and portal enhancements (\$41,092).

**Statewide Longitudinal Data System Initiative** - The Legislative Assembly provided funding of \$3,626,867 from the general fund for the Statewide Longitudinal Data System Initiative. Of the \$3,626,867, \$1,869,243 is ongoing funding for the initiative for the 2011-13 biennium, and \$1,757,624 is one-time funding for the initiative for the 2011-13 biennium.

Section 15.1-02-18 establishes a Statewide Longitudinal Data System Committee responsible for the management of a longitudinal data system that provides for the dissemination of management information to stakeholders and partners of state education, training, and employment systems and uses data from educational and workforce systems as central sources of longitudinal data.

The following is a summary of efforts currently underway regarding the Statewide Longitudinal Data System Initiative:

- The Department of Public Instruction has been awarded approximately \$5 million of federal funds for implementing an elementary and secondary education longitudinal data system. This system will provide information to the statewide longitudinal data system. The department has selected a

**EduTech funding** - The Legislative Assembly provided funding of \$7,926,447, of which \$3,044,096 is from the general fund and \$4,882,351 is from special funds, for EduTech.

**Health information technology** - The Legislative Assembly provided funding of \$13,959,238, of which \$362,972 is from the general fund and \$13,596,266 is from special funds, for the Health Information Technology Office and health information technology activities.

**Line item transfers** - Section 3 of 2011 House Bill No. 1021 authorizes the Office of Management and Budget to make transfers of funds between the salaries and wages, operating expenses, and capital assets line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of information technology projects.

- project vendor and is currently in the implementation phase of the project.
- Job Service North Dakota has been awarded approximately \$1 million of federal funds for a Workforce Data Quality Initiative, which is the agency's component of the statewide longitudinal data system. The agency has selected a project vendor and is currently in the planning phase of the project.
- The North Dakota University System has implemented a data warehouse for its campus solutions application and has applied for a federal grant to develop automated data extracts to the statewide longitudinal data system.

EduTech staff is in the process of implementing the PowerSchool application in all kindergarten through grade 12 schools. As of April 2012, the application has been implemented at 160 school districts. There are approximately 17 school districts remaining. The implemented school districts represent 91,324 students, approximately 96 percent of the state's public school student population.

The Information Technology Department has received a \$5,343,733 grant from the Office of the National Coordinator for Health Information Technology for implementing a statewide health information technology and exchange network. The grant is for four years and will be used for planning activities (10 percent), intrastate implementation (55 percent), and interstate implementation (35 percent). The grant's matching requirements are:

Year 1	\$0 of state funds for each federal dollar
Year 2	\$1 of state funds for each \$10 of federal dollars
Year 3	\$1 of state funds for each \$7 of federal dollars
Year 4	\$1 of state funds for each \$3 of federal dollars

The department issued a request for proposal for a statewide health information technology and exchange network and awarded a contract to Optum Health Information Exchange. The project will be completed in three phases. The statewide health information technology and exchange network will be funded equally between state government, health care payers, and health care providers. Participation fees for health care payers and providers will be set by the Health Information Technology Advisory Committee and are anticipated to begin in fiscal year 2014.

The Chief Information Officer does not anticipate requesting any transfers of funds between the salaries and wages, operating expenses, and capital assets line items relating to the development and implementation of information technology projects.

**State Auditor  
Budget 117  
Senate Bill No. 2004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	50.80	\$7,143,808	\$2,427,522	\$9,571,330
2009-11 legislative appropriation	<u>51.80</u>	<u>6,762,229</u>	<u>2,312,802</u>	<u>9,075,031</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	(1.00)	\$381,579	\$114,720	\$496,299

**Item Description**

**Performance review** - Section 3 of 2011 Senate Bill No. 2004 appropriates \$100,000 from the general fund to the Legislative Council and provides that the Legislative Management may contract with a national private accounting firm for a performance review of the State Auditor's office, including quality controls, procedures, technical applications, professionalism, customer feedback, efficiency, staffing review, and reporting.

**Status/Result**

The Legislative Management did not elect to contract for a performance review of the State Auditor's office.



**State Treasurer**  
**Budget 120**  
**Senate Bill Nos. 2005, 2371; House Bill No. 1012**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	7.00	\$49,705,390 <sup>1</sup>	\$0	\$49,705,390
2009-11 legislative appropriation	7.00	37,238,985 <sup>2</sup>	0	37,238,985
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$12,466,405	\$0	\$12,466,405

<sup>1</sup>This amount includes \$48,266,588 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,438,802.

<sup>2</sup>This amount reflects a \$35 million general fund appropriation approved by the Legislative Assembly in 2011 for supplemental transportation funding distributions to non-oil-producing counties, cities, and townships for the 2009-11 biennium.

**Item Description**

**Position reclassifications** - The Legislative Assembly provided \$24,000 from the general fund for position reclassifications for two accounting positions in the 2011-13 biennium.

**One-time funding - Information technology costs** - In Section 2 of 2011 Senate Bill No. 2005, the Legislative Assembly identified \$266,588 of one-time funding from the general fund for the 2011-13 biennium for information technology development costs. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the State Treasurer is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**One-time funding - Transportation funding** - In Section 6 of 2011 House Bill No. 1012, the Legislative Assembly identified \$25 million of one-time funding from the general fund for the 2011-13 biennium for supplemental transportation funding distributions for counties, cities, and townships in non-oil-producing areas.

In Section 27 of 2011 Senate Bill No. 2371, the Legislative Assembly identified \$23 million of contingent one-time funding for transportation funding distributions to non-oil-producing counties, cities, and townships. Funding is contingent on oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceeding oil and gas tax revenue collection forecasts for that period by at least \$48 million (Senate Bill No. 2371). The State Treasurer must distribute \$6.8 million to non-oil-producing counties and cities pursuant to subsection 4 of North Dakota Century Code Section 54-27-19, \$1.7 million to counties and townships in non-oil-producing counties pursuant to Section 54-27-19.1, and \$14.5 million to counties and townships in non-oil-producing counties through a distribution of \$10,000 to each organized township and a distribution of \$10,000 for each unorganized township to the county in which the unorganized township is located.

**Status/Result**

The State Treasurer's office reclassified an account budget specialist II position to an account budget specialist III position in November 2011. The agency anticipates reclassifying an account budget specialist I position, which is currently vacant, after the position has been filled.

As of April 15, 2012, the State Treasurer's office has expended \$64,269 of the amount available for information technology costs. The agency anticipates spending the remaining \$202,319 throughout the remainder of the biennium.

On March 1, 2012, the Tax Department certified that total oil and gas tax revenues collected during the period July 1, 2011, through February 29, 2012, exceeded the legislative forecast for that period by more than \$48 million.

The State Treasurer's office distributed a total of \$48 million to counties, cities, and townships in non-oil-producing counties on March 30, 2012.

These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the State Treasurer is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Warrants and checks outstanding** - House Bill No. 1088 (2011) amended Section 54-11-01 to provide that the State Treasurer report to the Budget Section within 90 days of the beginning of each fiscal year of all warrants and checks outstanding for more than 90 days and less than three years. The bill also limits adjustments from the general fund made by the State Treasurer to underpayments, overpayments, or erroneous payments of tax distributions to \$100 per biennium, unless approved by the Emergency Commission.

**State aid distribution withholding - Soil survey data** - Section 57-02-27.2 requires the State Treasurer to withhold 5 percent of a county's allocation each quarter from the state aid distribution fund beginning with the first quarter of 2013 for any county that has not implemented the use of soil type and soil classification data from detailed or general soil surveys in assessing agricultural property. Allocations withheld from counties are to be deposited in the agricultural land valuation fund.

At the Budget Section meeting on September 15, 2011, the State Treasurer reported a total of \$3.1 million in outstanding checks for fiscal years 2009, 2010, and 2011. The State Treasurer provided a list of outstanding checks to the Unclaimed Property Division of the Department of Trust Lands totaling \$434,749.

As of April 2012, the Tax Department estimates 31 counties have not implemented the use of soil type and soil classification data. The State Treasurer's office has submitted a request to the Information Technology Department for an estimate on the cost of computer programming necessary to withhold the allocation, transfer the withholdings to the agricultural land valuation fund, redistribute funds to counties upon compliance, and provide reports.

**Attorney General  
Budget 125  
Senate Bill No. 2003; House Bill No. 1269**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	204.00	\$31,542,245 <sup>1</sup>	\$27,427,177	\$58,969,422
2009-11 legislative appropriation	<u>202.50</u>	<u>28,960,432</u>	<u>25,201,409</u>	<u>54,161,841</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.50	\$2,581,813	\$2,225,768	\$4,807,581

<sup>1</sup>This amount includes \$312,400 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$31,229,845.

**Item Description**

**FTE changes** - The 2011-13 biennium appropriation includes funding for 204 FTE positions, an increase of 1.5 FTE positions from the executive recommendation and the 2009-11 biennium authorized level of 202.5 FTE positions. The Legislative Assembly added 1.5 FTE positions for implementation of 2011 House Bill No. 1269 which relates to individuals with mental disability and their right to possess firearms. The FTE positions must be removed when grant funding is no longer available.

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2003, the Legislative Assembly identified \$312,400 of one-time funding from the general fund for the 2011-13 biennium for crime lab equipment and Bureau of Criminal Investigation vehicles. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Attorney General is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Federal fiscal stimulus funding** - In Section 1 of 2011 Senate Bill No. 2003, the Legislative Assembly appropriated \$2,355,708 of federal fiscal stimulus funds from the American Recovery and Reinvestment Act of 2009 to the Attorney General for 7 FTE positions for the 2011-13 biennium for the justice assistance grant program (\$1,702,160 and 4 FTE positions), Internet crimes against children grant program (\$192,547 and 1 FTE position), Rural Law Enforcement Assistance Act funding (\$413,326 and 2 FTE positions), and compensation adjustments for the 7 FTE positions (\$47,675).

In Section 11 of Senate Bill No. 2003, the Legislative Assembly provided legislative intent that the Attorney General's base budget for the 2013-15 biennium not include funding or FTE positions for employees paid for with federal fiscal stimulus funds during the 2011-13 biennium. The Attorney General may request funding for these positions as optional requests in the agency's budget request for the 2013-15 biennium.

**Status/Result**

The Attorney General's office received federal funding totaling \$205,973 from the National Instant Check System Act record improvement program and has hired 1.5 FTE positions to administer the provisions of the Act relating to individuals with mental disability and their right to possess firearms.

The Attorney General's office anticipates spending \$30,400 for crime lab equipment and \$282,000 for undercover vehicles based on the normal replacement schedule during the 2011-13 biennium.

The Attorney General's office has spent \$573,400 of federal fiscal stimulus funding through March 31, 2012, including \$346,100 for the Edward J. Byrne Memorial Justice Assistance Grant, \$147,100 for the Internet crimes against children grant, and \$80,200 for the Rural Law Enforcement Assistance Act. All federal fiscal stimulus funding will expire prior to the 2013-15 biennium. The Attorney General's office will be requesting funding for these positions as optional requests in the agency's budget request for the 2013-15 biennium.

**24/7 sobriety program** - The Legislative Assembly in 2007 authorized the Attorney General to establish a sobriety program pilot program during the 2007-09 biennium. The pilot program began on January 1, 2008. The Legislative Assembly, in 2009 House Bill No. 1306, authorized the Attorney General to establish a statewide 24/7 sobriety program, established guidelines and program fees, and created and provided a continuing appropriation to the Attorney General from the 24/7 sobriety program fund. The goal of the program is to remove intoxicated drivers from the road and improve their ability to succeed in treatment.

**Domestic violence fatality review commission** - Senate Bill No. 2247 (2011) provides that the Attorney General may create a domestic violence fatality review commission to review domestic violence deaths that have occurred in the state.

**Forensic staff salary increases** - The Legislative Assembly provided \$125,000 from the general fund for salary increases for forensic staff upon certification.

From January 1, 2008, through March 15, 2012, the program has had 2,923 participants, of which 1,984 graduated from the program, 451 failed the program, 161 reoffended, and 327 were still active in the program. During this same period, 211,582 breath tests were scheduled, of which 204,065 passed, 1,174 failed, 4,535 were excused absences, and 1,808 were unexcused absences. From February 19, 2009, through March 4, 2012, 659 individuals were monitored by a secure continuous remote alcohol monitor (SCRAM) device for a total of 55,805 monitored days.

Pursuant to North Dakota Century Code Section 14-07.1-20, the Attorney General's office created a domestic violence fatality review commission in August 2011. The commission consists of 11 members from the Attorney General's office, law enforcement, medical and mental health professionals, state agencies, and local civic agencies involved with crime victims and domestic violence protection.

As of April 2012, no forensic staff have received certification. The agency anticipates some certifications to be completed in the second year of the 2011-13 biennium.

**State Tax Commissioner  
Budget 127  
Senate Bill No. 2006**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	134.00	\$39,238,449 <sup>1</sup>	\$10,000	\$39,248,449
2009-11 legislative appropriation	133.00	46,326,586	196,000	46,522,586
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	(\$7,088,137)	(\$186,000)	(\$7,274,137)

<sup>1</sup>This amount includes \$1 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$38,238,449.

**Item Description**

**FTE changes - Contingent funding** - The Legislative Assembly authorized the Tax Commissioner to reclassify 1 FTE project manager position to a compliance officer II position. The Legislative Assembly also added funding for one contingent FTE compliance officer II position, upon Emergency Commission approval, for the purpose of performing additional compliance projects. The Emergency Commission may approve the use of these funds and the additional FTE position only if the Tax Department certifies that compliance projects conducted by the new compliance officer authorized by the Legislative Assembly in 2011 have resulted in the collection of at least \$500,000, during the nine-month period beginning on the date the new compliance officer position is filled.

**One-time funding** - The Legislative Assembly identified \$1 million of one-time funding from the general fund for the 2011-13 biennium for GenTax computer system upgrades. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Tax Commissioner is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Grant to North Dakota State University (NDSU)** - Section 5 of 2011 Senate Bill No. 2006 provides an exemption from North Dakota Century Code Section 54-44.1-11 of up to \$50,000 of the Tax Commissioner's unspent general fund authority for the 2009-11 biennium. The funds may be distributed by the Tax Commissioner as a grant to NDSU Department of Agribusiness and Applied Economics for the purpose of converting the software of the core model used for the preparation of agricultural land valuations as required under Section 57-02-27.2 during the 2011-13 biennium.

**Status/Result**

The Tax Department reclassified 1 FTE project manager position to a compliance officer II FTE position and filled the compliance officer II position in October 2011.

The Tax Department anticipates meeting the \$500,000 collection level from compliance projects conducted by the new compliance officer by June 2012 and will seek Emergency Commission approval for the contingent compliance officer II position.

The Tax Department anticipates completing the GenTax computer system upgrades by June 2012 within the \$1 million of funding provided.

As of April 2012, The Tax Department has spent \$4,948 of the \$50,000 for a grant to NDSU Department of Agribusiness and Applied Economics for conversion of the core model software. North Dakota State University has estimated the conversion to cost \$48,978.

**Homestead tax credit program and disabled veteran property tax credit program** - The homestead tax credit program provides tax credits to certain homeowners who are 65 years of age or older or who are certified as permanently and totally disabled regardless of age. Renters who are 65 years of age or older or who are certified as permanently and totally disabled regardless of age may qualify for a rent refund. The disabled veteran property tax credit program provides tax credits to disabled veterans with an armed forces service-connected disability of 50 percent or greater.

House Bill No. 1217 (2011) includes the following provisions to expand the disabled veteran property tax credit program:

- Include disabled veterans who have an extraschedular rating to include individual unemployability that brings the veteran's total disability to 100 percent as determined by the Department of Veterans' Affairs.
- Extend the property exemption for unremarried surviving spouses who receive Department of Veterans' Affairs dependency and indemnity compensation to 100 percent of the first \$5,400 in taxable valuation. (The exemption was previously based on the disabled veteran's percentage of disability.)
- Replace \$120,000 of true and full property value with \$5,400 of taxable valuation for determining tax credit.

Senate Bill No. 2006 (2011) includes an appropriation of \$8.793 million from the general fund for expenditures relating to the homestead tax credit program.

Senate Bill No. 2006 (2011) includes an appropriation of \$4.244 million from the general fund for expenditures relating to the disabled veteran property tax credit program. Provisions of 2011 House Bill No. 1217 are anticipated to require an additional \$215,000 of funding for the program for a total of \$4.459 million relating to the disabled veteran property tax credit program for the 2011-13 biennium. The additional \$215,000 was not appropriated.

The schedules below present the number of eligible homeowners, renters, disabled veterans, and the payments made in recent years:

Year	Number Eligible for Program			
	Homeowners	Renters	Disabled Veterans <sup>1</sup>	Total
2002	4,341	1,329		5,670
2003	4,060	1,288		5,348
2004	3,923	1,335		5,258
2005	3,817	1,322		5,139
2006	3,516	1,273		4,789
2007	3,677	1,305		4,982
2008	3,466	1,998		5,464
2009	3,715	2,051		5,766
2010	3,977	2,400	1,513	7,890
2011	4,451	2,367	1,764	8,582

<sup>1</sup> Prior to 2009 disabled veterans were given a property tax exemption resulting in a revenue loss to the local governments which was not reimbursed by the state.

Year	Payments Made Under Program			
	Homeowners	Renters	Disabled Veterans <sup>1</sup>	Total
2002	\$1,768,001	\$173,754		\$1,941,755
2003	\$1,676,737	\$172,224		\$1,848,961
2004	\$1,659,707	\$185,807		\$1,845,514
2005	\$1,655,555	\$186,896		\$1,842,451
2006	\$2,025,060	\$182,947		\$2,208,007
2007	\$2,008,310	\$188,418		\$2,196,728
2008	\$2,342,186	\$287,682		\$2,629,868
2009	\$2,396,968	\$302,632		\$2,699,600
2010	\$2,912,719	\$550,955	\$1,627,763	\$5,091,437
2011	\$3,375,376	\$584,610	\$1,961,238	\$5,921,224

<sup>1</sup> Prior to 2009 disabled veterans were given a property tax exemption resulting in a revenue loss to the local governments which was not reimbursed by the state.

### **Individual and corporate income tax relief**

**House Bill No. 1047 (2011)** amends the corporate and individual income tax rates. Corporate income tax rates are reduced by 19.5 percent and individual income tax rates by 17.9 percent. The reduced income tax rate provisions of House Bill No. 1047 are estimated to reduce individual income tax collections by \$120 million and corporate income tax collections by \$25 million during the 2011-13 biennium.

**Senate Bill No. 2210 (2011)** provides tax credits for contributions to a housing incentive fund. The tax credits are anticipated to reduce individual income tax collections by \$1.33 million and corporate income tax collections by \$1.33 million during the 2011-13 biennium. The November 2011 special legislative session increased the tax credit available to financial institutions, corporations, and individuals for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and increased the maximum allowable credits from \$4 million per biennium to \$15 million for the 2011-13 biennium only. This results in an estimated general fund revenue reduction of \$11 million for the 2011-13 biennium.

**Senate Bill No. 2218 (2011)** raises the maximum aggregate amount of income tax credits available for renaissance zone investments from \$7.5 million to \$8.5 million. This bill is anticipated to reduce income tax collections by a maximum of \$1 million during the 2011-13 biennium.

**Change in federal tax law (2011)** in December 2010 allows businesses to deduct from their federal gross income tax the entire cost of capital investments in machinery and equipment rather than depreciating the cost over several years for purchases made between September 8, 2010, and December 31, 2011. For purchases in calendar year 2012, businesses can deduct 50 percent of the cost of capital investments and then apply regular depreciation schedules to the remaining values of the capital investment. This change in federal tax law is anticipated to reduce state corporate income tax collections by \$46 million during the 2011-13 biennium.

At the time of this report, information was not available from the Tax Department on the total anticipated reduction in general fund revenue from the amended income tax rates.

At the time of this report, information was not available from the Tax Department on the total anticipated reduction in general fund revenue from contributions to a housing incentive fund. As of March 15, 2012, the Housing Finance Agency has received contributions to the fund totaling \$6.4 million.

At the time of this report, information was not available from the Tax Department on the total anticipated reduction in general fund revenue from the increase in the maximum aggregate amount of income tax credits available for renaissance zone investments.

At the time of this report, information was not available from the Tax Department on the total anticipated reduction in general fund revenue from the deduction of capital investment costs.

Office of Administrative Hearings  
Budget 140  
House Bill No. 1017

	FTE Positions	General Fund	Other Funds	Total
2011-13 legislative appropriation	5.00	\$0	\$1,827,199	\$1,827,199
2009-11 legislative appropriation	5.00	0	1,498,712	1,498,712
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0	\$0	\$328,487	\$328,487

**Item Description**

**Workforce Safety and Insurance hearings** - The Legislative Assembly in 2009 House Bill No. 1464 provided that Workforce Safety and Insurance use the Office of Administrative Hearings to conduct adjudicative proceedings. The Legislative Assembly in 2011 added special funds of \$239,300 for additional professional services to accommodate an anticipated increase in the hearing caseload relating to Workforce Safety and Insurance.

**Relocation** - The Legislative Assembly provided special funds of \$17,600 for additional rent due to the agency's plan to relocate from the Land Department building to another location at the end of the 2009-11 biennium.

**Status/Result**

The return of Workforce Safety and Insurance hearings to the Office of Administrative Hearings, increased caseloads from the Department of Human Services relating to child abuse and neglect cases, and the Public Service Commission relating to siting have resulted in the need for additional contract administrative law judges (ALJs). The Office of Administrative Hearings currently uses nine ALJs, an increase from seven during the 2009-11 biennium. The agency anticipates caseloads will continue to increase resulting in the need to increase staff in the 2013-15 biennium.

The Office of Administrative Hearings has relocated to a bank building in north Bismarck.



**Legislative Assembly  
Budget 150  
House Bill No. 1001**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	0.00	\$14,267,917 <sup>1</sup>	\$0	\$14,267,917
2009-11 legislative appropriation	<u>0.00</u>	<u>16,014,554</u>	<u>0</u>	<u>16,014,554</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$1,746,637)	\$0	(\$1,746,637)

<sup>1</sup>This amount includes \$2,242,706 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$12,025,211.

**Item Description**

**One-time funding** - The Legislative Assembly identified a total of \$2,242,706 from the general fund of one-time funding items, of which \$510,750 is for computer equipment replacement, \$500,000 is for committee room renovations and improvements, \$800,000 is for voting system upgrades, \$272,018 is for a redistricting special session, and \$159,938 is for information technology projects.

**Status/Result**

The following is a summary of the status of the Legislative Assembly's one-time funding:

Computer equipment replacement	As of March 31, 2012, the Legislative Assembly has spent \$409,087 of the computer equipment replacement funding.
Committee room renovations and improvements	As of March 31, 2012, the Legislative Assembly has spent \$98,043 of the committee room renovations and improvements funding.
Voting system upgrades	The Legislative Assembly is in the process of updating both the House of Representatives and Senate voting systems through a contract with International Roll Call. The project is estimated to cost \$935,110.
Redistricting special session	Expenses for the five-legislative-day special legislative session in November 2011 totaled \$228,312.
Information technology projects	As of March 31, 2012, the Legislative Assembly has spent \$44,581 of the information technology projects funding.

**Legislative Council  
Budget 160  
House Bill No. 1001; Senate Bill No. 2004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	34.00	\$11,561,158 <sup>1</sup>	\$70,000	\$11,631,158
2009-11 legislative appropriation	<u>34.00</u>	<u>10,439,503</u>	<u>70,000</u>	<u>10,509,503</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$1,121,655	\$0	\$1,121,655

<sup>1</sup>This amount includes \$734,807 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$10,826,351.

**Item Description**

**One-time funding** - In 2011 House Bill No. 1001, the Legislative Assembly identified \$634,807 from the general fund for one-time funding items. The Legislative Assembly also provided in 2011 Senate Bill No. 2004 a \$100,000 general fund appropriation to the Legislative Council for a performance review of the State Auditor's office which is considered to be one-time funding. This funding, summarized as follows, is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Legislative Council is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

Computer equipment replacement	\$76,000
Information technology projects	483,807
Office equipment replacement	25,000
Office improvements	50,000
Performance review of the State Auditor's office	100,000
<b>Total</b>	<b>\$734,807</b>

**Status/Result**

The following is a summary of the status of the Legislative Council's one-time funding:

Computer equipment replacement	As of March 31, 2012, the Legislative Council has spent \$70,422 of the computer equipment replacement funding.
Information technology projects	As of March 31, 2012, the Legislative Council has spent \$76,384 of the information technology projects funding.
Office equipment replacement	The funding is anticipated to be spent during the second year of the biennium.
Office improvements	The funding is anticipated to be spent during the second year of the biennium.
Performance review of the State Auditor's office	The funding is not anticipated to be spent.

**Judicial Branch  
Budget 180  
House Bill No. 1002**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	344.00	\$83,482,362 <sup>1</sup>	\$2,182,274	\$85,664,636
2009-11 legislative appropriation	342.00	82,590,015	2,044,807	84,634,822
2011-13 appropriation increase (decrease) to 2009-11 appropriation	2.00	\$892,347	\$137,467	\$1,029,814

<sup>1</sup>This amount includes \$901,480 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$82,580,882.

**Item Description**

**FTE changes** - The 2011-13 biennium appropriation includes funding for 344 FTE positions, an increase of 2 FTE positions from the 2009-11 biennium authorized level of 342 FTE positions. The Legislative Assembly added 1 FTE law clerk position and 1 FTE juvenile court officer position.

**One-time funding** - The Legislative Assembly identified \$901,480 from the general fund as one-time funding for the 2011-13 biennium. Of the \$901,480, \$200,000 is for studies on workload assessment for clerk of court services and judicial resources weighted caseload studies, \$185,000 is for office equipment and furniture, and \$516,480 is for information technology equipment. This amount is not to be considered part of the agency's 2013-15 biennium base budget, and the judicial branch is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Status/Result**

The judicial branch has filled the 2 new FTE positions authorized for the 2011-13 biennium. A law clerk has been added in Fargo, and a juvenile court officer has been added in Mandan.

The following is a summary of the status of the judicial branch's one-time funding:

Workload assessment for clerk of court services and judicial resources weighted caseload studies	The judicial branch has contracted with the National Center for State Courts for these studies at a cost of \$229,000. The judicial branch plans to use savings within other areas of the budget for the additional cost. The clerk of court workload assessment is anticipated to be completed in May 2012, and the weighted caseload study is anticipated to be completed in July 2012.
Office equipment and furniture	As of February 1, 2012, the judicial branch has spent \$30,635 of the \$185,000 provided for office equipment and furniture. The judicial branch anticipates spending the remaining available funds by the end of the 2011-13 biennium.
Information technology equipment	As of February 1, 2012, the judicial branch has spent \$10,575 of the \$516,480 provided for information technology equipment. The judicial branch anticipates spending the remaining available funds by the end of the 2011-13 biennium.

**Commission on Legal Counsel for Indigents**  
**Budget 188**  
**House Bill No. 1023**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	30.00	\$9,808,430	\$1,970,852	\$11,779,282
2009-11 legislative appropriation	<u>30.00</u>	<u>9,470,148</u>	<u>1,950,217</u>	<u>11,420,365</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$338,282	\$20,635	\$358,917

**Item Description**  
 There are no items to report for this agency.

**Status/Result**

**Retirement and Investment Office  
Budget 190  
Senate Bill No. 2022**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	18.00	\$0	\$4,232,954	\$4,232,954
2009-11 legislative appropriation	17.00	0	3,705,650	3,705,650
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	\$0	\$527,304	\$527,304

**Item Description**

**FTE changes** - The Legislative Assembly authorized an increase of 1 FTE position from the 2009-11 biennium authorized level of 17 FTE positions for a deputy chief investment officer position.

**Appropriation line item transfers** - Section 3 of 2011 Senate Bill No. 2022 authorizes the Retirement and Investment Office to transfer funds from the contingencies line item to any other line item and provides that the agency notify the Office of Management and Budget (OMB) of each transfer made.

**Retirement contributions** - In 2011 House Bill No. 1134, the Legislative Assembly provided for increases in employee and employer contribution requirements by 4 percent each phased in over two bienniums. The Legislative Assembly also approved legislation to reduce future liabilities by changing eligibility for normal unreduced retirement benefits, eligibility for early reduced retirement benefits, eligibility for disability benefits, and retiree reemployment under the Teachers' Fund for Retirement (TFFR).

**Adviser to the Legacy and Budget Stabilization Fund Advisory Board** - In 2011 Senate Bill No. 2302, the Legislative Assembly provided for the creation of a Legacy and Budget Stabilization Fund Advisory Board to develop recommendations for the investment of funds in the legacy fund and the budget stabilization fund to present to the State Investment Board. The Legacy and Budget Stabilization Fund Advisory Board consists of four legislative members, the director of OMB, the president of the Bank of North Dakota, and the Tax Commissioner. The Legislative Council provides staff services to the advisory

**Status/Result**

The Retirement and Investment Office deputy chief investment officer position was filled as of January 1, 2012.

The Retirement and Investment Office does not anticipate transferring any funds from the contingencies line item.

The Retirement and Investment Office plans for the following retirement contribution increases:

	<b>Current Contributions</b>	<b>July 2012 Contributions</b>	<b>July 2014 Contributions</b>	<b>Contribution Increase</b>
Member	7.75%	9.75%	11.75%	4.00%
Employer	8.75%	10.75%	12.75%	4.00%

The Retirement and Investment Office plans to implement other legislative provisions relating to the retirement plan as follows:

- Required member contributions on reemployed retirees in July 2012.
- Modification of disability benefits for all nonretired members in July 2013.
- Modification of eligibility for unreduced retirement benefits and reduction factor for reduced retirement benefits for certain nongrandfathered members who are more than 10 years away from retirement eligibility in July 2013.

The Retirement and Investment Office has worked with the Legacy and Budget Stabilization Fund Advisory Board to review the budget stabilization fund current investment policy statement and to assist in the development of the investment policy statement for the legacy fund, which became effective December 2011. The Retirement and Investment Office will continue as adviser to the Legacy and Budget Stabilization Fund Advisory Board as requested throughout the interim.

board, and the staff and consultants of the Retirement and Investment Office are to advise the board in developing asset allocation and investment policies.

**Status of TFFR** - Provided below is a status summary of TFFR:

<b>Actuarial Value of Investments (Amounts Shown in Billions)</b>		
	<b>Fund Balance</b>	<b>Actuarial Percentage Funded</b>
June 30, 2007	\$1.75	79%
June 30, 2008	\$1.91	82%
June 30, 2009	\$1.90	78%
June 30, 2010	\$1.84	70%
June 30, 2011	\$1.82	66%

<b>Market Value of Investments (Amounts Shown in Billions)</b>		
	<b>Fund Balance</b>	<b>Annual Percentage Change in Market Value</b>
June 30, 2007	\$2.02	20.06%
June 30, 2008	\$1.83	(7.61%)
June 30, 2009	\$1.29	(27.33%)
June 30, 2010	\$1.42	13.87%
June 30, 2011	\$1.71	24.21%
February 29, 2012, preliminary fund balance	\$1.65	(0.37%)

**Westridge Capital Management and WG Trading Investors status** - In 2000 the State Investment Board entered an investment agreement with Westridge Capital Management and its affiliated broker/dealer WG Trading Investors. Westridge Capital Management--a registered investment adviser--completed its transactions through WG Trading Investors--a registered investment broker/dealer. The National Futures Association suspended the trading capabilities of two individuals who are principals in both Westridge Capital Management and WG Trading Investors in March 2009. According to the National Futures Association action, the principals did not provide documents requested by the National Futures Association. The United States Commodity Futures Trading Commission and the United States Securities and Exchange Commission--regulatory agencies of the federal government--are investigating WG Trading Investors for alleged fraud. The State Investment Board effectively terminated its investment management relationship with Westridge Capital Management and its affiliated broker/dealer, WG Trading Investors, and demanded the return of all State Investment Board assets.

A decline in the market value of fund investments caused actuarial funded levels to decrease from 82 percent as of June 2008 to 66 percent as of June 2011. In 2008 investments declined 7.6 percent from prior year market values, and in 2009 investments declined by 27.3 percent. The Retirement and Investment Office through actuarial analysis determined that relying only on potential market value increases will not return the funded level of TFFR to the target of at least 90 percent.

The Legislative Assembly in 2011 provided for increases in employee and employer contribution requirements by 4 percent phased in over two bienniums as well as other changes to eligibility and benefits to improve funding levels. The Teachers' Fund for Retirement does not currently plan to introduce bills to the Legislative Assembly in 2013 to further improve funding levels.

The total State Investment Board exposure to the alleged fraud by Westridge Capital Management and its affiliated broker/dealer, WG Trading Investors, was \$161.3 million. The board recovered \$24.3 million, but the remaining \$137 million was placed in receivership. In April 2011 the board received a total distribution of \$63.9 million from the receivership which represented approximately 85 percent of the remaining cost basis. The cost basis had been reduced by 40 percent in fiscal year 2009 and 11 percent in fiscal year 2010. The total realized loss included in the 2011 financial statements attributable to the Westridge Capital Management and WG Trading Investors fraud is \$11.3 million. The State Investment Board does not agree with the method used to distribute the assets and along with other limited partners is appealing the district court's ruling in the United States Second Circuit Court of Appeals.

**Public Employees Retirement System  
Budget 192  
Senate Bill No. 2022; House Bill No. 1364**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	33.00	\$0	\$6,867,890	\$6,867,890
2009-11 legislative appropriation	<u>33.00</u>	<u>13,000</u>	<u>6,133,488</u>	<u>6,146,488</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$13,000)	\$734,402	\$721,402

**Item Description**

**High-deductible health plan alternative** - House Bill No. 1364 (2011) requires the Public Employees Retirement System (PERS) to develop and implement a high-deductible health plan with a health savings account as an alternative to the regular health plan. The bill provides funding of \$91,000 from health insurance premium collections received under North Dakota Century Code Chapter 54-52.1 for implementing a high-deductible health plan alternative with a health savings account option to be available to state employees by January 1, 2012.

**PERSLink system carryover authority** - In Section 2 of 2011 Senate Bill No. 2022, the Legislative Assembly provided that any unexpended funds related to amounts appropriated for the PERSLink system in the 2009-11 biennium are available for the completion of the PERSLink system during the 2011-13 biennium.

**Board member compensation rate increases** - In Section 6 of 2011 Senate Bill No. 2022, the Legislative Assembly amended Section 54-52-03 relating to the per day compensation rate of PERS Board members to increase the rate from \$62.50 per day to \$148 per day.

**Status/Result**

The Public Employees Retirement System has developed and implemented a high-deductible health plan with a health savings account. The plan was available for state employee enrollments as of January 1, 2012. As of March 2012, 84 employees are enrolled in the plan.

The Public Employees Retirement System had \$597,338 of funding continued from the 2009-11 biennium related to the PERSLink system. The Public Employees Retirement System started the information technology replacement project in October 2007 with the selection of Sagitec Solutions as the project vendor. As of October 2011, 98 percent of the system functionality was placed into production. The deployment of the member self-service functionality was delayed and is expected to be fully deployed in the summer of 2012. The total appropriation for the project was \$9,594,000. As of February 2012, expenditures for the project totaled \$9,021,643.

The per day compensation rate of PERS Board members was increased from \$62.50 per day to \$148 per day effective August 2011. The Public Employees Retirement System did not receive additional funding for the rate increase. The agency did not anticipate an issue funding the estimated \$19,000 associated with the rate increase within the agency's 2011-13 legislative appropriation; however, implementation of the Hay Group classification methodology may affect the funding available for the rate increase. The Public Employees Retirement System has been notified by Human Resource Management Services that several employees' salary will be below the minimum of the new pay grades as of July 2012. The estimated cost of increasing employees' salaries to the new minimums is \$25,000.

**Appropriation line item transfers** - In Section 3 of 2011 Senate Bill No. 2022, the Legislative Assembly provided that PERS may transfer funds from the contingencies line item to any other line item and provides that the agency notify the Office of Management and Budget of each transfer made.

**Retirement contributions** - In 2011 Senate Bill No. 2108, the Legislative Assembly provided for increases in employer and employee contributions under the Highway Patrolmen's retirement plan and the PERS retirement plan by 4 percent--2 percent employee increase and 2 percent employer increase--phased in annually in January 2012 and January 2013.

**Public Employees Retirement System fund status** - Provided below is a summary of the actuarial value of the main Public Employees Retirement System fund:

Actuarial Value of Investments (Amounts Shown in Billions)				
	Actuarial Accrued Liability	Fund Balance	Actuarial Percentage Funded	
June 30, 2007	\$1.58	\$1.47	93%	
June 30, 2008	\$1.70	\$1.57	92%	
June 30, 2009	\$1.86	\$1.58	85%	
June 30, 2010	\$2.16	\$1.58	73%	
June 30, 2011	\$2.28	\$1.60	70%	

Provided below is a status summary of the market value of all PERS retirement funds:

Market Value of Investments (Amounts Shown in Billions)		
	Fund Balance	Annual Percentage Change in Market Value
June 30, 2007	\$1.94	19.0%
June 30, 2008	\$1.81	(5.6%)
June 30, 2009	\$1.35	(24.4%)
June 30, 2010	\$1.51	13.67%
June 30, 2011	\$1.80	21.43%
February 29, 2012, preliminary fund balance	\$1.79	0.80%

The Public Employees Retirement System may transfer funding from the contingencies line item to the salaries and wages line item during the 2011-13 biennium for costs associated with board member compensation rate increases and the implementation of the Hay Group classification methodology.

The Public Employees Retirement System completed an increase in contributions to the retirement system of 2 percent on January 1, 2012, and plans for another 2 percent increase on January 1, 2013. For each increase, employees pay 1 percent of the increased contribution and the state pays the remaining 1 percent.

A decline in the market value of fund investments caused actuarial funded levels to decrease from 92.6 percent as of June 2008 to 70 percent as of June 2011. In 2008 investments declined 5.6 percent from prior year market values and in 2009 investments declined by 24.4 percent.

The Public Employees Retirement System through actuarial analysis determined that relying only on potential market value increases would not return the funded level of the main PERS fund to the target level of at least 90 percent. The Legislative Assembly in 2011 provided for increases in employer and employee contributions of 4 percent during the 2011-13 biennium. The Public Employees Retirement System plans to introduce a bill to the Legislative Assembly in 2013 to improve funding levels by increasing contribution rates of employees and employers again in the 2013-15 biennium.



**Department of Public Instruction  
Budget 201  
Senate Bill Nos. 2013, 2150; House Bill No. 1047**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	99.75	\$1,243,980,651 <sup>1</sup>	\$456,203,423	\$1,700,184,074
2009-11 legislative appropriation	<u>99.75</u>	<u>1,114,666,854</u>	<u>547,954,154</u>	<u>1,662,621,008</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$129,313,797	(\$91,750,731)	\$37,563,066

<sup>1</sup>This amount includes \$384,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,243,596,651.

**Item Description**

**State school aid - Per student payments, transportation aid, special education contracts, federal education jobs fund program payments, mill levy reduction grants, and rapid enrollment grants** - The Legislative Assembly appropriated \$1,350,992,316, of which \$1,223,111,478 is from the general fund, \$21,242,838 is from federal funds, \$5 million is from the oil and gas impact grant fund, and \$101,638,000 is from the state tuition fund, for state school aid, including per student payments, federal education jobs fund program payments, transportation aid, special education, rapid enrollment grants, and mill levy reduction grants. This level of funding represents an increase of \$76.7 million from the 2009-11 legislative appropriation. Funding is increased by \$125 million from the general fund, \$15.3 million from the state tuition fund, and \$5 million from the oil and gas impact grant fund and funding from federal funds and the property tax relief sustainability fund are reduced by \$64.4 million and \$4.2 million, respectively. In addition, the 2011-13 executive budget recommended and the Legislative Assembly authorized the Department of Public Instruction to continue \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments.

The total funding for state school aid of \$1,350,992,316 includes \$982,959,478 for per student payments, transportation aid, and special education; \$341,790,000 for mill levy reduction grants; \$21,242,838 for federal education jobs fund program payments; and \$5 million for rapid enrollment grants. These amounts do not include the \$9 million of funding continued from the 2009-11 biennium for per student payments.

The Legislative Assembly provided \$918,459,478, of which \$816,821,478 is from the general fund and \$101,638,000 is from the state tuition fund, for state school aid for per student formula payments. This level of funding represents an increase of \$110.1 million, of which \$94.8 million is from the general fund and \$15.3 million is from the state tuition fund, from the 2009-11 biennium appropriation of \$808,370,295. In addition, the Legislative Assembly provided \$48.5 million for transportation aid from the general fund,

**Status/Result**

Information regarding the status of specific state school aid programs is listed below.

Funding available for state school aid, including per student payments, transportation aid, and special education for the 2011-13 biennium, is \$991,959,478, including \$982,959,478 provided by the Legislative Assembly in 2011 and \$9 million continued from the 2009-11 biennium. The Department of Public Instruction estimates state aid payments for the first year of the biennium to be approximately \$482.5 million, \$3.85 million less than appropriated. The department estimates these state aid payments for the second year of the

an increase of \$5 million from the 2009-11 biennium and \$16 million for special education from the general fund, an increase of \$500,000 from the 2009-11 biennium. Details of funding appropriated for state school aid for per student formula payments, transportation aid, and special education is as follows:

Per student formula payments	\$918,459,478
Transportation aid	48,500,000
Special education	16,000,000
Total state school aid	\$982,959,478 <sup>1</sup>

<sup>1</sup>In addition, the Legislative Assembly in 2011 authorized the department to continue up to \$9 million of unspent 2009-11 biennium funding for increasing state school aid to \$991,959,478 for the 2011-13 biennium.

The Legislative Assembly provided in the state aid formula funding of \$6.2 million for a new at-risk weighting factor approved by the Legislative Assembly in 2009, \$36.2 million to increase per student payment rates, \$3 million to replace the technology factor with a data collection factor, and \$4.8 million to increase the special education weighting factor. In addition, the Legislative Assembly provided for a weighting factor of .15 for students who are enrolled in an alternative middle school program. The alternative middle school program factor will be effective July 1, 2013, through June 30, 2015.

The executive budget recommendation for the 2011-13 biennium provided \$341.8 million from the property tax relief sustainability fund to the Department of Public Instruction for allocation to school districts to reduce school district property taxes for the 2011-13 biennium. The Legislative Assembly, in 2011 House Bill No. 1047, transferred \$295 million from the property tax relief sustainability fund to the general fund in July 2011 and provided \$341.8 million from the general fund to the Department of Public Instruction for mill levy reduction grants during the 2011-13 biennium.

The Legislative Assembly, in 2011 Senate Bill No. 2150, provided \$5 million from the oil and gas impact grant fund to the Superintendent of Public Instruction for rapid enrollment grants.

**2009-11 carryover** - The Legislative Assembly provided that the Department of Public Instruction continue up to \$9.5 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments (\$9 million) and adult education learning center grants (\$500,000). Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to provisions of 2009 House Bill No. 1400. The Department of Public Instruction anticipated the 2009-11 biennium funding for state school aid would exceed the per student state school aid

biennium to be approximately \$501.6 million, \$4 million less than appropriated. This results in excess funding of approximately \$7.85 million for the 2011-13 biennium. Any funding in excess of obligations for the per student payments remaining at the end of the 2011-13 biennium will be distributed on a pro rata basis according to the latest available average daily membership of each school district pursuant to Section 29 of 2011 Senate Bill No. 2150, codified as North Dakota Century Code Section 15.1-27-22.1. Any funding in excess of obligations for transportation aid will be distributed to school districts according to the percentage of the total transportation formula amount to which each school district is entitled pursuant to section 36 of Senate Bill No. 2150.

The Department of Public Instruction has distributed mill levy reduction grants totaling \$162.3 million to school districts in the first year of the biennium and estimates mill levy reduction grants in the second year of the biennium will total approximately \$169.2 million for a biennium total of \$331.5 million. The total funding available for mill levy reduction grants is \$341,790,000. The anticipated \$10.3 million excess in the appropriation is due primarily to property value increases being less than anticipated.

For the 2011-12 school year, the Department of Public Instruction has distributed rapid enrollment grants totaling \$2.4 million to 10 school districts enrolling 616 new students (see **Rapid enrollment grants** section below).

For the 2009-11 biennium, state school aid funding exceeded the per student state school aid obligation by \$9.9 million. In addition, special education contract funding exceeded obligations by \$1.8 million for a total of \$11.7 million. The department continued \$8.5 million of the excess per student state school aid to the 2011-13 biennium for state school aid (\$8 million) and for adult education learning center grants (\$500,000). The balance remaining of \$3.2 million was distributed to school districts according to the provisions of 2009 House Bill No. 1400 (see **Adult education learning center grants** section below).

obligation by approximately \$8 million and the funding for transportation aid payments would exceed obligations by approximately \$1.9 million. The Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments.

**Rapid enrollment grants** - The Legislative Assembly provided \$5 million from the oil and gas impact grant fund to the Superintendent of Public Instruction for rapid enrollment grants. If the number of students enrolled in a district increases by at least 7 percent annually, and if that increase is equal to at least 25 students, the district's grant is the per student payment multiplied by the actual increase in its student enrollment. The Superintendent of Public Instruction may not award more than \$2.5 million in grants during the first year of the 2011-13 biennium. If the appropriated amount is insufficient, the Superintendent of Public Instruction is authorized to prorate the grants. A district is precluded from receiving a rapid enrollment grant if the district is not eligible to receive state aid because of the level of its general fund ending balance.

For the 2009-11 biennium, funding for transportation aid payments exceeded obligations by \$1,553,093. The department continued \$1 million of the excess transportation aid payments to the 2011-13 biennium for state school aid. The balance remaining of \$553,093 was distributed to school districts according to the provisions of House Bill No. 1400.

For the 2011-12 school year the Department of Public Instruction has distributed rapid enrollment grants totaling \$2.4 million to the following 10 school districts enrolling 616 new students:

School District	Enrollment Increase	Rapid Enrollment Grant
Williston	192	\$750,720
McKenzie County	114	445,740
Stanley	78	304,980
Divide County	54	211,140
Warwick	36	140,760
Bowman County	30	117,300
Minnewaukan	29	113,390
South Heart	28	109,480
Nesson	28	109,480
South Prairie	27	105,570
Total	616	\$2,408,560

There were no qualified applicants that did not receive funding during the first year of the biennium, and the department anticipates the remaining funding will be used to fund grants in the second year of the biennium. The department reports that it is possible payments for the second year of the biennium may need to be prorated.

**Adult education learning center grants** - The Legislative Assembly increased funding for adult education learning center grants by \$1,260,441 to provide a total of \$3,110,411 for the 2011-13 biennium. In addition, the Legislative Assembly provided for the distribution of \$500,000 made available by reserving unobligated excess state school aid funding from the 2009-11 biennium. The department is to continue excess state school aid and transportation aid funding from the 2009-11 biennium into the 2011-13 biennium to provide grants of up to \$250,000 during the first year of the biennium only if federal funding available to the state for adult education is less than \$900,000 in federal fiscal year 2012. Funding provided in the first year of the biennium is limited to the difference between federal funding available in federal fiscal year 2012 and \$900,000. The department may use any remaining funds for adult education learning center grants during the second year of the biennium.

**Alternative middle school program** - The Legislative Assembly provided \$300,000 from the general fund for grants to school districts that offer alternative education programs for students in grades 6 through 8 during the second year of the 2011-13 biennium. In addition, the Legislative Assembly provided for a weighting factor of .15 for students who are enrolled in an alternative middle school program for at least 15 hours per week effective July 1, 2013, through June 30, 2015.

**Federal education jobs fund program payments** - Federal H.R.1586--signed into law in August 2010--provided additional funding for elementary and secondary education. North Dakota's share of the additional elementary and secondary education funding--known as the education jobs fund program--is \$21,517,716, of which \$21,242,838 is to be distributed to school districts through the state's funding formula and \$274,878 is available to the Department of Public Instruction for administration of the program. The funding is to be made available to school districts for use in hiring or rehiring school employees during the 2010-11 school year; therefore, the Legislative Assembly in 2011 approved an emergency clause to allow funds to begin to be distributed during the 2010-11 school year.

**Data collection factor** - The Legislative Assembly required school districts to acquire and use PowerSchool as its principal student information system and provided in state school aid funding an additional \$3 million to change the .002 technology factor to a .006 data collection factor.

Federal funding available to the state for adult education in federal fiscal year 2012 exceeded \$900,000; therefore, the Department of Public Instruction did not distribute the funds. The department anticipates distributing the entire \$500,000 on July 1, 2012. Because federal funds cannot be used to support the GED program or services, the funding will be used to comply with the demands of the new GED computer-based testing process and prepare for the new 2014 series requirements.

The Department of Public Instruction accepted applications in February 2012 based on the estimated number of students for the grants to be awarded during the second year of the 2011-13 biennium. The department has awarded 14 grants for programs serving 278 students to be awarded with the districts' first state aid payment in August 2012. The awards provide \$597 per student for a total of \$165,966. The department does not anticipate spending \$134,034 of the available funding. Based on the estimated number of students included in the applications received during the 2011-13 biennium, the alternative middle school weighting factor which becomes effective July 1, 2013, is estimated to cost \$400,000 during the 2013-15 biennium. Funding requested for the 2013-15 biennium will be based on actual students served during the prior school year.

In September 2011 the Department of Public Instruction received Emergency Commission approval to increase federal funds spending authority by \$316,875 from the United States Department of Education for education jobs fund payments. The department received Emergency Commission approval in December 2011 for an additional increase of \$910 to provide a total of \$21,835,501 in federal education jobs fund program payments. Funds are distributed to school districts as requests for reimbursements are submitted. Federal education jobs fund program expenditures through January 2012 totaled \$16,604,985. The department was granted a waiver to extend the September 30, 2011, application deadline. Expenses must be incurred by June 30, 2012, and submitted prior to September 30, 2012, to be eligible for reimbursement. The department anticipates the remaining education jobs funding will be distributed.

The data collection factor generated funding of \$2.1 million during the first year of the 2011-13 biennium and is estimated to generate \$2.25 million during the second year of the biennium. The funding is transferred to the Information Technology Department (ITD) for the cost of the acquisition, implementation, or utilization of PowerSchool and any related technology support services. If the

**One-time funding** - The Legislative Assembly identified \$384,000 of one-time funding from the general fund for a rewrite and maintenance of the Department of Public Instruction's state automated reporting system application used to gather school district information, including the department's data collection and compliance portion of the teacher licensure and approval/accreditation system.

The executive recommendation also included \$200,000 of one-time funding from the general fund for an Education Standards and Practices Board approval and accreditation mainframe rewrite. The Legislative Assembly changed the funding source to provide funding from the national board certification fund for the project.

**Indian education issues study** - The Legislative Assembly in 2011 House Bill No. 1049 required the Superintendent of Public Instruction study Indian education issues to develop criteria for grants to low-performing schools. In addition, the Legislative Assembly provided \$66,000 from the general fund to continue the North Dakota Indian Education Advisory Council.

**School construction loans** - The Legislative Assembly made changes to the school construction loans program. The Legislative Assembly increased the minimum interest rate buydowns from 50 to 100 basis points and the maximum interest rate buydowns from 200 to 250 basis points. The amount of school construction loans that a district is entitled to receive increased from \$8 million to \$12 million for school districts whose imputed taxable valuation per student is less than 80 percent of the state average imputed valuation per student, from \$7 million to \$10 million for school districts whose imputed taxable valuation per student is at least 80 percent but less than 90 percent of the state average imputed taxable valuation per student, and from \$2 million to \$4 million for school districts whose imputed taxable valuation per student is at least 90 percent of the state average imputed taxable valuation per student.

funding transferred to ITD exceeds the cost incurred, ITD must return the excess funding to the Department of Public Instruction for distribution to school districts as additional per student payments. The Information Technology Department anticipates all of the funding generated by the data collection factor will be used for the acquisition, implementation, and utilization of PowerSchool.

Through April 2012 the Department of Public Instruction has spent \$134,357 on modifications to the teacher licensure and approval/accreditation system, \$44,558 on modifications to the student contract module of the system, and \$1,202 on other maintenance. The department anticipates all of the funding for maintenance of the automated reporting system will be used during the 2011-13 biennium.

The department reimburses the Education Standards and Practices Board for the programming costs of their approval and accreditation mainframe rewrite as the work is completed. The project is expected to be completed during the 2011-13 biennium.

In January 2012 the Department of Public Instruction reported to the interim Tribal and State Relations Committee on the progress of a study of Indian education issues related to governance, success models, and barriers that prevent schools and students from performing at high rates of student achievement and to develop criteria for grants to low-performing schools. The department, with the assistance of the Indian Education Advisory Council, is developing criteria for grants to low-performing schools. The department will present preliminary information to the Tribal and State Relations Committee at its next meeting. The department anticipates presenting its criteria for grants to low-performing schools to the Legislative Assembly in 2013.

This loan program receives funding from the coal development trust fund. As of December 31, 2011, the total value of permanent fund assets was \$63.8 million, of which \$27.1 million was school construction loans receivable, \$8.7 million was coal impact loans receivable, and \$28 million was either invested or was a receivable of investment or other earnings. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to \$50 million.

**Regional education association incentives** - The Legislative Assembly increased funding for base payments to regional education associations by \$400,000 to provide a total of \$800,000 for the 2011-13 biennium and required a regional education association to: offer coordination and facilitation of professional development activities for teachers and administrators employed by its member districts; supplement technology support services; and assist with achieving school improvement goals identified by the Superintendent of Public Instruction, the collection, analysis, and interpretation of student achievement data, and the expansion and enrichment of curricular offerings.

Section 9 of 2011 Senate Bill No. 2013 provides for the distribution of the regional education association grants to assist with the cost of compensating coordinators during the 2011-13 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000 or 70 percent of the total compensation of the coordinator.

During the first year of the 2011-13 biennium, the Department of Public Instruction distributed a total of \$391,823 for regional education association incentives. The department provided \$50,000 each to seven of the eight regional education associations. One association, the Missouri River Education Association, was limited to 70 percent of the total compensation of the coordinator or \$41,823. Any funding remaining after distributions related to the second year of the 2011-13 biennium are made will be distributed as additional state school aid pursuant to Section 29 of 2011 Senate Bill No. 2150, codified as Section 15.1-27-22.1.

**North Dakota University System Office**  
**Budget 215**  
**House Bill No. 1003; Senate Bill Nos. 2013, 2015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	23.30	\$101,239,245	\$2,754,718	\$103,993,963
2009-11 legislative appropriation	<u>21.30</u>	<u>86,508,682</u>	<u>4,748,958</u>	<u>91,257,640</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	2.00	\$14,730,563	(\$1,994,240)	\$12,736,323

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been reduced for the following funding allocations made to institutions:

- \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.
- \$150,000 for educational leadership program funding appropriated to the University System office.

**Item Description**

**Equity and student affordability funding pool** - The Legislative Assembly appropriated \$15,240,565 from the general fund to the University System office for an equity and student affordability funding pool to be allocated to institutions as determined by the State Board of Higher Education. Section 6 of 2011 House Bill No. 1003 authorizes the State Board of Higher Education to transfer funding from the pool to higher education institutions.

**Status/Result**

The State Board of Higher Education allocated the equity and student affordability funding to institutions as follows:

Bismarck State College	\$1,168,227
Lake Region State College	384,371
Williston State College	348,788
University of North Dakota (UND)	3,788,692
UND School of Medicine and Health Sciences	1,064,950
North Dakota State University (NDSU)	6,005,607
North Dakota State College of Science	705,863
Dickinson State University	477,163
Mayville State University	190,965
Minot State University	567,621
Valley City State University	289,003
Dakota College at Bottineau	249,315
<b>Total</b>	<b>\$15,240,565</b>

Total scholarship funding provided during the 2011-12 academic year was \$2,891,473. The University System estimates providing \$4,464,000 of scholarships funding the 2011-13 academic year.

The State Board of Higher Education has allocated the system information technology services funding as follows:

	<b>Fiscal Year 2012</b>	<b>Fiscal Year 2013</b>	<b>Total</b>
UND	\$2,184,750	\$2,245,403	\$4,430,153
NDSU	15,699,908	15,480,736	31,180,644
University System office	197,935	197,935	395,870
<b>Total</b>	<b>\$18,082,593</b>	<b>\$17,924,074</b>	<b>\$36,006,667</b>

**System information technology services** - The Legislative Assembly provided \$36,006,667, of which \$35,467,230 is from the general fund and \$539,437 is from the student loan trust fund, for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding from the general fund includes an increase of \$1,249,509 for parity, \$3,527,000 for technology maintenance, \$616,000 for a ConnectND database upgrade, and \$590,000 to replace reduced revenue from the student loan trust fund.

**Joint information technology building project** - The Legislative Assembly provided \$12.5 million from the general fund for the joint University System/UND information technology building project. Section 7 of 2011 House Bill No. 1003 allows the University System to spend an additional \$5 million on the project from funds resulting in one-time information technology funding savings or efficiencies realized at UND, NDSU, or the University System office. The Legislative Assembly also appropriated an additional \$8 million of other funds to allow a research facility to be constructed in conjunction with the information technology building project.

**Career and technical education and academic scholarships** - The Legislative Assembly appropriated \$10 million from the general fund for career and technical education and academic scholarships, an increase of \$7 million from the 2009-11 biennium appropriation of \$3 million.

**Tribal college assistance grants** - The Legislative Assembly appropriated \$1 million from the general fund for grants to tribal colleges for expenses related to the enrollment of nonbeneficiary students. This funding level represents an increase of \$300,000 from the 2009-11 biennium appropriation from the permanent oil tax trust fund of \$700,000.

**Educational leadership programs** - The Legislative Assembly appropriated \$150,000 from the general fund to the University System office for educational leadership programs at UND and NDSU.

**Student fee information requirements** - Senate Bill No. 2351 (2011) requires the State Board of Higher Education to display information on the University System website.

The State Board of Higher Education authorized, and the Budget Section subsequently approved, the renovation of an existing building for a data center and the construction of a new building for office space. The project is expected to cost \$15.5 million, of which \$12.5 million is from the general fund and \$3 million is from one-time information technology savings and cost efficiencies.

The University System did not receive a federal grant to construct a research facility in conjunction with the information technology building.

A total of 1,968 scholarships were awarded during the fall 2011 semester to 2010 and 2011 high school graduates. The following schedule details the institution attended by the scholarship recipients:

<b>Institutions Attended by Scholarship Recipients - Fall 2011 Semester (Includes 2010 and 2011 High School Graduates)</b>					
	<b>Two-Year Public or Tribal Institution</b>	<b>Public Four-Year Institution</b>	<b>Public Research Institution</b>	<b>Private Institution</b>	<b>Total</b>
Academic scholarship recipients	130	191	921	168	1,410
Career and technical education scholarship recipients	172	102	234	50	558
<b>Total</b>	<b>302</b>	<b>293</b>	<b>1,155</b>	<b>218</b>	<b>1,968</b>

Total scholarship funding provided during the 2011-12 academic year was \$2,891,473. The University System estimates providing \$4,464,000 of scholarships during the 2012-13 academic year.

The State Board of Higher Education made a distribution of \$500,000 to tribal colleges for expenses of 125.7 FTE nonbeneficiary students enrolled at the colleges during the 2011-12 academic year. Each institution received \$3,977 for each nonbeneficiary FTE student enrolled at the institution. This represents an increase of \$1,467 from the 2010-11 academic year allocation of \$2,510 for each FTE nonbeneficiary student. At total of 139.4 FTE nonbeneficiary students were enrolled at tribal colleges during the 2010-11 academic year.

The State Board of Higher Education allocated \$75,000 each to UND and NDSU for educational leadership programs.

The University System developed a website that provides detailed information regarding student fees charged at each University System institution. The website can be accessed at [fees.ndus.edu](http://fees.ndus.edu).



**Student financial assistance grants** - The Legislative Assembly provided \$19,374,022, of which \$19,025,594 is from the general fund and \$348,428 is from federal funds, for student financial assistance grants during the 2011-13 biennium. This is the same level of funding as provided during the 2009-11 biennium.

**Scholars program** - The Legislative Assembly provided \$2,113,584 from the general fund for the scholars program during the 2011-13 biennium. This is the same level of funding as provided during the 2009-11 biennium.

**Education incentive programs** - The Legislative Assembly provided \$3,176,344 from the general fund for education incentive programs during the 2011-13 biennium. This is the same level of funding as provided during the 2009-11 biennium.

**Internal auditor** - The State Board of Higher Education approved a plan to establish a University System internal audit function at the system level.

During the 2011-12 academic year, \$9,439,226 of funding was used to provide 7,238 students with student financial assistance grants of \$1,500. The University System anticipates providing 8,100 grants during the 2012-13 academic year.

For the 2011-12 academic year, the University System used \$1,124,262 of funding to provide 46 scholars program scholarships to new freshmen. The University System anticipates providing 44 scholarships to new freshmen for the 2012-13 academic year.

Including unspent 2009-11 biennium education incentive appropriation authority of \$396,996, the total amount of education incentive funding available for the 2011-13 biennium is \$3,573,340. The following table summarized estimated programs costs for the 2011-13 biennium:

Education incentive funding available		\$3,573,340
Estimated allocations		
Teacher shortage loan forgiveness program	\$787,000	
Technology occupation student loan forgiveness program	2,472,000	
Doctoral graduate program	260,000	
Total allocations		\$3,519,000
Education incentive funding estimated to be available for the 2013-15 biennium		\$54,340

The University System hired a director of Internal Audit and Risk Assessment in February 2011. Each University System institution pays an assessment to provide funding for the cost of the position. The State Board of Higher Education is reviewing options to increase the number of internal audit staff.

**Department of Trust Lands**  
**Budget 226**  
**House Bill No. 1013; Senate Bill No. 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	24.75	\$65,000,000 <sup>1</sup>	\$140,465,189	\$205,465,189
2009-11 legislative appropriation	<u>21.75</u>	<u>0</u>	<u>13,792,561</u>	<u>13,792,561</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	3.00	\$65,000,000	\$126,672,628	\$191,672,628

<sup>1</sup>This amount includes \$65 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$0.

<b>Item Description</b>	<b>Status/Result</b>
<p><b>Name change</b></p> <p><b>FTE changes</b> - The 2011-13 biennium appropriation includes funding for 24.75 FTE positions, an increase of 3 FTE positions from the 2009-11 biennium authorized level of 21.75 FTE positions. The Legislative Assembly approved the addition of 3 FTE positions--auditor III (minerals royalty auditor) (\$157,684), accounting budget specialist (\$115,395), and office assistant III (\$90,189).</p> <p><b>Energy infrastructure and impact grant awards</b> - In Section 6 of 2011 House Bill No. 1013, the Legislative Assembly increased the maximum amount of oil and gas tax revenues that may be deposited in the oil and gas impact grant fund by \$92 million per biennium, from \$8 million to \$100 million.</p> <p>In Section 5 of 2011 House Bill No. 1013, the Legislative Assembly provided authority to the Board of University and School Lands to award and distribute energy infrastructure and impact grants from money deposited in the oil and gas impact grant fund. Annual distributions may not exceed 60 percent of the biennial appropriation for energy infrastructure and impact grants. The board is authorized to create an advisory committee to assist in making grant award determinations.</p> <p>In Sections 6, 7, 8, 9, and 10 of 2011 House Bill No. 1013, the Legislative Assembly updated language to change the name of the Energy Development Impact Office to the Energy Infrastructure and Impact Office.</p> <p>In Section 10 of 2011 House Bill No. 1013, the Legislative Assembly added the following items to the powers and duties of the Energy Infrastructure and Impact Office director:</p> <ul style="list-style-type: none"> <li>• Receive and review applications for impact assistance.</li> <li>• Make recommendations at least quarterly to the Board of University and School Lands on grants to counties, cities, school districts, and other political subdivisions in oil and gas development impact areas.</li> </ul>	<p>In August 2011, the Board of University and School Lands adopted an agency name change from the State Land Department to the Department of Trust Lands.</p> <p>The Department of Trust Lands filled the office assistant III position in October 2011, the auditor III position in November 2011, and the accounting budget specialist in April 2012.</p> <p>The Department of Trust Lands utilizes the oil and gas impact grant fund for providing energy infrastructure and impact grants and for the administration of the energy infrastructure and impact grant program. Of the \$100 million of oil and gas tax revenues deposited in the oil and gas impact grant fund, \$99,778,269 is available for energy infrastructure and impact grant awards in the 2011-13 biennium. The remaining amount of \$221,731 is available for salaries and operating expenses relating to administration of the energy infrastructure and impact grant program.</p> <p>Conditions for the contingent appropriation included in 2011 Senate Bill No. 2371 were met, and the transfer and appropriation of \$30 million was available to the Department of Trust Lands in April 2012. The Land Board directed additional funds from the contingent appropriation to the January 2012 to March 2012 emergency services grant round pursuant to legislative intent.</p> <p>The Board of University and School Lands plans to award and distribute approximately 35 percent of the grants to Williston, Dickinson, and Minot (no city may receive more than 60 percent of the funds) and approximately 65 percent to other cities, counties, school districts, and political subdivisions impacted by oil and gas development.</p> <p>The Board of University and School Lands established an advisory committee to make recommendations regarding policies, procedures, and distributions of the 65 percent consisting of nine members as follows:</p>

- Recommendations are to provide 35 percent of money available in the oil and gas impact fund to incorporated cities with a population of 10,000 or more. An incorporated city may not receive more than 60 percent of the funds available.
- Recommendations are to provide 65 percent of money available in the oil and gas impact fund to cities not otherwise eligible for funding under this section, counties, school districts, and other political subdivisions impacted by oil and gas development.

In Section 23 of 2011 Senate Bill No. 2371, the Legislative Assembly provided for a contingent transfer of \$30 million from the general fund to the oil and gas impact grant fund. The Office of Management and Budget may transfer this funding only if the Tax Commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed oil and gas tax revenue collection projections for that period by at least \$48 million.

Section 24 of 2011 Senate Bill No. 2371 provides a contingent appropriation of \$30 million from the oil and gas impact grant fund to the commissioner of University and School Lands for providing oil and gas impact grants in accordance with North Dakota Century Code Sections 57-62-03.1 and 57-62-05. For these funds, the commissioner is to give priority to approving grants related to emergency services.

Two county representatives

- David Hynek, Mountrail County Commissioner
- Jim Arthaud, Billings County Commissioner

Two city representatives

- Lyn James, Bowman Mayor
- Brent Sanford, Watford City Mayor

One emergency services representative

- Barry Jager, Burke County Sheriff and Emergency Manager

One township representative

- Floyd Miller, township officer in Williams County

One at-large

- Rick Larson, Energy Industry Representative (and former EDIO director)

Department of Transportation Director

- Francis Ziegler

Commissioner of University and School Lands

- Lance Gaebe

The Board of University and School Lands has completed grant rounds to date in the 2011-13 biennium as follows:

July 2011	July to September 2011 - Quarterly grant round - City infrastructure	\$53,500,000
August 2011	Firefighters - Big rig extraction training	20,000
December 2011	October to December 2011 - Quarterly grant round - Townships and transportation	2,000,998
December 2011	Housing and Urban Development western communities planning grant - Cost-share	300,000
March 2012	January to March 2012 - Quarterly grant round - Emergency services and response	11,990,101
Total awarded to date		\$67,811,099

The Legislative Assembly in 2011 provided that annual distributions may not exceed 60 percent of the biennial appropriation for energy infrastructure and impact grants (\$77,866,961 for fiscal year 2012). Therefore, \$10,055,862 of the maximum year one allocation remains available for distribution in the April to June 2012 grant round designated for airports, counties, parks, and other infrastructure as determined by the advisory committee. The Department of Trust Lands calculated the annual allocations as follows:

Appropriation for grants in Section 1 of 2011 House Bill No. 1013	\$99,778,269 <sup>1</sup>
Contingent appropriation for grants in Section 24 of 2011 Senate Bill No. 2371	30,000,000
Total biennial appropriation	\$129,778,269
60 percent annual award limit	\$77,866,961
2012 Fiscal Year	\$77,866,961
Awarded to date (estimate)	67,811,099
Remaining 2012 fiscal year distributions	10,055,862
2013 fiscal year	\$51,911,308
Reduction for 2011 Senate Bill No. 2150 - Rapid school enrollment grants	5,000,000 <sup>2</sup>
Reduction for 2011 Senate Bill No. 2325 - Upper Great Plains Transportation study	350,000 <sup>3</sup>
Remaining available for 2013 fiscal year distributions	\$46,561,308
<sup>1</sup> Oil and gas tax revenues of \$100 million deposited in the oil and gas impact grant fund available for energy infrastructure and impact grant awards is reduced by \$221,731 for salaries (\$90,189) and operating (\$131,542) expenses relating to administration of the program.	
<sup>2</sup> In 2011 Senate Bill No. 2150, the Legislative Assembly appropriated \$5 million to the Superintendent of Public Instruction from the oil and gas impact grant fund for grants to school districts that can demonstrate rapid enrollment growth.	
<sup>3</sup> In 2011 Senate Bill No. 2325, the Legislative Assembly appropriated \$350,000 to the Upper Great Plains Transportation Institute from the oil and gas impact grant fund for updating and maintaining reports for transportation infrastructure needs for all county and township roads.	

The advisory committee's tentative schedule for the 2013 fiscal year distribution follows a schedule similar to fiscal year 2012; city infrastructure (July to September 2012), townships and transportation (October to December 2012), emergency services and response assets training (January to March 2013), and airports, counties, parks, and other infrastructure (April to June 2013).

The Department of Human Services sold the balance of loans in the developmentally disabled facility revolving loan fund to the Bank of North Dakota in August 2011. Proceeds of \$1,292,029 were deposited in the common schools trust fund.

**Developmentally disabled facility revolving loan fund program** - In 2011 Senate Bill No. 2121, the Legislative Assembly provided that the Department of Human Services sell loans in the developmentally disabled facility revolving loan fund to the Bank of North Dakota with the proceeds to be deposited in the common schools trust fund. The bill affects the repayment of developmentally disabled loan fund program Nos. 2 and 3 which previously were paid from the lands and minerals trust fund to the common schools trust fund.

**Flood-impacted political subdivision infrastructure development grants** - In Section 10 of 2011 Senate Bill No. 2371, the Legislative Assembly provided a \$30 million one-time general fund appropriation to the Land Department for providing infrastructure development grants to flood-impacted political subdivisions. The Legislative Assembly provided that up to \$110,000 of the appropriation may be used by the commissioner for salaries and operating expenses relating to administration of the program.

In Section 11 of 2011 Senate Bill No. 2371, the Legislative Assembly provided guidance for the flood-impacted political subdivision infrastructure development grants. The Energy Infrastructure and Impact Office director is to develop a plan for providing infrastructure grants to eligible political subdivisions, receive and review applications for infrastructure grants, and make recommendations to the Board of University and School Lands on grants to eligible political subdivisions. The Board of University and School Lands is to award and distribute infrastructure grants to eligible political subdivisions based on identified needs. Eligible political subdivisions include counties, as well as cities, school districts, and other political subdivisions located within such counties, that have received an individual assistance designation by the Federal Emergency Management Agency relating to a 2011 flood event. Individual assistance designated counties include Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward. Funding received by eligible political subdivisions may be used for up to 50 percent of the costs not otherwise reimbursed through federal or other state funds to:

- Develop new community infrastructure, the need for which is directly related to the displacement of residents due to flooding. Infrastructure includes community-owned waterlines, sewer, curb, and gutter.
- Evaluate the extent of damage to community-owned infrastructure.
- Restore or repair flood-related damage to community-owned infrastructure.
- Expand landfill capacity or reimburse flood-related waste disposal costs.
- Raise roads or develop flood control structures.
- Acquire property needed for infrastructure.
- Acquire homes damaged by levy construction.
- Provide reimbursement for other flood-related expenses.

In Section 12 of 2011 Senate Bill No. 2371, the Legislative Assembly provided legislative intent that the money appropriated to and distributed by the Energy Infrastructure and Impact Office for flood-impacted political subdivision grants is to be used by grantees to address needs not funded by other state or federal response or insurance coverage.

The Department of Trust Lands hired a temporary employee in December 2011 to manage the flood-impacted political subdivision infrastructure development grant program with the \$110,000 appropriation provided for administration of the program. Grant guidelines were established to ensure grants addressed needs not provided by other state or federal response or insurance coverage. In April 2012, grant applications were evaluated in consultation with other state agencies involved in flood recovery efforts. The Department of Trust Lands evaluated 107 applications for assistance with projects with a 50 percent cost-share totaling \$37.7 million. In late April 2012, the Department of Trust Lands awarded grants totaling \$25.6 million for 92 projects. The projects require a 50 percent local cost-share. The Department of Trust Lands is reserving the remaining \$4.4 million for unanticipated and unknown future needs. Grants were awarded by county as follows:

County	Number of Projects	Grants Awarded
Barnes	10	\$500,000
Benson	15	467,806
Burleigh	5	2,685,606
McHenry	19	527,026
Morton	5	1,079,749
Ramsey	6	459,800
Renville	2	514,001
Richland	19	500,048
Ward	11	18,835,995
Total	92	\$25,570,031

**Grants to new major oil and gas-producing counties** - In Section 25 of 2011 Senate Bill No. 2371, the Legislative Assembly provided a one-time transfer of \$5 million from the general fund to the oil and gas impact grant fund for distribution to new major oil and gas-producing counties. In Section 26 of 2011 Senate Bill No. 2371, the Legislative Assembly appropriated \$5 million from the oil and gas impact grant fund for distributions of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development. A major new oil-producing county is one that produced less than 100,000 barrels of oil in November 2011 and subsequently has more than four rigs operating in the county.

**State land lease income** - The Department of Trust Lands manages permanent trust assets consisting of 696,812 surface acres and 1.8 million mineral acres. Surface acres are leased to ranchers and farmers across the state and mineral acres are offered for oil, gas, coal, gravel, and scoria leasing.

As of April 2012, the Department of Trust Lands has not provided a grant to a new major oil and gas-producing county. The Department of Trust Lands plans to distribute grants upon certification by the Industrial Commission that a county meets the provisions of the grant program--a county that produced less than 100,000 barrels of oil in November 2011 and subsequently has more than four rigs operating in the county.

The tables below show revenues generated from the lease of state land for fiscal years 2008 through 2011 and provides an estimate for fiscal year 2012.

Surface Lease Rents Net of In Lieu Property Taxes					
Trust Fund	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Estimate <sup>1</sup>
Capitol building	\$91,579	\$91,161	\$99,146	\$99,342	\$104,275
Permanent trusts					
Common schools	4,547,056	4,546,916	4,869,891	5,036,265	5,195,590
Other permanent	590,210	587,858	644,363	653,046	680,068
Total	\$5,228,845	\$5,225,935	\$5,613,400	\$5,788,653	\$5,979,933
Percentage increase (decrease)		(-0.1%)	7.4%	3.1%	3.3%

<sup>1</sup>Fiscal year 2012 is an estimate based on actual collections received through April 2012. Surface lease rentals are expected to grow by an average of 3 to 4 percent annually going forward.

Oil and Gas Royalties					
Trust Fund	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Estimate <sup>2</sup>
Strategic investment and improvements <sup>1</sup>	\$9,179,632	\$11,639,756	\$19,698,697	\$31,813,522	\$49,791,078
Capitol building	60,789	24,672	43,935	236,411	212,012
Permanent trusts					
Common schools	43,151,050	42,560,483	58,088,507	82,850,400	115,928,564
Other permanent	4,297,844	3,319,770	6,010,412	7,749,299	11,116,249
Total	\$56,689,315	\$57,544,681	\$83,841,551	\$122,649,632	\$177,047,903
Percentage increase (decrease)		1.5%	45.7%	46.3%	44.4%

<sup>1</sup>The strategic investment and improvements fund was formerly known as the lands and minerals trust fund.

<sup>2</sup>Fiscal year 2012 is an estimate based on actual collections received through April 2012. Revenue has increased by over 40 percent in each of the past three fiscal years and is expected to increase going forward but at a lower percentage due to the higher base levels from which the rate is calculated.

Oil and Gas Lease Bonuses					
Trust Fund	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Estimate <sup>2</sup>
Strategic investment and improvements <sup>1</sup>	\$3,833,070	\$7,082,402	\$95,800,380	\$101,570,331	\$57,487,907
Capitol building	624,333	58,678	1,344,085	91,536	28,540
Permanent trusts					
Common schools	8,215,490	17,645,286	187,128,938	62,083,368	60,554,457
Other permanent	882,153	917,307	9,773,131	9,666,334	7,326,827
Total	\$13,555,046	\$25,703,673	\$294,046,534	\$173,411,569	\$125,397,731
Percentage increase (decrease)		89.6%	1,044.0%	(-41.0%)	(-27.7%)
<sup>1</sup> The strategic investment and improvements fund was formerly known as the lands and minerals trust fund.					
<sup>2</sup> Fiscal year 2012 is an estimate based on actual collections received through April 2012. Oil and gas lease bonus payments are one-time payments that are collected at the time a lease is issued. The bonus collected is based on the number of acres leased. If a well is drilled on leased minerals, no additional bonus will be collected from those minerals as long as production continues. Because most of the Department of Trust Land's inventory of minerals in prime oil country has now been leased, it is expected that lease bonus revenues will decline substantially going forward.					

**Bismarck State College  
Budget 227  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	111.51	\$33,103,920 <sup>1</sup>	\$8,535,000	\$41,638,920
2009-11 legislative appropriation	<u>111.51</u>	<u>27,849,535</u>	<u>409,500</u>	<u>28,259,035</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$5,254,385	\$8,125,500	\$13,379,885

<sup>1</sup>This amount includes \$5,057,933 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$28,045,987.

**NOTE:** The 2011-13 legislative appropriations amounts have been adjusted to include:

- \$1,168,227 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Bismarck State College's FTE student enrollment projection for the 2011-13 biennium was 3,304 for the fall 2011 semester and 3,403 for the fall 2012 semester.

**Tuition collections** - Bismarck State College estimated tuition revenue of \$14,211,900 for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$257,933 is for special assessment payments, and \$4.8 million is for capital projects at Bismarck State College.

**Capital projects** - The Legislative Assembly authorized the following capital projects for Bismarck State College for the 2011-13 biennium:

<b>Description</b>	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Plant services building	\$1,500,000		\$1,500,000
Student Union renovation and addition (revenue bonding)		\$7,500,000	7,500,000
National Energy Center of Excellence fourth floor project	3,300,000	1,035,000	4,335,000
<b>Total</b>	<b>\$4,800,000</b>	<b>\$8,535,000</b>	<b>\$13,335,000</b>

**Workforce training** - The Legislative Assembly appropriated \$3 million from the general fund to the Department of Career and Technical Education for workforce training grants to the institutions of higher education assigned primary responsibility for workforce training in the state.

**Status/Result**

Bismarck State College's fall 2011 semester FTE enrollment was 3,209, 95 less than estimated and 1 more than the fall 2010 semester.

The current estimate for tuition collections for the 2011-12 fiscal year is \$13,771,900, \$440,000 less than projected.

Bismarck State College anticipates using all the funds provided for special assessment payments during the 2011-13 biennium.

See the **Capital projects** section below for information regarding the institution's capital projects.

The following is a summary of the status of Bismarck State College's capital projects:

Plant services building	The college began construction on the new building in April 2012. The college anticipates the building will be completed in November 2012.
Student Union renovation and addition	The college is in the final stages of design and planning for the Student Union renovation and addition project. The college will open bids on the project in July 2012.
National Energy Center of Excellence fourth floor project	The college is in the construction phase of the National Energy Center of Excellence fourth floor project. The college anticipates the project will be completed in the fall of 2012.

Bismarck State College was allocated \$781,572 of the \$3 million appropriation. The college received \$390,786 of state workforce training funds during fiscal year 2012, leaving \$390,786 for distribution during fiscal year 2013.



**Lake Region State College  
Budget 228  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	37.50	\$10,024,981 <sup>1</sup>	\$0	\$10,024,981
2009-11 legislative appropriation	<u>37.50<sup>2</sup></u>	<u>10,765,011</u>	<u>2,609,920</u>	<u>13,374,931</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$740,030)	(\$2,609,920)	(\$3,349,950)

<sup>1</sup>This amount includes \$866,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9,158,981.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 4.53 to 37.50 from 32.97, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative appropriations amounts have been adjusted to include:

- \$384,371 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Lake Region State College's FTE enrollment projection for the 2011-13 biennium was 890 for both the fall 2011 semester and the fall 2012 semester.

**Tuition collections** - Lake Region State College estimated net tuition revenue of \$4,545,000 for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$866,000 is for capital projects--roof replacement projects--at Lake Region State College.

**Workforce training** - The Legislative Assembly appropriated \$3 million from the general fund to the Department of Career and Technical Education for workforce training grants to the institutions of higher education assigned primary responsibility for workforce training in the state.

**Wind energy project** - The Legislative Assembly in 2009 appropriated \$2,609,920 of federal stimulus funds from the American Recovery and Reinvestment Act of 2009 for a wind energy project at Lake Region State College and provided that funding of \$2,609,920 from the general fund for the project included in the executive budget is only to be used to the extent that federal fiscal stimulus funds are not available. Any unspent general fund appropriation related to the project must be returned to the general fund.

**Status/Result**

The fall 2011 semester FTE enrollment was 988, 98 more than estimated and 67 more than the fall 2010 semester.

The current estimate for net tuition collections for the 2011-12 fiscal year is \$4,695,000, \$150,000 more than projected.

Lake Region State College anticipates using all the funds for roof projects during the 2011-13 biennium.

Lake Region State College was allocated \$535,492 of the \$3 million appropriation. The college received \$267,746 of state workforce training funds during fiscal year 2012, leaving \$267,746 for distribution during fiscal year 2013.

Lake Region State College was unsuccessful in securing federal fiscal stimulus funds from the American Recovery and Reinvestment Act of 2009 for the project due to federal requirements prohibiting the supplanting of funding from the general fund. Therefore, the college has decided to proceed with the project using the funding of \$2,609,920 from the general fund.

At this time, the total estimated cost of the project has increased by at least \$1.2 million from \$6,132,000, of which \$2,609,920 was from the general fund and the remainder of \$3,522,080 was from an energy performance contract, as estimated during the 2009 legislative session to \$7.2 million due to an increase in

the cost of the wind turbine and additional costs associated with changing the proposed location of the wind turbine.

**Williston State College**  
**Budget 229**  
**House Bill Nos. 1003, 1477**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	43.42	\$13,867,486 <sup>1</sup>	\$2,225,000	\$16,092,486
2009-11 legislative appropriation	<u>43.42</u>	<u>9,836,888</u>	<u>15,375,000</u>	<u>25,211,888</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$4,030,598	(\$13,150,000)	(\$9,119,402)

<sup>1</sup>This amount includes \$4,820,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9,047,486.

**NOTE:** The 2011-13 legislative appropriations amounts have been adjusted to include:

- \$348,788 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - Williston State College's FTE student enrollment projection for the 2011-13 biennium was 585 for both the fall 2011 semester and the fall 2012 semester.

**Tuition collections** - Williston State College estimated tuition revenue of \$1,826,849 for the 2011-12 fiscal year.

**One-time funding** - The Legislative Assembly identified \$4,820,000 of one-time funding from the general fund for the 2011-13 biennium. Of the \$4,820,000, \$2,820,000 was for capital projects and \$2 million was for public safety or other unusual or unexpected expenses due to the impact of oil and gas development in the region.

**Status/Result**

The fall 2011 semester FTE enrollment was 608, 23 more than estimated and 38 more than the fall 2010 semester.

The current estimate for tuition collections for the 2011-12 fiscal year is \$1,874,824, \$47,975 more than projected.

See the **Capital projects** section below for information regarding the institution's capital projects.

Williston State College anticipates using the \$2 million of funding provided for public safety or other unusual or unexpected expenses due to the impact of oil and gas development in the region as follows:

Backup generator	\$300,000
Safety, including contracted security coverage, locks, security cameras, and lighting	473,000
Employee retention and recruitment, including employee impact funding, professional development, and child care funding	695,000
Limited asbestos abatement of Stevens Hall	450,000
Contingency funding	82,000
<b>Total</b>	<b>\$2,000,000</b>

**Capital projects** - The Legislative Assembly authorized the following capital projects for Williston State College for the 2011-13 biennium:

Description	General Fund	Special Funds	Total
Additional funding for completion of the science laboratory renovation	\$1,320,000		\$1,320,000
Campus improvements (capital projects to develop a more collegiate and professional atmosphere on campus)	1,000,000	\$500,000	1,500,000
Workforce training building project	500,000	1,725,000	2,225,000
Total	\$2,820,000	\$2,225,000	\$5,242,801

**Workforce training** - The Legislative Assembly appropriated \$3 million from the general fund to the Department of Career and Technical Education for workforce training grants to the institutions of higher education assigned primary responsibility for workforce training in the state.

The following is a summary of the status of Williston State College's capital projects:

Additional funding for completion of the science laboratory renovation	The college anticipates completing the project in June 2012.
Campus improvements (capital projects to develop a more collegiate and professional atmosphere on campus)	In June 2011, the college received Budget Section approval to increase the authorization for Phases I and II of the project by \$1.5 million, from \$1.5 million to \$3 million. Funding for the project consists of \$1 million from the general fund and \$2 million from private foundation funds. In December 2011, the college received Budget Section approval to reduce the scope of the project authorization from Phases I and II at a cost of \$3 million to Phase I at a cost of \$1.8 million. The college anticipates completing Phase I of the project by the fall of 2012. The college will be requesting funding from the Legislative Assembly in 2013 for the remaining phases of the project.
Workforce training building project	In June 2011, the college received Budget Section approval to increase the authorization for the project by \$1,685,000 from \$2,225,000 to \$3,910,000. Funding for the project consists of \$500,000 from the general fund, \$1,725,000 from a Bank of North Dakota loan to be repaid from workforce training revenues as approved by the Legislative Assembly in 2011, \$10,000 from donations, and \$1,675,000 from private or workforce training revenues. As of April 2012, the college is considering further scope changes to the project.

Williston State College was allocated \$511,870 of the \$3 million appropriation. The college received \$255,935 of state workforce training funds during fiscal year 2012, leaving \$255,935 for distribution during fiscal year 2013.

**University of North Dakota  
Budget 230  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	651.91	\$157,466,196 <sup>1</sup>	30,450,000	\$187,916,196
2009-11 legislative appropriation	<u>651.91<sup>2</sup></u>	<u>134,863,462</u>	<u>61,619,000</u>	<u>196,482,462</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$22,602,734	(\$31,169,000)	(\$8,566,266)

<sup>1</sup>This amount includes \$12,597,146 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$144,869,050.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 26.63, from 625.28 to 651.91, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include:

- \$3,788,692 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.
- \$75,000 from the general fund for educational leadership program allocation funding appropriated to the University System office.

**Item Description**  
**Enrollment** - At the end of the 2011 regular legislative session, the University of North Dakota's FTE student enrollment projection for the 2011-13 biennium was 12,101 for the fall 2011 semester and 12,118 for the fall 2012 semester.

**Tuition collections** - The University of North Dakota estimated tuition revenue of \$69.1 million for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$97,146 is for special assessments and \$12.5 million is for capital projects at the University of North Dakota.

**Capital projects** - The Legislative Assembly authorized the following capital projects for the University of North Dakota for the 2011-13 biennium:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Joint information technology building project and attached research building	\$12,500,000	\$8,000,000	\$20,500,000
Energy and Environmental Research Center Slurry Building expansion		2,700,000	2,700,000

**Status/Result**

The fall 2011 semester FTE enrollment was 12,319, 218 more than projected and 301 more than the fall 2010 semester.

The current estimate for tuition collections for the 2011-12 fiscal year is \$74.9 million, \$5.8 million more than projected.

The University of North Dakota anticipates using all the funds provided for special assessment payments during the 2011-13 biennium.

See the **Capital projects** section below for information regarding the institution's capital projects.

The status of each project as of April 2012 is as follows:

- Joint information technology building project and attached research building - The State Board of Higher Education authorized, and the Budget Section subsequently approved, the renovation of an existing building for a data center and the construction of a new building for office space. The project is expected to cost \$15.5 million, of which \$12.5 million is from the general fund and \$3 million is from one-time information technology savings and cost efficiencies. The University System did not receive a federal grant to construct a research facility in conjunction with the information technology building.

University Townhome apartments		5,000,000 <sup>1</sup>	5,000,000
Wilkerson Hall renovation and addition		14,000,000 <sup>1</sup>	14,000,000
Flight operations center renovation		750,000	750,000
Total	\$12,500,000	\$30,450,000	\$42,950,000

<sup>1</sup>The Legislative Assembly provided revenue bonding authority of \$5 million for the University Townhome apartments projects and \$14 million for the Wilkerson Hall renovation and addition.

- Energy and Environmental Research Center Slurry Building expansion - The project has not been started.
- University Townhome apartments - The project has not been started.
- Wilkerson Hall renovation and addition - The project is estimated to be completed in 2014.
- Flight operations center renovation - The project is estimated to be completed in the summer of 2012.

**University of North Dakota School of Medicine and Health Sciences**  
**Budget 232**  
**House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	137.43	\$47,847,971 <sup>1</sup>	\$0	\$47,847,971
2009-11 legislative appropriation	<u>137.43<sup>2</sup></u>	<u>41,115,401</u>	<u>0</u>	<u>41,115,401</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$6,732,570	\$0	\$6,732,570

<sup>1</sup>This amount includes \$100,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$47,747,971.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by (7.49), from 144.92 to 137.43, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include \$1,064,950 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

<b>Item Description</b>	<b>Status/Result</b>
<b>Tuition collections</b> - The University of North Dakota School of Medicine and Health Sciences estimated tuition revenue of \$27,046,613 for the 2011-13 biennium.	The current estimate for tuition collections for the 2011-13 biennium is the same as the original estimate.
<b>Space utilization study</b> - The Legislative Assembly provided one-time funding of \$100,000 from the general fund for a space utilization study at the School of Medicine and Health Sciences.	The space utilization study report was completed in March 2012. The report provides three options for increasing the available space for the school to accommodate increased student enrollment. The estimated cost of the options ranges from \$38.5 million to \$124 million.
<b>Enrollment increase</b> - The Legislative Assembly provided an additional \$1.8 million of funding from the general fund to increase the enrollment of the School of Medicine and Health Sciences.	<p>The School of Medicine and Health Sciences is anticipating to increase student enrollment beginning with the 2012-13 academic year as follows:</p> <ul style="list-style-type: none"> <li>• Eight additional medical students.</li> <li>• Fifteen additional health science students.</li> <li>• Three new residency programs with an emphasis on rural primary care.</li> </ul> <p>The School of Medicine and Health Sciences also anticipates adding two new residency programs beginning with the 2013-14 academic year.</p>
<b>Master's in public health program</b> - The Legislative Assembly provided \$1,215,218 to the School of Medicine and Health Sciences and North Dakota State University to develop a joint master's in public health program.	The School of Medicine and Health Sciences is developing the joint master's in public health program in conjunction with North Dakota State University. The first class of students for the program will be admitted during the 2012-13 academic year.

**North Dakota State University  
Budget 235  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	584.88	\$128,020,232 <sup>1</sup>	\$36,100,000	\$164,120,232
2009-11 legislative appropriation	<u>584.88<sup>2</sup></u>	<u>128,763,124</u>	<u>58,100,000</u>	<u>186,863,124</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$742,892)	(\$22,000,000)	(\$22,742,892)

<sup>1</sup>This amount includes \$272,683 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$127,747,549.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 69.12, from 515.76 to 584.88, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes the State Board of Higher Education to adjust FTE positions as needed subject to the availability of funds for the institutions and entities under its control.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include:

- \$6,005,607 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.
- \$75,000 from the general fund for the institution's share of the \$150,000 educational leadership program funding appropriated to the University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, North Dakota State University's FTE student enrollment projection for the 2011-13 biennium was 12,708 for both the fall 2011 and fall 2012 semesters.

**Tuition collections** - North Dakota State University estimated tuition revenue of \$75,001,129 for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$272,683 is for special assessment payments at North Dakota State University.

**Capital projects** - The Legislative Assembly authorized the following capital projects for NDSU for the 2011-13 biennium:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Bison Sports Arena renovation project		\$29,100,000	\$29,100,000
Indoor practice facility		5,000,000	5,000,000
Information technology infrastructure projects		2,000,000	2,000,000
<b>Total</b>	<b>\$0</b>	<b>\$36,100,000</b>	<b>\$36,100,000</b>

**Status/Result**

The fall 2011 semester FTE enrollment was 12,606, 102 less than projected and 102 less than the fall 2010 semester.

The current estimate for tuition collections has not changed from the original estimate.

North Dakota State University anticipates using all the funds provided for special assessment payments during the 2011-13 biennium.

The status of each project as of April 2012 is as follows:

- Bison Sports Arena project - The university is currently conducting a fundraising campaign for the project. A construction start date has yet to be identified.
- Indoor practice facility - Construction of the facility began in the fall of 2011 and is estimated to be complete by the fall of 2012.
- Information technology infrastructure projects - The projects have not begun and it is unknown if funding will be available for the projects.



**Minard Hall project** - North Dakota State University received a \$5 million appropriation (\$4.5 million general fund, \$500,000 special funds) for the 2007-09 biennium and a \$13 million general fund appropriation for the 2009-11 biennium for Phases 1 and 2 of the Minard Hall project. In December 2009, a portion of the building partially collapsed during construction. Section 8 of 2011 House Bill No. 1003 authorizes North Dakota State University to continue unspent 2007-09 and 2009-11 biennium appropriation authority for the Minard Hall project into the 2011-13 biennium. North Dakota State University is to provide reports to the Budget Section during the 2011-12 interim regarding the status of the project.

North Dakota State University received Budget Section approval in December 2012 to increase the special funds spending authority for the project by \$4,874,300 to provide for a total project cost of \$22,874,300. The additional funding for the project is to come from insurance proceeds, legal, settlements, and other available funds, including a potential deficiency appropriation request. The project is anticipated to be substantially complete in December 2012.

**North Dakota State College of Science  
Budget 238  
House Bill Nos. 1003, 1477**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	164.87	\$45,691,054 <sup>1</sup>	\$10,700,000	\$56,391,054
2009-11 legislative appropriation	<u>164.87</u>	<u>39,156,042</u>	<u>7,136,000</u>	<u>46,292,042</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$6,535,012	\$3,564,000	\$10,099,012

<sup>1</sup>This amount includes \$10,358,666 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$35,332,388.

**NOTE:** The 2011-13 legislative appropriations amounts have been adjusted to include:

- \$705,863 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, the North Dakota State College of Science's FTE student enrollment projection for the 2011-13 biennium was 2,261 for the fall 2011 semester and 2,306 for the fall 2012 semester.

**Tuition collections** - The North Dakota State College of Science estimated tuition revenue of \$7.6 million for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$58,666 is for special assessment payments, and \$10.3 million is for a capital project at the North Dakota State College of Science.

**Capital projects** - The Legislative Assembly authorized the following capital projects for the North Dakota State College of Science for the 2011-13 biennium:

<b>Description</b>	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Forkner Hall renovation (revenue bonding)		\$5,000,000	\$5,000,000
Schulz Hall-Riley Hall renovation (revenue bonding) <sup>1</sup>		4,000,000	4,000,000
Frank Vertin football complex		1,500,000	1,500,000
Bisek Hall renovation and addition	\$10,300,000	200,000	10,500,000
Total	\$10,300,000	\$10,700,000	\$21,000,000

<sup>1</sup>The Legislative Assembly during its November 2011 special session changed revenue bond authority and special funds appropriations (revenue bond proceeds) of \$4 million from the Schulz Hall renovation project to the Riley Hall renovation project.

**Status/Result**

The North Dakota State College of Science's fall 2011 semester FTE enrollment was 2,366, 105 more than estimated and 149 more than the fall 2010 semester.

The current estimate for tuition collections for the 2011-12 fiscal year remains at \$7.6 million.

The North Dakota State College of Science anticipates using all the funds provided for special assessment payments during the 2011-13 biennium.

See the **Capital projects** section below for information regarding the institution's capital projects.

The following is a summary of the status of the North Dakota State College of Science's capital projects:

Forkner Hall renovation	The college has issued revenue bonds and hired an architecture firm for the project. The college anticipates the project to be completed in the fall of 2013.
Riley Hall renovation	The college has issued revenue bonds and hired an architecture firm for the project. The college anticipates the project to be completed in the fall of 2013.
Frank Vertin football complex	The college will be requesting reauthorization for the project during the 2013 legislative session.
Bisek Hall renovation and addition	In March 2012, the college received approval from the Budget Section to increase the size of the Bisek Hall project from 54,900 gross square feet to approximately 65,600 gross square feet within the original \$10.5 million budget. The college has selected the architecture firm and the general contractor for the project. The college anticipates the project to be completed in the fall of 2013.

**Workforce training** - The Legislative Assembly appropriated \$3 million from the general fund to the Department of Career and Technical Education for workforce training grants to the institutions of higher education assigned primary responsibility for workforce training in the state.

The North Dakota State College of Science was allocated \$1,171,068 of the \$3 million appropriation. The college received \$585,534 of state workforce training funds during fiscal year 2012, leaving \$585,534 for distribution during fiscal year 2013.

**Dickinson State University**  
**Budget 239**  
**House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	92.96	\$23,692,617 <sup>1</sup>	\$0	\$23,692,617
2009-11 legislative appropriation	<u>92.96<sup>2</sup></u>	<u>25,231,011</u>	<u>350,000</u>	<u>25,581,011</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$1,538,394)	(\$350,000)	(\$1,888,394)

<sup>1</sup>This amount includes \$900,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$22,792,617.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 1.86, from 91.10 to 92.96, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include \$477,163 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Dickinson State University's FTE student enrollment projection for the 2011-13 biennium was 2,089 for the fall 2011 semester and 2,110 for the fall 2012 semester.

**Tuition collections** - Dickinson State University estimated net tuition revenue of \$8,958,404 for the 2011-12 academic year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$900,000 is for projects and programs related to the Theodore Roosevelt Center (\$750,000) and programs that have experienced a loss of funding due to decreased oil revenues (\$150,000) at Dickinson State University.

**Dickinson State University performance audit** - The State Auditor's office conducted a performance audit on the operations of Dickinson State University.

**Dismissal of president** - The chancellor of the University System served a notice of intent to dismiss Dickinson State University President Dr. Richard McCallum effective August 11, 2011.

**Status/Result**

The fall 2011 semester FTE enrollment was 1,959, 130 less than projected and 95 less than the fall 2010 semester.

The current estimate for tuition collections for the 2011-12 academic year is \$8,529,941, \$428,463 less than projected.

The status of the one-time funding allocations is as follows:

- Theodore Roosevelt Center (\$750,000) - Dickinson State University budgeted \$463,843 of the funding for salaries and operating expenses for the digitization of documents related to the center during fiscal year 2012. The institution anticipates using the remaining funding for expenses of the center during fiscal year 2013.
- Programs that have experienced a loss of funding due to decreased oil revenues (\$150,000) - Dickinson State University allocated the funding to the Roughrider Scholarship program to provide \$75,000 of scholarships during each academic year of the 2011-13 biennium.

The performance audit report, released in March 2012, contained 33 recommendations for improvement in areas related to the use of student fees, the awarding of scholarships and tuition waivers, the proper use of public funds, the enrollment of students, and campus operations.

The State Board of Higher Education approved an amended notice of intent to dismiss Dr. McCallum on August 15, 2011, and appointed an acting president for the university. Following an administrative law hearing, the State Board of Higher Education formally dismissed Dr. McCallum on December 15, 2011.

Dickinson State University reported approximately \$70,000 of attorney and related expenses associated with the dismissal of Dr. McCallum. The university also reported \$103,000 of additional costs related to the compensation and benefits of the acting president.

**Special international student programs** - At the end of the 2011-12 academic year, Dickinson State University is discontinuing special international programs, including the dual-degree joint program and Disney program.

Dickinson State University expects a decrease of 132 international students during the 2012-13 academic year due to the elimination of the special international student programs. The university estimates that the elimination of the programs will reduce tuition revenue by approximately \$860,000 during the 2012-13 academic year.

**Mayville State University  
Budget 240  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	58.72	\$13,274,293 <sup>1</sup>	\$0	\$13,274,293
2009-11 legislative appropriation	<u>58.72<sup>2</sup></u>	<u>19,018,467</u>	<u>3,668,500</u>	<u>22,686,967</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$5,744,174)	(\$3,668,500)	(\$9,412,674)

<sup>1</sup>This amount includes \$139,513 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$13,134,780.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 3.33, from 55.39 to 58.72, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include \$190,965 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Mayville State University's FTE student enrollment projection for the 2011-13 biennium was 777 for the fall 2011 semester and 850 for the fall 2012 semester.

**Tuition collections** - Mayville State University estimated tuition revenue of \$3,833,390 for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$84,513 is for special assessments and \$55,000 is for a campus drainage study at Mayville State University.

**Status/Result**

The fall 2011 semester FTE enrollment was 704, 73 less than projected and the same as the fall 2010 semester enrollment.

The current estimate for tuition collections for the 2011-12 fiscal year remains the same as estimated which is \$200,205 more than 2010-11 fiscal year tuition revenue of \$3,633,185.

Mayville State University anticipates using all the funds provided for special assessment payments during the 2011-13 biennium.

The campus drainage study is complete, and the engineering report on the study was released in March 2012. The institution is reviewing options to request funding for drainage projects recommended in the report.

**Minot State University**  
**Budget 241**  
**House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	187.83	\$43,588,594 <sup>1</sup>	\$16,034,555	\$59,623,149
2009-11 legislative appropriation	187.83 <sup>2</sup>	39,877,100	27,250,000	67,127,100
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$3,711,494	(\$11,215,445)	(\$7,503,951)

<sup>1</sup>This amount includes \$4.85 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$38,738,594.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by (1.99), from 189.82 to 187.83, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include \$567,621 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Minot State University's FTE student enrollment projection for the 2011-13 biennium was 3,024 for the fall 2011 semester and 3,047 for the fall 2012 semester.

**Tuition collections** - Minot State University estimated gross tuition revenue of \$16.69 million for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$4.85 million is for a capital project at Minot State University.

**Capital projects** - The Legislative Assembly authorized the following capital projects for Minot State University for the 2011-13 biennium:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Landscape plan		\$800,000	\$800,000
Old Main classroom remodel		750,000	750,000
Resident apartments		3,500,000 <sup>1</sup>	3,500,000
Geothermal energy project <sup>2</sup>	\$4,850,000	8,884,555	13,734,555
Food service remodeling project		1,500,000	1,500,000
Plant services building		600,000	600,000
<b>Total</b>	<b>\$4,850,000</b>	<b>\$16,034,555</b>	<b>\$20,884,555</b>

<sup>1</sup>The Legislative Assembly provided revenue bonding authority of \$3.5 million for the resident apartments project.

<sup>2</sup>The Legislative Assembly in 2009 provided Minot State University with a \$2.5 million general fund appropriation for a coal boiler replacement that may be used instead for the geothermal energy project.

**Status/Result**

The fall 2011 semester FTE enrollment was 2,795, 229 less than projected and 207 less than the fall 2010 semester.

The current estimate for gross tuition collections for the 2011-12 fiscal year is \$15,284,830, \$1,405,170 less than projected.

See the **Capital projects** section below for information regarding the institution's capital projects.

The status of each project as of April 2012 is as follows:

- Landscape plan - The project has been delayed due to the impact of flooding during the summer of 2011.
- Old Main classroom remodel - Funding for the project was funded through a gift and is complete.
- Resident apartments - The university is discontinuing efforts to proceed with this project.
- Geothermal energy project - The university received Budget Section approval in September 2011 to reduce the project scope to only complete the first phase of the project and begin additional phases if funding is available. The institution is using the \$2.5 million 2009-11 biennium general fund appropriation, \$4.85 million 2011-13 biennium general fund appropriation, and \$2 million Department of Commerce federal stimulus grant. The first phase of the project is expected to be complete by the spring of 2013.

- Food service remodeling project - Funding for the project was from a food service contract and is complete.
- Plant services building - The design of the building is complete. The university is considering seeking general fund support from the Legislative Assembly in 2013 to continue with the project.

**Mouse River flooding impact** - Minot State University was impacted by flooding along the Mouse River during the summer of 2011.

Minot State University incurred several emergency flood fighting costs and expects future revenue impacts as a result of the flood. The following is a summary of the estimated financial impact of the flood:

<b>Flood-Impacted Area</b>	<b>Estimated Financial Impact</b>
Academic year 2011-12 enrollment decline of 7 percent - Effect on tuition	\$800,000
Academic year 2011-12 enrollment decline of 7 percent - Effect on university and activity student fees	250,000
Academic year 2012-13 projected flat enrollment level - Effect on tuition	1,000,000
Emergency flood fighting efforts, including dike construction and removal	100,000 <sup>1</sup>
Long-term flood restoration for campus infrastructure	2,200,000 <sup>2</sup>
Emergency housing projects for faculty, staff, and students	3,600,000
<b>Total</b>	<b>\$7,950,000</b>
<sup>1</sup> Does not include \$300,000 of emergency flood fighting costs which the Federal Emergency Management Agency (FEMA) has approved for reimbursement	
<sup>2</sup> Does not include \$400,000 of campus restoration costs approved for reimbursement by FEMA.	

Minot State University anticipates requesting a deficiency appropriation from the 63<sup>rd</sup> Legislative Assembly for flood-related costs that are not approved for reimbursement from FEMA. The institution has taken action to reduce operating costs, including the implementation of a partial hiring freeze and delaying the replacement of equipment on campus.



**Valley City State University  
Budget 242  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	90.37	\$28,451,476 <sup>1</sup>	\$1,015,000	\$29,466,476
2009-11 legislative appropriation	90.37 <sup>2</sup>	19,304,026	18,500,000	37,804,026
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$9,147,450	(\$17,485,000)	(\$8,337,550)

<sup>1</sup>This amount includes \$10,348,416 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$18,103,060.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 3.51, from 86.86 to 90.37, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include \$289,003 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Valley City State University's FTE student enrollment projection for the 2011-13 biennium was 950 for the fall 2011 semester and 950 for the fall 2012 semester.

**Tuition collections** - Valley City State University estimated tuition revenue of \$9,600,000 for the 2011-13 biennium.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$48,416 is for special assessment payments and \$10,300,000 is for capital projects at Valley City State University.

**Capital projects** - The Legislative Assembly authorized the following capital projects for Valley City State University for the 2011-13 biennium:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Rhoades Science Center renovation and addition project	\$10,300,000	\$200,000	\$10,500,000
Lokken Field turf replacement project		815,000	815,000
<b>Total</b>	<b>\$10,300,000</b>	<b>\$1,015,000</b>	<b>\$11,315,000</b>

**Status/Result**

The fall 2011 semester FTE enrollment was 1,011, 61 more than projected and 54 more than the fall 2010 semester.

The current estimate for tuition collections for the 2011-13 biennium is \$10,248,000, \$648,000 more than projected.

Valley City State University anticipates using all the funds provided for special assessment payments during the 2011-13 biennium.

See the **Capital projects** section below for information regarding the institution's capital assets.

The status of each project as of April 2012 is as follows:

- Rhoades Science Center renovation and addition project - The project began in the fall of 2011 and is estimated to be completed in August 2013.
- Lokken Field turf replacement project - The project was completed in August 2011.

**Dakota College at Bottineau  
Budget 243  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	34.81	\$7,305,257 <sup>1</sup>	\$0	\$7,305,257
2009-11 legislative appropriation	<u>34.81<sup>2</sup></u>	<u>7,210,530</u>	<u>2,000,000</u>	<u>9,210,530</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$94,727	(\$2,000,000)	(\$1,905,273)

<sup>1</sup>This amount includes \$700,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$6,605,257.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by 3.60, from 31.75 to 34.81, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**NOTE:** The 2011-13 legislative general fund appropriations amounts have been adjusted to include \$249,315 from the general fund for the institution's share of the \$15,240,565 equity and student affordability funding pool appropriated to the North Dakota University System office.

**Item Description**

**Enrollment** - At the end of the 2011 regular legislative session, Dakota College at Bottineau's FTE student enrollment projection for the 2011-13 biennium was 504 for the fall 2011 semester and 508 for the fall 2012 semester.

**Tuition collections** - Dakota College at Bottineau estimated tuition revenue of \$1,710,000 for the 2011-12 fiscal year.

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the University System. Of this amount, \$700,000 is for campus improvements at Dakota College at Bottineau.

**Status/Result**

The fall 2011 semester FTE enrollment was 524, 20 more than projected and 16 less than the fall 2010 semester.

The current estimate for tuition collections for the 2011-12 fiscal year is \$1,790,000, \$80,000 more than projected.

Dakota College at Bottineau anticipates using the funding for campus roadway improvements. The improvements will be completed during the summer of 2012.

**Forest Service  
Budget 244  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	26.00	\$4,212,472 <sup>1</sup>	\$1,003,486	\$5,215,958
2009-11 legislative appropriation	<u>26.00<sup>2</sup></u>	<u>3,855,768</u>	<u>997,486</u>	<u>4,853,254</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$356,704	\$6,000	\$362,704

<sup>1</sup>This amount includes \$250,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$3,962,472.

<sup>2</sup>The number of FTE positions for the 2009-11 biennium has been adjusted by (1.00), from 27.00 to 26.00, pursuant to Section 20 of 2009 Senate Bill No. 2003 which authorizes 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.

**Item Description**

**One-time funding** - In Section 2 of 2011 House Bill No. 1003, the Legislative Assembly identified \$49,260,357 of funding from the general fund as one-time funding items for the North Dakota University System. Of this amount, \$250,000 is for a Forest Service program to mitigate the effects of emerald ash borer tree infestations.

**Status/Result**

The Forest Service is developing a grant program to assist communities in the mitigation of emerald ash borer tree infestations. The program will provide grant funds to cities to remove and replace trees destroyed by emerald ash borer infestations. The program will require communities to provide matching grant funds. As of May 2012, no emerald ash borer tree infestations have been recorded within the state; therefore, no funds have been expended on the program.

**State Library  
Budget 250  
Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	29.75	\$5,263,975	\$2,134,610	\$7,398,585
2009-11 legislative appropriation	<u>29.75</u>	<u>4,651,028</u>	<u>1,935,336</u>	<u>6,586,364</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$612,947	\$199,274	\$812,221

**Item Description**

**State aid to public libraries** - The Legislative Assembly appropriated \$1.5 million from the general fund for state aid to public libraries for the 2011-13 biennium, an increase of \$200,000 from the \$1.3 million appropriated for the 2009-11 biennium.

**Library Vision project** - The Legislative Assembly appropriated \$237,500 from the general fund for grants relating to the Library Vision project for the 2011-13 biennium.

**Status/Result**

The State Library is providing the state aid to public libraries in accordance with North Dakota Century Code Section 54-24.2-02 that provides \$1 per capita for city libraries and \$1 per capita and \$5 per square mile for county libraries. Libraries must continue their maintenance of effort. The maintenance of effort requirement provides that a public library is not eligible to receive any state aid to libraries during a fiscal year if the governing body has diminished the appropriation for public library services below the average of the three preceding fiscal years. Based on the current formula, the appropriation for the 2011-13 biennium will provide 66 percent of the state aid to libraries formula.

The State Library awards Library Vision grants to school and local libraries to pay costs associated with cataloging library records and adding the records to the statewide library database. Through March 2012 the State Library has added 131 libraries to the statewide library database. The State Library has identified an additional 10 public libraries, 14 tribal libraries, and 118 school libraries that would be eligible to add library records to the statewide library database.

**School for the Deaf  
Budget 252  
Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	43.94	\$6,718,772 <sup>1</sup>	\$2,088,007	\$8,806,779
2009-11 legislative appropriation	43.94	7,139,896	2,168,550	9,308,446
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0	(\$421,124)	(\$80,543)	(\$501,667)

<sup>1</sup>This amount includes \$103,800 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$6,614,972.

**Item Description**

**One-time funding and extraordinary repairs carryover** - In Sections 2 and 16 of 2011 Senate Bill No. 2013, the Legislative Assembly authorized the School for the Deaf to continue \$835,000 of unused 2009-11 biennium general fund appropriations relating to the remodeling of the Trades Building for use during the 2011-13 biennium for extraordinary repairs identified in the School for the Deaf's master plan. In addition, the Legislative Assembly provided \$103,800 of one-time funding from the general fund and \$59,730 of special funds from Head Start program revenue for a total of \$998,530 to be used for extraordinary repairs during the 2011-13 biennium as follows:

School building repairs	\$520,200
Apartment building and garage demolition	17,000
Kitchen and dining building repairs	101,200
Blackhurst Dormitory repairs	250,400
Gym roof replacement	59,730
Electric transformers replacement	50,000
<b>Total</b>	<b>\$998,530</b>

**Higher education interpreter grant program** - In Section 17 of 2011 Senate Bill No. 2013, the Legislative Assembly provided that \$200,000 from the general fund included in the grants line item of the School for the Deaf is for the continuation of the program to assist institutions under the control of the State Board of Higher Education with the cost of interpreters and real-time captioning for students who are deaf or hard-of-hearing for the 2011-13 biennium. Funding appropriated for this program is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section requires the School for the Deaf to develop a formula for distribution of the funds based on a uniform hourly reimbursement rate and may not distribute more than 50 percent of the amount appropriated during the first year of the biennium. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf is to provide additional prorated grants to institutions that incurred hourly expenses during the biennium in excess of the formula reimbursement level.

**Status/Result**

The School for the Deaf completed the demolition of the apartment building and garage within budget and anticipates the gym roof replacement will also be completed within budget. The electric transformers will also be replaced at a cost of \$62,000, or \$12,000 more than estimated.

The School for the Deaf plans to complete the school building repairs; however, the repairs are expected to cost approximately \$1 million. The School for the Deaf received Emergency Commission and Budget Section approval in March 2012 to increase the capital assets line item by \$200,000 of special funds from additional revenue generated by the use of the School for the Deaf campus and services by the Head Start program. The school is planning to use the funds provided for repairs to the kitchen and dining building and Blackhurst Dormitory as well as the additional \$200,000 of special fund authority to complete the electric transformer replacement and the school building repairs. The school plans to seek approval from the Legislative Assembly in 2013 for additional funding for the kitchen and dining building and the Blackhurst Dormitory building repairs.

After all higher education interpreter grants submitted were fully funded, the School for the Deaf continued \$26,994 of remaining funds from the 2009-11 biennium to the 2011-13 biennium. Funding available for higher education interpreter grants during the 2011-13 biennium totals \$226,994. Through the 2011 fall semester (December 2011) the School for the Deaf has provided grants totaling \$32,501 to assist higher education institutions with the cost of interpreters and real-time captioning for students who are deaf or hard-of-hearing.

**North Dakota Vision Services - School for the Blind  
Budget 253  
Senate Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	29.50	\$3,797,240 <sup>1</sup>	\$835,091	\$4,632,331
2009-11 legislative appropriation	<u>29.50</u>	<u>3,510,068</u>	<u>818,902</u>	<u>4,328,970</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0	\$287,172	\$16,189	\$303,361

<sup>1</sup>This amount includes \$70,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$3,727,240.

**Item Description**

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2013, the Legislative Assembly identified \$70,000 of one-time funding from the general fund for a tractor (\$17,000), a Braille embosser (\$8,500), a facility master plan (\$20,000), and instructional equipment (\$24,500) during the 2011-13 biennium.

**Braille music instruction program** - The Legislative Assembly removed a .5 FTE position for the superintendent position currently shared with the School for the Deaf and provided a .5 FTE Braille music instructor position.

**Status/Result**

North Dakota Vision Services - School for the Blind anticipates purchasing the tractor, the Braille embosser, and the instructional equipment in calendar year 2012. The facility master plan is underway and will be completed in May 2012.

The .5 FTE Braille music instructor position assists school districts with Braille music for blind students and provides individualized instruction to students attending the School for the Blind. In addition, the School for the Blind, with assistance from the North Dakota School for the Blind Foundation, will host a summer Braille music camp for students.

Department of Career and Technical Education  
Budget 270  
House Bill No. 1019

	FTE Positions	General Fund	Other Funds	Total
2011-13 legislative appropriation	27.50	\$27,981,679	\$10,766,888	\$38,748,567
2009-11 legislative appropriation	28.50	25,981,008	10,762,882	36,743,890
2011-13 appropriation increase (decrease) to 2009-11 appropriation	(1.00)	\$2,000,671	\$4,006	\$2,004,677

**Item Description**

**New and expanding programs funding** - The Legislative Assembly provided funding of \$425,000 from the general fund for the 2011-13 biennium as summarized below for new and expanding programs and initiatives that would best serve the department:

- Expansion of professional development opportunities for career and technical education teachers in the areas of mathematics and science (\$75,000).
- Expansion of career and technical education course offerings (\$350,000).

**New virtual career and technical education centers** - The Legislative Assembly provided \$1 million from the general fund for the establishment of new virtual career and technical education centers.

**Status/Result**

The department plans to utilize funding provided for new and expanding programs as follows:

Expansion of professional development	
• Mathematics and science professional development activity during the summer of 2012 which will pair mathematics and science teachers with career and technical education teachers in an effort to increase students' mathematics and science scores in career and technical education courses by better integrating and reinforcing academic concepts	\$65,000
• Development of career and technical education administrative courses that are no longer offered by state colleges or universities	10,000
Expansion of career and technical education course offerings	85,000
• Virtual career and technical education centers (see the <b>Virtual area centers</b> section below for additional information)	
• Funding to maintain reimbursement percentages to support career and technical education programs (see the <b>Funding to maintain reimbursement percentages</b> section below for additional information)	80,000
• Expansion of career and technical education course offerings - Fiscal year 2012 (see the <b>Course offering expansion</b> section below for additional information)	167,609
• Expansion of career and technical education course offerings - Fiscal year 2013 (see the <b>Course offering expansion</b> section below for additional information)	17,391
Total	\$425,000

The department has accepted a proposal for a northwest center to be named the Western Star Area Career and Technology Center which includes 10 member schools in the Williston area effective July 2011. The department has also accepted a proposal for a Grand Forks Area Career and Technology Center effective July 2012. New area centers are eligible for 75 percent reimbursement in the first two years of operation, 60 percent for the next three years, and 40 percent thereafter.

**Virtual area centers** - The Legislative Assembly provided \$3.2 million from the general fund to continue virtual area centers.

The department will provide \$3.285 million in funding to continue virtual area centers for the 2011-13 biennium as follows:

	Fiscal Year 2012	Fiscal Year 2013	Total
Roughrider Area Career and Technology Center	\$500,000	\$500,000	\$1,000,000
North Central Area Career and Technology Center	80,000	85,000	165,000
Missouri River Area Career and Technology Center	500,000	500,000	1,000,000
Western Star Area Career and Technology Center	325,000	375,000	700,000
Grand Forks Area Career and Technology Center	0	420,000	420,000
Total	\$1,405,000	\$1,880,000	\$3,285,000 <sup>1</sup>

<sup>1</sup>The additional \$85,000 is from funding provided to the department for new and expanding programs for initiatives which would best serve the department.

**Funding to maintain reimbursement percentages** - The Legislative Assembly provided \$400,000 from the general fund for costs to maintain the reimbursement percentages paid to support career and technical education programs.

The department has experienced increased costs to maintain reimbursement percentages at a consistent level as teachers' salaries increase. The department estimates an increase of approximately \$480,000 will be incurred to maintain reimbursement percentages for the 2011-13 biennium--\$230,000 in fiscal year 2012 and \$250,000 in fiscal year 2013. The additional funding of approximately \$80,000 will be provided from funding for new and expanding programs for initiatives which would best serve the department.

**Course offering expansion** - The Legislative Assembly provided \$350,000 from the general fund in the grants line item for the expansion of career and technical education course offerings in local schools and area centers.

The department plans to utilize funding to reduce costs to schools of providing new career and technical programming to create more access to courses for students. In fiscal year 2012, course offering expansion costs total \$167,609. In fiscal year 2013, course offering expansion costs are expected to be more based on program requests currently submitted. Funding available for fiscal year 2013 program expansion costs is limited to \$17,391, which is the remaining funding available for new and expanding programs for initiatives which would best serve the department.

**Workforce training grants** - The Legislative Assembly appropriated \$3 million from the general fund to the Department of Career and Technical Education for grants to the institutions of higher education assigned primary responsibility for workforce training in the state.

The department will provide \$1.5 million in grants for each fiscal year of the 2011-13 biennium. The following is a summary of grant awards:

Training Region	Fiscal Year 2012	Fiscal Year 2013	Total
Northwest - Williston State College	\$255,935	\$255,935	\$511,870
Northeast - Lake Region State College	267,746	267,746	535,492
Southeast - State College of Science	585,533	585,533	1,171,066
Southwest - Bismarck State College	390,786	390,786	781,572
Total	\$1,500,000	\$1,500,000	\$3,000,000



**Innovation grants** - The Legislative Assembly provided \$120,000 from the general fund for innovation grants. The grants are awarded competitively and must be matched on a dollar-for-dollar basis. The grants are limited by the director to \$2,000 for elementary or secondary teachers or schools and \$10,000 for higher education institutions.

Through April 2012 the department has awarded \$60,000 of innovation grants to 18 schools and four higher education institutions. Grants awarded are:

Grant Recipient	Description	Grant Amount
Al Hagen Junior High Dickinson	Compete at Bluehawk BEST Robotics	\$2,364
Apple Creek Elementary Bismarck	Compete at FIRST LEGO League Regional	1,690
Ashley Public School Ashley	VEX Robotics in the Classroom	2,000
Bismarck Career Academy Bismarck	VEX Robotics in the Classroom	2,000
Bismarck Public Schools Bismarck	LEGO WeDo Robotics in the Classroom	2,000
Carl Ben Eielson Middle School Fargo	Compete at FIRST LEGO League Regional	1,691
Central Middle School Devils Lake	LEGO WeDo Robotics in the Classroom	1,536
Cheney Middle School Fargo	Compete at FIRST LEGO League Regional	3,050
Drayton Public School Drayton	Compete at Bison BEST Robotics	2,500
Four Winds Middle School Fort Totten	Compete at FIRST LEGO League Regional	1,000
Grafton Public School Grafton	Compete in FIRST Tech Challenge	2,700
Hankinson Public School Hankinson	Compete at FIRST LEGO League Regional	900
Hillsboro High School Hillsboro	Compete at FIRST LEGO League Regional	2,100
North Dakota State College of Science Wahpeton	Wildcat BEST Robotics Event	6,100
North Dakota State University engineering Fargo	Bison BEST Robotics Events	10,000
North Valley Career and Technical Center Grafton	Compete at Bison BEST Robotics	3,500
Simle Middle School Bismarck	Compete at FIRST LEGO League Regional	1,790
Thompson Public School Thompson	VEX Robotics in the Classroom	2,000
University of North Dakota engineering Grand Forks	FIRST LEGO League Regional	6,664
Wachter Middle School Bismarck	VEX Robotics in the Classroom	2,000
West Fargo STEM Center West Fargo	Compete at Bison BEST Robotics	1,440
Wing Public School Wing	Compete at Bison BEST Robotics	975
Total		\$60,000

**State Department of Health  
Budget 301  
House Bill Nos. 1004, 1041, 1044, 1266; Senate Bill No. 2276**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	344.00	\$34,013,780 <sup>1</sup>	\$160,948,753	\$194,962,533
2009-11 legislative appropriation	<u>343.50</u>	<u>27,231,665</u>	<u>178,028,531</u>	<u>205,260,196</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	.50	\$6,782,115	(\$17,079,778)	(\$10,297,663)

<sup>1</sup>This amount includes \$1.1 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$32,913,780.

**Item Description**

**FTE position changes** - The Legislative Assembly authorized 344 FTE positions for the 2011-13 biennium, an increase of a .5 FTE position from the 2009-11 biennium authorized level of 343.5. The Legislative Assembly removed 1 FTE injury prevention position included in the executive recommendation and authorized the State Department of Health to transfer 1 FTE position from tobacco prevention into the position. The Legislative Assembly also added 1.5 FTE nurse aide registry positions.

**ST-elevated myocardial infarction (STEMI) response program grant** - In Section 2 of 2011 House Bill No. 1004, the Legislative Assembly identified \$600,000 of one-time funding from the general fund to provide matching funds for a STEMI response program grant.

**Litigation and administrative proceedings** - In Section 5 of 2011 House Bill No. 1004, the Legislative Assembly provided, as an emergency measure, a \$500,000 contingent appropriation from the general fund and authorization for a \$500,000 line of credit with the Bank of North Dakota to provide funding for costs associated with litigation and other administrative proceedings involving the United States Environmental Protection Agency (EPA) which is considered to be one-time funding. The State Department of Health may spend the general fund money and access the line of credit only upon approval by the Attorney General and must report quarterly to the Budget Section during the 2011-12 interim regarding the status of any litigation or other administrative proceedings.

**Status/Result**

The State Department of Health transferred 1 FTE position from tobacco prevention to injury prevention in July 2011. In addition, the 1.5 FTE nurse aide registry positions were added in August 2011. See the **Nurse aide registry** section below for additional information.

The State Department of Health anticipates using the funding for grants to purchase 12 lead EKG monitor/defibrillators for ambulance services during the 2011-13 biennium.

The State Department of Health is working with the Attorney General's office and Moye White, LLP, Denver, to address legal challenges including the:

- Sulfur dioxide one-hour standard relating to the state's challenge of an EPA proposition that requires states to utilize air quality models to determine compliance to established standards. The state presented oral arguments in this case on May 3, 2012, in the District of Columbia Circuit Court. A ruling by the three judge panel is anticipated in two months or three months
- Best available control technology relating to the federal Department of Justice and EPA challenge of the state's determination that selective noncatalytic reduction is the most appropriate control technology for Minnkota Power Cooperative, Inc., to control nitrogen oxide air emissions. On December 21, 2011, the federal District Court in Bismarck in the case *USA et al v. Minnkota Power Cooperative Inc, et al*, in its opinion "denied the United States motions, finding that North Dakota's determination that selective non-catalytic reduction is the best available control technology for the Milton R. Young Station is not unreasonable, arbitrary or capricious."

- Regional haze state implementation plan relating to the EPA challenge of 25 percent of the state's proposed implementation plan to comply with requirements of the regional haze rule. On March 2, 2012, the EPA provided a final decision on the proposed regional haze state implementation plan. The EPA's final decision differs significantly from its September 2011 proposal to disapprove major aspects of the state's plan and impose a federal plan in its place. The EPA has instead approved most of the state's plan. In its decision, the EPA agreed with the state that selective noncatalytic reduction nitrogen oxide control technology was the appropriate technology to be installed on the Minnkota and Leland Olds power generation facilities. However, there are still areas of disagreement between the EPA and the state. The EPA's final decision also would require the installation of appropriate combustion controls at the Antelope Valley Station, and selective noncatalytic reduction at the Great River Energy Coal Creek Station. The final decision also did not agree with the state's visibility modeling methodology. The State Department of Health, with legal counsel, is reviewing this most recent development to determine if further action by the State Department of Health is warranted.

Total expenses through April 20, 2012, are \$391,636, and there are additional obligations of approximately \$60,000. The State Department of Health is in the process of establishing the Bank of North Dakota line of credit, and anticipates all the funds appropriated will be spent.

Federal fiscal stimulus funding available during the 2011-13 biennium for individual grants varies from the original appropriation due to differences in the 2009-11 expenditures from the amounts budgeted. Funding for the immunization program and the primary care grant may continue into the 2013-15 biennium. Federal fiscal stimulus funds available during the 2011-13 biennium and expenditures through February 2012 are as follows:

	<b>Federal Fiscal Stimulus Funds Available for the 2011-13 Biennium</b>	<b>Expenditures Through February 2012</b>
Immunization programs	\$546,844	\$63,875
Health care-associated infections	74,378	70,955
Healthy communities	146,063	123,613
Arsenic trioxide	1,937,629	1,168,161
Water quality 604(b)	56,929	48,979
Clean water state revolving loan fund	324,636	228,085
Drinking water state revolving loan fund	185,594	185,594
Primary care	220,155	15,010
<b>Total</b>	<b>\$3,492,228</b>	<b>\$1,904,272</b>

**Federal fiscal stimulus funds** - The Legislative Assembly in Section 2 of 2011 House Bill No. 1004, identified \$3,492,228 of one-time funding from federal fiscal stimulus funds for the following programs:

Immunization programs	\$528,207
Health care-associated infections	80,328
Healthy communities	113,166
Arsenic trioxide	2,000,000
Water quality 604(b)	50,000
Clean water state revolving loan fund	360,156
Drinking water state revolving loan fund	318,101
Primary care	42,270
<b>Total</b>	<b>\$3,492,228</b>

**Safe Havens supervised visitation and exchange program** - The Legislative Assembly provided \$425,000 from the general fund for grants to continue the Safe Havens supervised visitation and exchange program. In addition, in Section 4 of 2011 House Bill No. 1004, the Legislative Assembly provided the State Department of Health use the funding for centers meeting eligibility standards in effect during the 2009-11 biennium.

**Public water system operator certification and training program** - The Legislative Assembly provided \$180,000 from the general fund for a public water system operator certification and training program and to reimburse operators of eligible public water systems in communities with a population of 3,300 or less for certification and training expenses.

**Suicide prevention program** - In Section 7 of 2011 House Bill No. 1004, the Legislative Assembly provided legislative intent that the State Department of Health work in conjunction with the Indian Affairs Commission to develop, implement, and coordinate a suicide prevention program, including outreach, education, and administration of grants for suicide prevention activities. In addition, in 2011 House Bill No. 1005, the Legislative Assembly provided \$75,000 to the Indian Affairs Commission for a suicide prevention program directed at Native American tribes. Section 3 of House Bill No. 1005 provided legislative intent that the Indian Affairs Commission work in conjunction with the department to develop a suicide prevention program, including outreach, education, administration, and implementation of grants for suicide prevention activities.

**Regional public health network pilot project study** - The Legislative Assembly, in Section 8 of 2011 House Bill No. 1004, provides for a Legislative Management study of the regional public health network pilot project conducted during the 2009-11 biennium, including services provided, effects of the project on participating local public health units, efficiencies achieved in providing services, cost-savings to state and local governments, and possible improvements to the program.

The State Department of Health has awarded the funding to seven supervised visitation programs. Amounts awarded were based on a combination of base amounts and percentages of visitation hours and exchanges. Five of the agencies received funding as an amendment to their existing domestic violence state general fund contract and the remaining two received separate contracts.

The State Department of Health has provided reimbursements totaling \$90,000 for the certification and training of approximately 800 operators through March 2012. The department anticipates all of the funding will be spent during the 2011-13 biennium.

The State Department of Health has met regularly with the Executive Director of the Indian Affairs Commission and, with the assistance of the commission, developed a statewide survey last fall. The department is also working with the commission to establish an applied suicide intervention skills training program on the tribal college campuses. Applied suicide intervention skills training is a gatekeeper training program that is regularly used in suicide prevention. The training will be marketed to the Native American population and will have two Native American trainers delivering training free to 20 participants at each of the five tribal colleges. The department has attended quarterly Children's Sacred bundle gathering meetings and has met with suicide prevention workers on the reservations to gain first-hand knowledge of suicide prevention systems in place and Native American concerns. Hospitals in the state, including Indian Health Services hospitals, will be offered free online suicide specifically for emergency room nurses and doctors. Free suicide prevention training will also be offered to high schools, including Bureau of Indian Education schools. The department has received a request from a tribal organization for a mini grant and is awaiting its application for a community awareness and cultural event. Native American veterans have a relatively high suicide rate. The department is cooperating with the Indian Affairs Commission to request that the federal Veterans Administration increase suicide prevention activities especially among Native Americans. The department has discussed the need for data collection and how it could be obtained and used for suicide prevention. The department has also discussed the use of texting technology to reach the Native American population.

The regional public health network pilot project is currently being studied by the Legislative Management's interim Health Services Committee. The committee in consultation with public health stakeholders is considering a bill draft to amend North Dakota Century Code Chapter 23-35.1 relating to regional public health networks and provide \$4 million from the general fund to the State Department of Health to establish, administer, and operate regional public health networks in the state.

**Family Health Division performance audit** - In Section 9 of 2011 House Bill No. 1004, the Legislative Assembly required the State Auditor to contract for a performance audit of the Family Health Division of the State Department of Health during the 2011-13 biennium. The State Auditor may bill the State Department of Health for costs associated with the performance audit. The Legislative Assembly provided \$100,000 from special or federal funds for the performance audit. The results of the performance audit must be presented to the Legislative Audit and Fiscal Review Committee and filed with the Appropriations Committees of the 63<sup>rd</sup> Legislative Assembly.

**Nurse aide registry** - In 2011 House Bill No. 1041, the Legislative Assembly directed the State Department of Health to establish and administer a nurse aide registry for the registration and regulation of certified nurse aides, home health aides, medication assistants, and nurse aides. The bill provides one-time funding from the health care trust fund to establish a nurse aide registry (\$155,000) and funding from the department operating fund (\$130,000) and 1.5 FTE positions to maintain the nurse aide registry.

**Emergency medical services** - The Legislative Assembly, in 2011 House Bill No. 1044, repealed the law enacted in 2007 which provided for emergency medical services allocations, for a state strategic plan that included an integrated emergency medical services program, and a comprehensive statewide emergency medical services system. House Bill No. 1044 creates an Emergency Medical Services Advisory Council to advise the State Department of Health on the state plan for integrated emergency medical services, development of emergency medical services funding areas, development of the emergency medical services funding areas application process and budget criteria, and other issues relating to emergency medical services; directs the department to establish and update a plan for integrated emergency medical services in this state which includes designation of emergency medical services funding areas; provides emergency medical services operations that request financial assistance from the state must provide requested fiscal information to the department for use in financial assistance determinations; and directs the department to distribute state financial assistance for emergency medical services. The bill appropriates \$3 million from the general fund to the department for state assistance grants to emergency medical services operations and related administrative costs.

The State Auditor awarded the contract to conduct the performance audit of the Family Health Division of the State Department of Health to the firm of CliftonLarsonAllen LLP in February 2012. The contract amount was \$39,050 and work began on February 14, 2012. Interviews were completed between March 5 and March 16, 2012, and the auditors returned the week of May 7, 2012, for detailed testing. A draft report is anticipated by the end of May 2012. The final report will be presented to the Legislative Audit and Fiscal Review Committee.

Effective July 1, 2011, nurse aides, home health aides, and medication assistants I and II were transferred from the Board of Nursing Unlicensed Assistive Personnel Registry to the State Department of Health Nurse Aide Registry. The State Department of Health has hired the 1.5 FTE positions to implement and maintain the nurse aide registry, including review of training programs and investigation of complaints. The Accounting Division implemented a process to accept payment for registration and the State Department of Health worked with the Information Technology Department to develop the online registry, including the ability to pay for renewals by credit card. The State Department of Health collected \$43,625 in registration fees through March 2012. Nurse aide registry rules became final January 1, 2012. In March 2012, initial applications and renewal applications were developed for the medication assistant I and II programs. Registry expenditures through March 2012 have totaled \$127,812 from the health care trust fund. The State Department of Health anticipates the remaining appropriations from the health care trust fund and the operating fund will be spent during the 2011-13 biennium.

The Emergency Medical Services Advisory Council was named in July 2011 and has met on a monthly basis to determine funding areas, eligibility criteria, and distribute funding for ambulance funding areas in North Dakota. The funding areas have been established and recommended to the State Department of Health. The eligibility criteria will be finalized in April 2012, and recommendations will be made to the department for approval. Emergency Medical Services Advisory Council recommendations relating to funding areas and eligibility criteria will be incorporated into the state assistance grant program. Expenditures through March 2012 totaled \$11,633. The department anticipates all remaining funding will be expended for state assistance grants to emergency medical services operations and related administrative costs.

**Comprehensive state trauma system** - In 2011 House Bill No. 1266, the Legislative Assembly authorized the State Health Officer to appoint an emergency medical services and trauma medical director to provide medical oversight and consultation in the development and administration of the state emergency medical services and trauma systems. The bill appropriates \$100,000 from the general fund to the State Department of Health for the support of the comprehensive state trauma system as follows:

Advanced trauma life support training	\$20,000
Trauma designation site visits	30,000
Contracted emergency medical services and trauma medical director	50,000
<b>Total</b>	<b>\$100,000</b>

**Abortion information and reporting** - In 2011 House Bill No. 1297, the Legislative Assembly expanded the abortion-related information that must be included in the printed materials that are provided by the State Department of Health and requires reports to the Legislative Management on the status and outcome of the creation of the inventory and the practices report. Section 16 of the bill limited the cost to the department of producing printed information related to abortion data to \$50,000.

**Umbilical cord blood donation information** - The Legislative Assembly, in 2011 Senate Bill No. 2215, directs the State Department of Health to prepare a pamphlet that includes information regarding collection of umbilical cord blood.

The State Department of Health is continuing to provide the advanced trauma life support training and trauma designation site visits. In addition, \$50,000 was provided for a contracted emergency medical service and trauma medical director. Dr. Randal Szlabick has been retained as the part-time medical director and will be paid as time is accumulated. Expenditures through March 2012 total \$15,582. The department anticipates all of the funding will be spent during the 2011-13 biennium.

The State Department of Health reported to the Health Services Committee in October 2011 and January 2012 regarding the department's inventory of material relating to abortions and outlining the department's practice of gathering the inventory items pursuant to 2011 House Bill No. 1297. The department has previously produced and distributed the information related to public and private services available and the characteristics of the unborn child. The department has determined it would be more efficient to combine the materials related to the characteristics of the unborn child, the support obligations of the father, and the various methods of abortion and their effects into one publication. Due to the volume of information related to available public and private services, this information will be produced in a separate document and referenced in the combined publication. In January 2012 the department reported the booklet related to the characteristics of the unborn child, the support obligations of the father, and the various methods of abortion, and the publication related to the various public and private agencies available to assist during pregnancy are both in second draft form and will be distributed together. The cost of producing these documents through March 2012 totaled \$24,480. The department has not yet received bids for the printing of either publication.

The State Department of Health reported to the Health Services Committee that, pursuant to Section 14-02.1-02.2, an abortion compliance report and an abortion data report must be filed for each abortion that takes place in the state. The department redesigned the existing data report to include adverse event data collection and implemented the new compliance report. The department began using both forms on August 1, 2011; however, a lawsuit has been filed objecting to the adverse event data collection and to several questions on the compliance report. The plaintiff in the lawsuit has continued to submit the reports but has not provided the information that is subject to the lawsuit.

The State Department of Health placed information based on a national pamphlet that met the requirements of the legislation regarding the distribution of information related to the collection of umbilical cord blood on its website in December 2011.

**Provider Choice immunization program** - In 2011 Senate Bill No. 2276, the Legislative Assembly directed the State Department of Health to implement a provider choice system that allows health care providers that participate in the state's Vaccines for Children program to select any licensed vaccine and the department is to establish a program through which the department purchases vaccines through the federal vaccine purchasing contract to supply public health units with the purchased vaccines. The bill appropriates \$1.5 million from the general fund to the State Department of Health to purchase vaccines through the federal vaccine purchasing contract during the 2011-13 biennium.

Beginning July 1, 2011, the State Department of Health began offering brand choice for all vaccines supplied through the department. Of the 28 local public health units, 22 transitioned to universal vaccination on October 1, 2011. Six health units opted out of the universal vaccination program; however, starting in April 2012, one of the six health units that originally opted out has decided to transition to universal. From October 1, 2011, through March 31, 2012, the Centers for Disease Control and Prevention (CDC) reports \$35,141 in state funds was used to support vaccination of insured children at public health units in North Dakota. The department has not yet reimbursed CDC for this amount. North Dakota is using federal 317 vaccine to support this effort. Beginning October 1, 2012, the CDC will no longer allow states to use federal 317 vaccine for insured individuals. As federal 317 vaccine will be used to vaccinate insured children at local public health units for the period of October 2011 through September 2012, preliminary projections indicate that the \$1.5 million appropriated for vaccines will be adequate for the 2011-13 biennium. However, the loss of federal 317 vaccine for insured children vaccinated at local public health units during the 2013-15 biennium will result in the need for an estimated \$2 million in additional state funding to support universal vaccination during the 2013-15 biennium.

**Tobacco Prevention and Control Executive Committee  
Budget 305  
House Bill No. 1025**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	5.00	\$0	\$12,922,614	\$12,922,614
2009-11 legislative appropriation	<u>4.00</u>	<u>0</u>	<u>12,882,000</u>	<u>12,882,000</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	\$0	\$40,614	\$40,614

**Item Description**

**FTE changes** - The Legislative Assembly authorized 5 FTE positions for the 2011-13 biennium, an increase of 1 FTE position from the 2009-11 biennium authorized level of 4 FTE positions. The Legislative Assembly reclassified one of the 3.5 temporary positions included in the executive recommendation to a permanent FTE position. The Tobacco Prevention and Control Executive Committee may determine the temporary position to reclassify to an FTE position.

**Reports to Budget Section** - Section 2 of 2011 House Bill No. 1025 requires the Tobacco Prevention and Control Executive Committee provide quarterly written reports to the Budget Section during the 2011-12 interim. The reports must include detailed information on expenditures for contract services, professional fees and services, and grants.

**Status/Result**

The Tobacco Prevention and Control Executive Committee filled the additional full-time permanent position with an accountant in February 2012. The accountant position also assists with grants management. The committee anticipates two temporary positions--a community intervention coordinator and an evaluation coordinator--will be filled in early 2013.

The Tobacco Prevention and Control Executive Committee has provided quarterly written reports to the Budget Section during the 2011-12 interim.



**Veterans' Home  
Budget 313  
House Bill No. 1007**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	120.72	\$5,553,323	\$15,343,323	\$20,896,646
2009-11 legislative appropriation	<u>120.72</u>	<u>16,841,722</u>	<u>16,835,298</u>	<u>33,677,020</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0	(\$11,288,399)	(\$1,491,975)	(\$12,780,374)

**Item Description**

**One-time funding** - The executive recommendation included one-time funding of \$126,500 from the general fund for new home landscaping (\$25,000), irrigation system repair (\$55,000), and the grading and shaping of the oxbow (\$46,500). The source of the funding for these projects was changed by the Legislative Assembly to provide funding from special funds made available by donated mineral lease income.

In addition, the Veterans' Home continued:

- \$29,475 of special fund authority for funds recovered from the Federal Emergency Management Agency (FEMA) for 2009 flood damage to repair the home's irrigation system.
- \$98,400 of one-time funding from the general fund for an electronic health records system and \$8,000 of funding from the general fund to complete the installation of the phone system in the new veterans' home from the 2009-11 biennium to the 2011-13 biennium.
- One-time funding of \$1,466,620, of which \$1,435,726 is from the general fund, from the 2009-11 biennium to the 2011-13 biennium for various projects related to the construction of the new veterans' home, including landscaping, grading and reshaping the oxbow, street lighting, paving, and finish work.

**Status/Result**

**New home landscaping** - The \$25,000 special fund appropriation of donated mineral lease income was combined with \$70,000 of one-time funding from the general fund continued from the 2009-11 biennium for completing the landscaping around the new veterans' home.

**Irrigation system repair** - The \$55,000 special fund appropriation of donated mineral lease income for irrigation system repair will be combined with \$29,475 of funds recovered from FEMA for 2009 flood damage to repair the home's irrigation system. The Veterans' Home anticipates spending these funds, as well as \$187,000 of special fund revenues from its operating fund for an irrigation system at the new veterans' home by the fall of 2012.

**Grading and shaping of the oxbow** - The Veterans' Home anticipates using \$123,000 of one-time funding from the general fund continued from the 2009-11 biennium for construction and \$76,500 of special fund authority provided for the 2011-13 biennium, including \$46,500 of donated mineral lease income and \$30,000 of veterans' home revenue, to improve flood control by reshaping and grading the oxbow. The Veterans' Home anticipates the work will be completed by the fall of 2012.

**Electronic health records system** - The Veterans' Home issued a request for proposal in December 2010 and awarded the project in February 2011. The project vendor would not agree to certain terms required when contracting with the state of North Dakota; therefore, the Veterans' Home is in the process of rebidding the project.

**Phone system** - The installation of the phone system in the new veterans' home was completed in September 2011.

**Construction-related projects** - Construction-related projects that were continued into the 2011-13 biennium include landscaping, grading and reshaping the oxbow, street lighting, paving, and finish work related to the construction of the new veterans' home. The Veterans' Home has completed the street lighting and landscaping projects and has begun the irrigation project. Three lawsuits have been filed against the Veterans' Home related to the construction project and another contractor has threatened a lawsuit. The Veterans' Home expects to prevail.

**Melvin Norgard memorial fund** - Section 3 of 2011 House Bill No. 1007 establishes, in the state treasury, the Melvin Norgard memorial fund. All income related to a bequest made to the Veterans' Home by Melvin Norgard, including mineral lease income, royalties, and sale proceeds, must be transferred or deposited into the Melvin Norgard memorial fund. The State Treasurer is to invest money in the fund, and investment income of the fund must be retained in the fund. Money in the fund is available, subject to legislative appropriations, for projects and programs to benefit and serve the residents of the Veterans' Home. The Legislative Assembly must consider recommendations of the Veterans' Home Governing Board when determining appropriations from the fund for projects and programs.

**Disposition of old Veterans' Home facility** - Section 4 of 2011 House Bill No. 1007 provides for a Legislative Management study of options for the disposition of the old Veterans' Home facility.

The Veterans' Home has transferred the initial mineral lease payment of \$258,699 related to a 120-acre bequest into the Melvin Norgard memorial fund. The Veterans' Home has received one subsequent payment of \$110 which has also been deposited into the fund.

This study was not prioritized by the Legislative Management for study during the 2011-12 interim. The Veterans' Home anticipates the cost of disposing of the old veterans' home building will be approximately \$1 million. The home is exploring whether federal grant funding may be available for this purpose, but anticipates seeking funding from the Legislative Assembly in 2013 for the cost of removing the old facility.

**Indian Affairs Commission  
Budget 316  
House Bill No. 1005**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	4.00	\$822,878	\$0	\$822,878
2009-11 legislative appropriation	4.00	684,585	18,000	702,585
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$138,293	(\$18,000)	\$120,293

**Item Description**

**North Dakota Indian Youth Leadership Academy** - The Legislative Assembly provided \$60,000 from the general fund for the North Dakota Indian Youth Leadership Academy for the 2011-13 biennium. This level of funding was an increase in funding of \$20,000 from the 2009-11 legislative appropriation of \$40,000.

**Status/Result**

The Indian Affairs Commission conducted a one-week North Dakota Indian Youth Leadership Academy school in July 2011 and plans to conduct a one-week school in June 2012 and June 2013. The commission received additional funding from the North Dakota University System (\$10,000) and the Bank of North Dakota (\$20,000) and plans to utilize the additional funding to hold three schools in the 2011-13 biennium compared to two schools that were held in previous bienniums.

Attendance at the July 2011 North Dakota Indian Youth Leadership Academy school was 29 students, a decrease of 12 students from the July 2010 academy school. The commission had accepted 39 students to attend the school in July 2011. The commission believes the reduction in actual attendance may have been related to 2011 flood impacts. The commission expects attendance of 40 students in June 2012 and June 2013. A summary of attendance by city for the July 2010 and July 2011 leadership academy is provided below:

<b>Student Location</b>		<b>July 2010</b>		<b>July 2011</b>	
<b>City</b>	<b>State</b>	<b>Accepted</b>	<b>Attended</b>	<b>Accepted</b>	<b>Attended</b>
In state					
Beach	ND	1	1		
Belcourt	ND	7	6	2	1
Bismarck	ND	12	12	10	8
Cannon Ball	ND			2	2
Dunseith	ND			1	
Fargo	ND	1	1	2	2
Fort Yates	ND	1	1	9	9
Garrison	ND			2	2
Hazen	ND	1	1		
Mandaree	ND			5	
McLaughlin	ND	1	1		
Minot	ND			1	1
New Rockford	ND			1	
New Town	ND	1	1		
Roseglen	ND	1	1		
Selfridge	ND	1	1		
Shields	ND	1	1		
St. John	ND	1	1		
Trenton	ND	1	1		
In-state subtotal		30	29	35	25

Out of state					
Lakewood	CO	1	1		
Billings	MT	1	1		
Culbertson	MT			1	1
Helena	MT			1	1
Pryor	MT	1	1		
Little Eagle	SD	2	2		
McLaughlin	SD	1	1	2	2
Mobridge	SD	1			
Wakpala	SD	5	4		
Wanblee	SD	1	1		
White Horse	SD	1	1		
Out-of-state subtotal		14	12	4	4
Total		44	41	39	29

**Suicide prevention program** - Section 3 of 2011 House Bill No. 1005 provides legislative intent that the Indian Affairs Commission work in conjunction with the State Department of Health to develop a suicide prevention program, including outreach, education, administration, and implementation of grants for suicide prevention activities. The commission is to report to the Appropriations Committees of the 63<sup>rd</sup> Legislative Assembly on the use of the funding provided for the program, including statistics on the effectiveness of the program.

Section 7 of 2011 House Bill No. 1004 also provided legislative intent that the State Department of Health work in conjunction with the Indian Affairs Commission to develop, implement, and coordinate a suicide prevention program.

**Gifts, grants, and donations** - North Dakota Century Code Section 54-36-03 authorizes the Indian Affairs Commission to accept gifts, grants, donations, legacies, and devises from any source which are appropriated for the purposes of the commission.

The Indian Affairs Commission is working with the State Department of Health and tribal suicide prevention programs to develop suicide prevention programs. The commission is considering a horse equine therapy program, collaboration with the Children's Sacred Bundle group on suicide prevention efforts, and Applied Suicide Intervention Skills Training (ASIST) offered through the State Department of Health to establish trained caregivers within the tribes to help prevent immediate risk of suicides.

Through March 2012, the Indian Affairs Commission has received the following funding in relation to Section 54-36-03:

- State government student internship stipend program - Fall 2011 intern position - \$2,328.
- North Dakota University System - North Dakota Indian Youth Leadership Academy - \$10,000.
- Bank of North Dakota - North Dakota Indian Youth Leadership Academy - \$20,000.

**Department of Veterans' Affairs  
Budget 321  
House Bill Nos. 1007, 1177, 1468**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	7.00	\$1,417,219 <sup>1</sup>	\$0	\$1,417,219
2009-11 legislative appropriation	<u>7.00</u>	<u>1,031,487</u>	<u>0</u>	<u>1,031,487</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$385,732	\$0	\$385,732

<sup>1</sup>This amount includes \$317,593 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,099,626.

- | <b>Item Description</b>  | <b>Status/Result</b>  |
|--|---|
| <p><b>One-time funding</b> - The Legislative Assembly identified the following one-time funding items:</p> <ul style="list-style-type: none"> <li>• Section 2 of 2011 House Bill No. 1007 - \$37,593 from the general fund, of which \$22,000 is for a discharge project to convert veterans' paper records to an electronic format and \$15,593 is for website redesign;</li> <li>• House Bill No. 1177 (2011) - \$20,000 from the general fund for "stand down" events to coordinate benefits and provide services to needy veterans in this state; and</li> <li>• House Bill No. 1468 (2011) - \$260,000 from the general fund, of which \$210,000 is to be used in lieu of income generated from the veterans' postwar trust fund for programs to benefit and serve veterans or their dependents and \$50,000 for the purchase of vans to transport veterans or their dependents.</li> </ul> | <p><b>Discharge project</b> - The Department of Veterans' Affairs has two part-time, temporary personnel scanning and entering information, but anticipates the project will not be completed by the end of the biennium with the funding provided. The department will continue to work on the project and anticipates requesting additional funding for the 2013-15 biennium to complete the project.</p> |

In addition, the Legislative Assembly amended North Dakota Century Code Section 37-14-14 relating to the veterans' postwar trust fund to provide all income earned by the veterans' postwar trust fund in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the biennium following the biennium in which it was earned. Income earned by the veterans' postwar trust fund during the 2011-13 biennium will be available for benefits and services to veterans during the 2013-15 biennium.

**Website redesign** - The Department of Veterans' Affairs has received estimates from the Information Technology Department (ITD) for redesign of the department's website. Estimates range from \$18,000 for a basic website to \$30,000 for the functionality desired by the department. The department is working with ITD to determine the work that could be completed with the funding available. The department may request additional funding for website enhancements for the 2013-15 biennium.

**"Stand down" events** - The Department of Veterans' Affairs has received and approved two requests for "stand down" funding for events in Bottineau and Bismarck. Veteran service organizations are providing a combination of funding and in-kind match to qualify for reimbursement of up to \$5,000 on each event. Receipts for expenditures are submitted to the department for reimbursement. The department anticipates using the entire "stand down" appropriation during the 2011-13 biennium.

**Veterans' postwar trust fund programs** - In addition to the \$210,000 provided from the general fund to be used in lieu of income generated from the veterans' postwar trust fund for programs, the Department of Veterans' Affairs has available \$59,406 of veterans' postwar trust fund income remaining from the 2009-11 biennium for a total of \$269,406 available for programs authorized by law to benefit and serve veterans or their dependents. Through March 2012 the department has provided grants and transportation reimbursements totaling \$69,267 and anticipates all of the funding will be expended during the 2011-13 biennium.

**Transport vans** - The Department of Veterans' Affairs has purchased two vans for a total of \$29,000. The department anticipates using the remaining funding of \$21,000 provided from the general fund for vans and funding provided from the general fund for veterans' grant programs to purchase two additional vans in 2013.

**Delivery of services to veterans** - Section 5 of 2011 House Bill No. 1007 provides for a Legislative Management study of the delivery of services to veterans, including the consistency in training and of the provision of services by county veterans' service officers.

This study was not prioritized by the Legislative Management for study during the 2011-12 interim.

**Department of Human Services**

**Budget 325**

**Senate Bill Nos. 2012, 2015, 2024, 2057, 2163, 2298; House Bill Nos. 1152, 1199, 1325, 1475**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	2,197.35	\$940,976,017 <sup>1</sup>	\$1,707,572,238	\$2,648,548,255
2009-11 legislative appropriation	<u>2,216.88</u>	<u>652,145,814</u>	<u>1,638,250,137</u>	<u>2,290,395,951</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	(19.53)	\$288,830,203	\$69,322,101	\$358,152,304

<sup>1</sup>This amount includes \$13,788,095 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$927,187,922.

**Item Description**

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2012, the Legislative Assembly identified \$2,719,175 of one-time funding, of which \$1.8 million is from the general fund and \$919,175 is from special funds. The \$1.8 million from the general fund is for capital projects at the State Hospital, and the special funds of \$919,175 consists of \$519,175 of federal fiscal stimulus funds for completion of vocational rehabilitation training and \$400,000 of funding from the health care trust fund for supplemental payments to entities associated with the intergovernmental transfer payment program. The Legislative Assembly also provided one-time funding in other bills for Medicaid supplemental payments to hospitals, guardianship program enhancements, completion of the Medicaid management information system (MMIS) replacement project, computer system modifications, and completion of an eligibility systems replacement project. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget:

	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
State Hospital capital projects (SB 2012)	\$1,800,000		\$1,800,000
Federal fiscal stimulus funds (SB 2012)		\$519,175	519,175
Supplemental payments to entities associated with the intergovernmental transfer payment program (health care trust fund) (SB 2012)		400,000	400,000
Medicaid supplemental payments to critical access hospitals (HB 1152)	1,527,802	1,926,259	3,454,061
Guardianship program enhancements (HB 1199)	64,000		64,000
MMIS replacement project (SB 2015)	1,474,362		1,474,362

**Status/Result**

The following is a summary of the status of the Department of Human Service's one-time funding:

State Hospital capital projects	The department anticipates using all the funds for completing capital projects at the State Hospital.
Federal fiscal stimulus funds	See the <b>Federal fiscal stimulus funding</b> section below
Supplemental payments to entities associated with the intergovernmental transfer payment program	The department provided payments of \$200,000 each to the Dunseith Community Nursing Home and the Nelson County Health Systems Hospital in McVille in August 2011.
Medicaid supplemental payments to critical access hospitals	The department has received approval of a Medicaid state plan amendment to provide annual supplemental payments to critical access hospitals for inpatient services provided to Medicaid-eligible individuals. The calculation of the payment will be based on the hospital's costs for inpatient and outpatient laboratory and certified registered nurse anesthetists services provided to Medicaid-eligible individuals.
Guardianship program enhancements	The department anticipates using the funding for guardianship petitioning costs (\$40,000) and a \$500 annual payment to 16 guardians in the first year of the 2011-13 biennium and 32 guardians in the second year of the biennium (\$24,000).
MMIS replacement project	See the <b>MMIS replacement project</b> section below
Computer system modifications to process claims from Medicaid providers on behalf of inmates of county jails	The department is in the process of completing the computer system modifications necessary to accommodate the processing of the county jail claims. The modifications are anticipated to be completed in the summer of 2012.
Eligibility systems replacement project	See the <b>Eligibility systems replacement project</b> section below

Computer system modifications to process claims from Medicaid providers on behalf of inmates of county jails (SB 2024)	185,256	36,162	221,418
Eligibility systems replacement project (HB 1475)	8,736,675	33,881,250	42,617,925
Total	\$13,788,095	\$36,762,846	\$50,550,941

**Federal fiscal stimulus funding** - The Legislative Assembly provided for the continuation of \$519,175 of federal fiscal stimulus funding not expended in the 2009-11 biennium. The funding relates to completion of developmental disabilities (DD) training. This funding is not to be considered part of the agency's base budget for the 2013-15 biennium.

**Federal medical assistance percentage (FMAP)** - The Legislative Assembly anticipated the following FMAPS in developing the department's 2011-12 biennium budget:

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
2011	60.35% (fourth quarter)	69.95% (first quarter) 66.95% (second quarter) 64.95% (third quarter)
2012	55.40% (actual)	N/A
2013	55.56% (estimate)	N/A

The FMAP determines the state and federal share of Medicaid, foster care, and other program costs within the department. The Legislative Assembly provided \$104.9 million of additional general fund support as a result of North Dakota's FMAP reductions projected for the 2011-13 biennium and replaced federal fiscal stimulus funding relating to FMAP of \$66.5 million appropriated for the 2009-11 biennium with funding from the general fund.

**MMIS replacement project** - The Legislative Assembly in 2005 appropriated \$29,188,859, of which \$3,667,820 was state matching funds from the permanent oil tax trust fund, to the department to replace MMIS. The Legislative Assembly in 2007 provided additional funding of \$31,072,641, of which \$3,643,133 was state matching funds from the general fund, for the project. The department did not spend all of the state matching funds during the 2005-07 biennium and was authorized to continue the unspent funds into the 2007-09 biennium for the project. As a result, the department used these funds to obtain additional federal matching funds of \$2,267,871 for the project. The Legislative Assembly in 2011 provided \$1,474,362 from the general fund to complete the project. This funding represents the unspent appropriation authority from the \$3,667,820 appropriation from the permanent oil tax trust fund. The permanent oil tax trust fund was repealed at the end of the 2009-11 biennium by the Legislative

The department has expended all of the federal fiscal stimulus funding.

Actual FMAPs are:

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
2011	60.35% (fourth quarter)	69.95% (first quarter) 66.95% (second quarter) 64.95% (third quarter)
2012	55.40% (actual)	N/A
2013	52.27% (actual)	N/A

As a result of the decreased FMAP for 2013, the department anticipates needing an additional \$21.2 million of funding from the general fund for the 2011-13 biennium.

In addition, North Dakota's estimated FMAP for 2014 is 50 percent resulting in an estimated additional general fund need of \$91.5 million for the 2013-15 biennium.

In December 2011, the department and Affiliated Computer Services (ACS) finalized negotiations for past project delays through June 1, 2012, resulting in ACS agreeing to reduce its contract by \$3,500,000, of which \$404,250 is from the general fund. The negotiations also addressed the inclusion of the HIPAA 5010 transactions into the new MMIS. The compliance date for this federal requirement was January 1, 2012. The cost for this expansion of the project is \$6,606,822, of which \$763,088 is from the general fund. The department's legislative appropriation for the 2011-13 biennium includes \$6.7 million for postproduction support and licensing services from ACS for the period from June 1, 2013. With the extension of the go-live date for the project, these funds will no longer be needed for the postproduction support and licensing services. The department will be using these funds for the cost of the increase in the project's scope. The Centers for Medicare and Medicaid Services (CMS) and the project's executive steering committee as required by Executive Order 2011-20



Assembly in 2011 House Bill No. 1451. Total funding available for the project is:

	General Fund	Federal Funds	Other Funds	Total
2005-07 appropriation		\$25,521,039	\$3,667,820	\$29,188,859
2007-09 appropriation	\$3,643,133	27,429,508		31,072,641
2011-13 appropriation	1,474,362		(1,474,362)	
Additional matching funds		2,267,871		2,267,871
Total	\$5,117,495	\$55,218,418	\$2,193,458	\$62,529,371

The Legislative Assembly in 2011 also provided the following appropriations to the department relating to the new MMIS:

- \$6.7 million, of which \$1.675 million is from the general fund, for postproduction support and licensing services.
- \$1,885,744, of which \$217,803 is from the general fund, for user acceptance testing of the new system.

**Eligibility systems replacement project** - The Legislative Assembly during the 2011 regular legislative session provided funding of \$250,000, of which \$25,000 was from the general fund, for costs associated with planning for the replacement of the department's eligibility systems. In addition, the Legislative Assembly during the 2011 special legislative session provided one-time funding of \$42,617,925, of which \$8,736,675 was from the general fund, and 1 FTE business analyst position for completing the replacement of the department's eligibility systems.

**Medical assistance** - The schedule below provides a comparison of funding for medical assistance, excluding funding related to nursing facility care and other long-term care services, DD grants, and Healthy Steps. The Legislative Assembly made a number of adjustments to the funding for medical assistance grants, including:

- Removed funding included in the executive budget for the 3 percent per year inflationary increases for physicians.
- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Added one-time funding of \$200,000 from the health care trust fund for a grant to a hospital in a city that has a government nursing facility which participated in the intergovernmental transfer payment program.
- Added one-time funding for providing Medicaid supplemental payments to critical access hospitals.

	2009-11 Biennium	2011-13 Biennium	Increase (Decrease)
Total medical assistance	\$491,365,038	\$625,793,415	\$134,428,377
General fund	\$119,205,576	\$197,027,430	\$77,821,854
Federal funds	\$338,857,880	\$394,900,071	\$56,042,191

have approved the increase to the project scope and budget.

The department's 2011-13 legislative appropriation also includes funding of \$1,885,744, of which \$217,803 is from the general fund, for user acceptance testing of the new system. The department is also including these funds in the project budget to better represent overall project costs.

The department is negotiating with ACS regarding the impact of the implementation of the federal ICD-10 coding standard. The compliance date for this federal requirement is October 1, 2013.

The department anticipates the project to go-live on October 1, 2013. The following is a summary of the project budget:

	Budget	Expended Through February 2012	Remaining
General fund	\$6,098,318	\$2,915,777	\$3,182,541
Federal funds	62,730,093	37,655,995	25,074,098
Other funds	2,193,526	2,193,526	0
Total	\$71,021,937	\$42,765,298	\$28,256,639

The department filled the FTE business analyst position in March 2012 and is in the planning phase of the project.

The department anticipates spending \$572,013,685, of which \$206,681,423 is from the general fund, \$328,572,753 is from federal funds, and \$36,759,509 is from other funds, for medical assistance for the 2011-13 biennium which is \$53,779,730 less than budgeted in total funds but \$9,653,993 more in funding from the general fund. The funding sources reflect the decreased FMAP for federal fiscal year 2013. Medical assistance payments are anticipated to be more than budgeted for inpatient hospital, physician services, and dental services and less than budgeted for outpatient hospital and prescription drugs.

Community health trust fund	\$790,015	\$0	(\$790,015)
Estate collections	\$2,673,800	\$4,056,000	\$1,382,200
Retained funds	\$17,371,688	\$19,960,714	\$2,589,026
Contingent Bank of North Dakota loan proceeds	\$4,616,429	\$0	(\$4,616,429)
Other funds	\$7,849,650	\$9,849,200	\$1,999,550

**Medicare Part D "clawback" payments** - The Legislative Assembly appropriated \$26,307,479, of which \$25,152,575 is from the general fund and \$1,154,904 is from estate collections, for making Medicare Part D prescription drug "clawback" payments to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid.

**Healthy Steps** - The Legislative Assembly provided funding of \$27,524,402, of which \$8,517,391 is from the general fund and \$19,007,011 is from federal funds, for Healthy Steps (the children's health insurance program).

The Legislative Assembly made the following adjustments to funding for Healthy Steps:

- Adjusted funding to reflect a revised premium amount (final 2011-13 premium of \$272.67 per month compared to an estimated premium of \$274.03 provided for in the executive budget).
- Reduced funding to reflect a decrease in projected caseload/utilization rates.

**Nursing facilities** - The schedule below provides a comparison of funding for nursing facility payments under the medical assistance program. The Legislative Assembly made a number of adjustments to the funding for nursing facilities, including:

- Added \$12.8 million from the general fund for long-term care expenditures. The executive budget allowed the department to continue unspent general fund appropriations for the 2009-11 biennium and utilize the unexpended funding in the 2011-13 biennium. The Legislative Assembly removed the exemption for the carryover of general fund authority, required the department to turn back any unexpended general fund authority from the 2009-11 biennium (estimated to be \$12.8 million), and appropriated \$12.8 million from the general fund for the 2011-13 biennium.

The department is required to make "clawback" payments monthly. The department estimates "clawback" payments to total \$27,041,173, of which \$26,052,549 is from the general fund and \$988,624 is from other funds, for the 2011-13 biennium which is \$733,694 more than budgeted.

Through March 2012 expenditures for Healthy Steps totaled \$8,383,623, of which \$2,546,529 is from the general fund and \$5,837,094 is from federal funds. The department anticipates spending \$26,043,913, of which \$8,305,380 is from the general fund and \$17,738,533 is from federal funds, for Healthy Steps for the 2011-13 biennium which is \$1,480,489 less than budgeted.

The following is a summary of the number of participants in Healthy Steps compared to estimates used to determine the legislative appropriation:

	Legislative Appropriation Estimate	Actual	Increase (Decrease)
August 2011	3,976	3,783	(193)
September 2011	3,996	3,809	(187)
October 2011	4,016	3,877	(139)
November 2011	4,036	3,867	(169)
December 2011	4,056	3,821	(235)
January 2012	4,076	3,873	(203)
February 2012	4,096	3,858	(238)
March 2012	4,116	3,861	(255)

The department anticipates spending \$434,020,198, of which \$196,972,731 is from the general fund, \$236,160,324 is from federal funds, and \$887,143 is from other funds, for nursing facility payments for the 2011-13 biennium which is \$25,815,822 less than budgeted. The decrease is due to actual units of service being less than budgeted.

- Reduced funding to reflect a decrease in projected caseload/utilization rates.
- Added funding relating to changes in allowable education expenditures in nursing facility rates.
- Added one-time funding of \$200,000 from the health care trust fund for a grant to a government nursing facility which participated in the intergovernmental transfer payment program.
- Added funding for increased payments to nursing facilities due to the establishment of a bed layaway program.

	2009-11 Biennium	2011-13 Biennium	Increase (Decrease)
Total nursing facilities	\$425,861,278	\$459,836,020	\$33,974,742
General fund	\$132,415,339	\$202,407,983	\$69,992,644
Health care trust fund	\$4,124,506	\$746,786	(\$3,377,720)
Contingent Bank of North Dakota loan proceeds	\$2,801,758	\$0	(\$2,801,758)
Federal funds	\$286,519,675	\$256,475,703	(\$30,043,972)
Other funds	\$0	\$205,548	\$205,548

**Long-term care bed layaway program** - House Bill No. 1325 (2011) extends the moratorium on the state's licensed basic care bed capacity and the state's nursing facility bed capacity from July 31, 2011, to July 31, 2013, and creates a 24-month bed layaway program for up to 25 percent of a nursing facility's bed capacity. The bill appropriates \$1,225,979 of other funds, including \$546,786 of funding from the health care trust fund and \$679,913 of federal funds, to the department for increased payments to basic care and nursing facilities due to establishment of a bed layaway program.

**DD grants** - The schedule below provides a comparison of funding for DD grants. The Legislative Assembly made no adjustments to the recommended funding for DD grants; however, the Legislative Assembly provided legislative intent that the department use any anticipated unexpended appropriation authority relating to DD grants resulting from caseload or cost changes during the 2011-13 biennium for costs associated with transitioning individuals from the Developmental Center to communities during the 2011-13 biennium.

	2009-11 Biennium	2011-13 Biennium	Increase (Decrease)
Total DD grants	\$341,542,546	\$396,996,033	\$55,453,487
General fund	\$110,730,341	\$174,231,307	\$63,500,966
Contingent Bank of North Dakota loan proceeds	\$1,190,654	\$0	(\$1,190,654)
Federal funds	\$229,621,551	\$222,764,726	(\$6,856,825)

As of April 2012, six nursing facilities have utilized the program and placed 37 beds in the layaway program.

The department anticipates spending \$425,300,022, of which \$190,444,947 is from the general fund and \$234,855,075 is from federal funds for DD grants for the 2011-13 biennium which is \$28,303,989 more than budgeted. The increase is due to actual caseloads and costs being more than budgeted.

The department does not anticipate having any unexpended appropriation authorized during the 2011-13 biennium for costs associated with transitioning individuals from the Developmental Center to communities.

**Dementia care services** - Section 6 of 2011 Senate Bill No. 2012 provides that the department is to periodically report to the Legislative Management during the 2011-12 interim regarding the status of the dementia care services program. The reports must include information on budgeted and actual program expenditures, program services, and program outcomes.

**Risk behavior prevention grants** - Section 7 of 2011 Senate Bill No. 2012 provides that the department use \$250,000 of federal funding appropriated for the Mental Health and Substance Abuse Services Division for the 2011-13 biennium for providing grants to support a statewide school and community-based youth network dedicated to implementing risk behavior prevention efforts. The department is to require an entity receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided.

**DD service providers payment system** - Senate Bill No. 2043 (2011) provides that the department, in conjunction with DD service providers, implement a prospective or related payment system with an independent rate model utilizing the supports intensity scale for DD service providers. Implementation of any system developed may not occur before implementation of the new MMIS.

**Traumatic brain injury services** - Senate Bill No. 2163 (2011) appropriates \$110,000 to the Department of Human Services for providing traumatic brain injury case management services in eastern North Dakota.

**Grants to child care providers** - The Legislative Assembly in 2011 Senate Bill No. 2057 provided \$3.1 million from the general fund for providing grants to child care providers for workforce development, quality improvement, technical assistance, and capacity building as provided for in North Dakota Century Code Section 50-11.1-14.1.

The department has entered a contract with the Alzheimer's Association Minnesota-North Dakota Chapter for provision of a dementia care services program in each area of the state served by a regional human service center. The Alzheimer's Association has hired regional care consultants to provide services in the state. The staff has been trained in all aspects of dementia and on the Mittelman service delivery intervention. From July 2011 through March 2012, the staff has worked with 502 caregivers and has provided 837 contacts for 284 individuals with dementia. In addition, the Alzheimer's Association has subcontracted with the University of North Dakota Center for Rural Health to study and report outcomes of the dementia care services program, including the estimated long-term care and health care costs avoided, and the improvement in disease management and caregiver assistance. The university reported an estimated cost avoidance of \$8,364,574 in long-term care costs between July 2011 and March 2012.

The department has entered a contract with Northern Lights Youth Services, Inc., for providing funding to support a statewide school and community-based youth network dedicated to implementing risk behavior prevention efforts. The department is providing funding to the entity to the extent the entity can provide \$1 of matching funds for each \$1 of state funds.

The department has established a steering committee consisting of representatives from all interested providers and the department to guide the development of the new payment system. The department has awarded a contract in the amount of \$445,903 to Johnston, Villegas-Grubbs and Associates, LLC., for development of the payment system and the resource allocation model connecting funding to supports intensity scale assessed needs of clients. In addition, the department awarded contracts to The Rushmore Group in the amount of \$846,000 and the American Association on Intellectual and Developmental Disabilities in the amount of \$166,664 for work with supports intensity scale assessments. The department anticipates the contract work to be complete by June 30, 2013.

The department has entered into a contract with the Head Injury Association of North Dakota for providing traumatic brain injury case management services in eastern North Dakota.

The department has entered contracts with two child care resource and referral agencies--Lakes and Prairie Community Action Partnership, Inc., and Lutheran Social Services--to provide grants to child care providers for workforce development, quality improvement, technical assistance, and capacity building.

**Early childhood services** - Senate Bill No. 2298 (2011) provides that the Department of Human Services establish an early childhood services inclusion support services and grant program for licensed early childhood services providers who care for children with special needs. The bill appropriates \$50,000 from the general fund to the Department of Human Services for inclusion support services and provides legislative intent that the funding source for the grant program be the funding appropriated to the Department of Commerce for the Department of Commerce's early childhood facilities program.

**Pilot voucher payment program** - Senate Bill No. 2326 (2011) requires the department to establish a substance abuse services pilot voucher payment program.

**Sale of land** - House Bill No. 1337 (2011) authorizes the department to sell land at the Developmental Center in Walsh County.

**Health care reform FTE positions** - The Legislative Assembly during the 2011 special legislative session added 7 new FTE positions for implementing the federal Affordable Care Act.

**American health benefit exchange** - In 2011 House Bill No. 1126, the Legislative Assembly provided the Insurance Commissioner authority to plan for the implementation of a health insurance exchange that meets the requirements of the federal health care reform law and any future regulations. The bill provided an appropriation of \$1 million of federal funds available under the Patient Protection and Affordable Care Act of 2010 to the Insurance Commissioner for planning costs.

The Department of Human Services has entered a contract with the North Dakota Center for Persons with Disabilities to provide early childhood support services to providers who care for children with special needs. The Department of Human Services has assisted the Department of Commerce in developing criteria for grants to early childhood service providers that care for children with disabilities or developmental delays. The Department of Commerce anticipates providing \$47,000 of these grants in the 2011-13 biennium.

Pursuant to Senate Bill No. 2326, the department is to apply for funding available through a federal Access to Recovery grant program available from the federal Substance Abuse and Mental Health Services Administration Center for Substance Abuse Treatment. The center does not anticipate an Access to Recovery grant announcement for three years. The department continues to monitor the grant's potential announcement.

The department completed sale of approximately 77 acres of land at the Developmental Center to the Grafton Park Board in June 2011. The agreed-upon purchase price was \$7,705.

The following is a summary of the status of the new positions for implementing the federal Affordable Care Act:

Trainer FTE position (Information Technology Division)	Budgeted to be filled in April 2013
Attorney FTE position (Child Support Division)	Anticipated to be filled in June or July 2012
Eligibility policy FTE position (Medical Services Division)	Filled in February 2012
Program integrity FTE position (Medical Services Division)	Filled in February 2012
Nurse FTE position (Medical Services Division)	Budgeted to be filled in October 2012
Surveillance and utilization review section analyst FTE position (Medical Services Division)	Budgeted to be filled in January 2013
Administrative support FTE position (Medical Services Division)	Budgeted to be filled in January 2013

Because 2011 House Bill No. 1474, relating to the implementation of a state-operated health benefit exchange system, was not approved during the November 2011 special legislative session, the Insurance Commissioner has asked the department to request a transfer of assignment of the remainder of federal funds estimated to be \$746,340 for the health insurance exchange planning grant. As a result, the department would be authorized to use the federal funding to plan for the Medicaid eligibility component of the health benefit exchange. The department is awaiting federal approval for the transfer of the grant funds.

**Vocational rehabilitation order of selection** - The Department of Human Services Division of Vocational Rehabilitation through its basic support grant program assists individuals with disabilities to achieve competitive employment and increased independence through rehabilitation services. The division also provides professional consultations to assist business owners and employers in finding solutions to their disability-related issues. The basic support program receives federal funds through the United States Department of Education and Rehabilitation Services Administration and funding from the general fund. The program's funding share for the basic support grant is 78.7 percent federal funds and 21.3 percent funding from the general fund.

**Regional autism spectrum disorder centers of early intervention and achievement pilot program** - Senate Bill No. 2268 (2011) provides that the department may use up to \$200,000 of funding from its 2011-13 legislative appropriation to establish and operate a regional autism spectrum disorder centers of early intervention and achievement pilot program.

On March 16, 2012, the division implemented an order of selection for the basic support grant program. An order of selection results from the division not having sufficient financial resources to serve all people who are eligible for services. The current order of selection is due to increased higher education costs resulting in fewer clients being able to be served within the funding available. Order of selection uses waiting lists to manage the available financial resources. Each person applying for services will be informed about the order of selection procedures. During or shortly after the eligibility determination, individuals will be assigned an order of selection category based on the severity of their disability. Individuals with the most significant disabilities will be given priority on the waiting list. The division will serve individuals as funds become available. There are 2,558 eligible individuals currently receiving services through the basic support grant program. These individuals will not be put on a waiting list.

The department has not pursued the establishment of the regional autism spectrum disorder centers of early intervention and achievement pilot program due to not having available funds.

**Protection and Advocacy Project  
Budget 360  
Senate Bill No. 2014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	28.50	\$1,985,365	\$3,118,888	\$5,104,253
2009-11 legislative appropriation	<u>28.50</u>	<u>1,725,815</u>	<u>2,987,503</u>	<u>4,713,318</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$259,550	\$131,385	\$390,935

**Item Description**  
There are no items to report for this agency.

**Status/Result**

**Job Service North Dakota  
Budget 380  
House Bill No. 1016**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	261.76	\$1,879,892	\$70,116,806	\$71,996,698
2009-11 legislative appropriation	<u>284.05</u>	<u>1,565,442</u>	<u>70,204,844</u>	<u>71,770,286</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	(22.29)	\$314,450	(\$88,038)	\$226,412

**Item Description**

**Job insurance trust fund balance** - North Dakota Century Code Section 52-02-17 requires Job Service North Dakota to report to the Legislative Council before March 1 of each year on the actual trust fund balance and on the projected trust fund balance for the next three years.

**Federal fiscal stimulus funding** - The Legislative Assembly provided for the continuation of \$1.5 million of federal fiscal stimulus funding not expended in the 2009-11 biennium. The funding relates to state unemployment insurance and employment services and administration relating to unemployment compensation benefit increases. The funding is not to be considered part of the agency's base budget for the 2013-15 biennium, and Job Service North Dakota is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Workforce 20/20** - The Legislative Assembly provided funding of \$1,531,160 from the general fund for the Workforce 20/20 program. Of the \$1,531,160, \$180,819 is for salaries and wages and operating expenses and \$1,350,341 is for grants.

**Unemployment insurance computer modernization project** - The Legislative Assembly provided a \$12.4 million special funds appropriation from Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 for continuing the department's efforts in developing a modernized unemployment insurance computer system.

**Workforce Data Quality Initiative** - The Legislative Assembly appropriated \$1,036,000 of federal funds for completing a Workforce Data Quality Initiative, which is the agency's component of the statewide longitudinal data system.

**Status/Result**

As of December 31, 2011, the job insurance trust fund reserve was \$107.2 million, an increase of \$24.1 million from the reserve as of December 31, 2010.

The projected job insurance trust fund balances for the next three years are:

December 31, 2012	\$125.7 million
December 31, 2013	\$138.3 million
December 31, 2014	\$144.5 million

Job Service North Dakota anticipates receiving and expending \$866,543 of federal fiscal stimulus funding in the 2011-13 biennium.

As of January 31, 2012, Job Service North Dakota has expended \$38,917 of the funding provided for salaries and wages and operating expenses and \$148,363 of the funding provided for Workforce 20/20 grants. The agency anticipates expending all remaining funds by the end of the 2011-13 biennium.

Job Service North Dakota is participating in a four-state consortium with Colorado, Wyoming, and Arizona to develop a modernized unemployment insurance system. The agency's staff has been working with staff from the other states to develop the requirements and business rules necessary to release a request for proposal for the project in 2012. A significant portion of the development costs of the project will be paid with funds from a grant from the United States Department of Labor. The agency's special funds appropriation of \$12.4 million will be used to supplement North Dakota's portion of the project, including conversion and interface costs.

Job Service North Dakota has selected Otis Educational Systems as the project vendor for the Workforce Data Quality Initiative. The project is currently in the planning phase.



### **Emergency Commission request.**

Job Service North Dakota has received Emergency Commission approval of the following request:

- Approval to borrow \$21,350,784 from the Bank of North Dakota pursuant to North Dakota Century Code Section 54-16-13 for disaster unemployment assistance which is a temporary assistance program activated by the Federal Emergency Management Agency (FEMA) Disaster Declaration 1981-DR.

Job Service North Dakota borrowed \$2,333,970 from the Bank of North Dakota for disaster unemployment assistance through March 13, 2012. The loan has been repaid with federal funds received from FEMA. The agency will request a general fund deficiency appropriation for the 2011-13 biennium of \$5,847 to pay the interest on the loan.

**Insurance Commissioner, including Insurance Tax Payments to Fire Departments**  
**Budget 401**  
**Senate Bill No. 2010; House Bill Nos. 1126, 1475**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	49.50	\$0	\$19,044,080	\$19,044,080
2009-11 legislative appropriation	<u>45.50</u>	<u>0</u>	<u>16,191,800</u>	<u>16,191,800</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	4.00	\$0	\$2,852,280	\$2,852,280

**Item Description**

**Patient Protection and Affordable Care Act** - In 2011 House Bill No. 1125, the Legislative Assembly provided the Insurance Commissioner authority to administer and enforce the provisions of the federal Patient Protection and Affordable Care Act and of the Health Care and Education Reconciliation Act of 2010 to the extent that the provisions apply to the commissioner's jurisdiction. The bill provided that the commissioner provide regular updates to the Legislative Management during the 2011-12 interim. The bill also provided that the commissioner submit proposed legislation to the Legislative Management for consideration at a special legislative session if the commissioner was required by federal law to implement any program or requirement before January 1, 2013.

In Section 9 of 2011 Senate Bill No. 2010, the Legislative Assembly provided that the Insurance Commissioner report at each Budget Section meeting during the 2011-12 interim regarding the status of provisions of the Patient Protection and Affordable Care Act.

**FTE positions** - In 2011 House Bill No. 1475, the Legislative Assembly authorized 4 new FTE positions and \$642,350 of special funds related to implementation of the federal Affordable Care Act.

**Status/Result**

The Insurance Commissioner is providing regular updates on provisions of the Patient Protection and Affordable Care Act and of the Health Care and Education Reconciliation Act of 2010 to the Legislative Management's interim Health Care Reform Review Committee. The commissioner assisted the committee in the preparation of three bills that were considered by the Legislative Assembly during the November 2011 special legislative session. House Bill No. 1475 (2011) relating to the implementation of the federal Affordable Care Act and 2011 House Bill No. 1476 relating to external review were approved by the Legislative Assembly during the November 2011 special legislative session. House Bill No. 1474 (2011) relating to the implementation of a state-operated health benefit exchange system was not approved during the November 2011 special legislative session.

Implementing the provisions of 2011 House Bill No. 1125 is consuming more staff time than estimated. Staff are heavily involved with National Association of Insurance Commissioners activities related to health care reform as well as frequent calls with federal officials on the status of various market reforms, exchange establishment, and grant requirements.

The deputy Insurance Commissioner has reported at each Budget Section meeting during the 2011-12 interim regarding the status of provisions of the Patient Protection and Affordable Care Act pursuant to Section 9 of 2011 Senate Bill No. 2010.

The Insurance Commissioner planned to hire an actuary, a financial analyst, a life and health analyst, and a financial examiner relating to implementation of the federal Affordable Care Act. The commissioner filled the financial analyst position in April 2012 and is in the process of interviewing applicants for the life and health analyst position and the financial examiner position. The commissioner is currently advertising for the actuary position. The commissioner plans to contract with an actuarial consultant until the position is filled.

**External review process** - The Legislative Assembly in 2011 House Bill No. 1127 updated statutory provisions to ensure that the state's external review process meets the requirements of 2010 federal legislation. The Legislative Assembly further revised the external review process in 2011 House Bill No. 1476.

**American health benefit exchange** - In 2011 House Bill No. 1126, the Legislative Assembly provided the Insurance Commissioner authority to plan for the implementation of a health insurance exchange that meets the requirements of the federal health care reform law and any future regulations. The bill provided an appropriation of \$1 million of federal funds available under the Patient Protection and Affordable Care Act of 2010 to the Insurance Commissioner for planning costs.

**Payments from the insurance tax distribution fund** - The Legislative Assembly appropriated \$8.12 million of special funds from the insurance tax distribution fund, of which \$6.2 million was for insurance tax payments to fire districts, \$620,000 was for two equal payments to the North Dakota Firefighters Association, \$50,000 to be distributed to the association for automobile extrication training, and \$1.25 million to the State Department of Health for grants to emergency medical services (EMS) providers.

**Anhydrous ammonia inspection program** - In 2011 House Bill No. 1321, the Legislative Assembly provided that the responsibility to inspect anhydrous ammonia storage facilities be transferred from the Insurance Commissioner to the Agriculture Commissioner.

The external review process established in House Bill No. 1127 was deemed ineffective in meeting Patient Protection and Affordable Care Act of 2010 standards by the United States Department of Health and Human Services (HHS). Therefore, the external review process was revised during the November 2011 special legislative session in House Bill No. 1476. In December 2011, HHS notified the Insurance Commissioner that the revised external review process did not meet all standards; however, the process qualified as a temporarily acceptable process through January 1, 2014. Beginning January 1, 2014, the state external review process will need to meet all Patient Protection and Affordable Care Act of 2010 standards or the insurers will become subject to a federally administered external review process.

Because 2011 House Bill No. 1474, relating to the implementation of a state-operated health benefit exchange system, was not approved during the November 2011 special legislative session, the Insurance Commissioner has requested that the Department of Human Services request a transfer of assignment of the remainder of federal funds for the health insurance exchange planning grant. As a result, the department would be authorized to use the federal funding to plan for the Medicaid eligibility component of the health benefit exchange. As of March 2012, the department has not submitted the request, and the commissioner continues to comply with federal reporting requirements of the grant.

Pursuant to North Dakota Century Code Section 18-04-05, the Insurance Commissioner distributed one-half of the biennial legislative appropriation (\$3.1 million) to fire districts in September 2011 and will distribute the remaining one-half in September 2012. The allocation to each eligible entity is based on the amount of gross premiums reported for each fire district compared to the total gross premiums reported statewide. In September 2011, the commissioner provided grants of \$310,000 to the North Dakota Firefighters Association, \$25,000 to the association for automobile extrication training, and \$625,000 to the State Department of Health for grants to EMS providers. The commissioner will provide the remaining portions of these grants in September 2012.

The Insurance Commissioner transferred responsibility and all historical data regarding the anhydrous ammonia inspection program to the Agriculture Commissioner at the beginning of the 2011-13 biennium. The Insurance Commissioner has provided ongoing training and assistance regarding the program as requested by Agriculture Commissioner's staff.

**Industrial Commission**  
**Budget 405**  
**House Bill No. 1014; Senate Bill No. 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	74.06 <sup>1</sup>	\$18,075,613 <sup>2</sup>	\$46,766,756	\$64,842,369 <sup>2</sup>
2009-11 legislative appropriation	61.06	14,425,254	49,317,984	63,743,238
2011-13 appropriation increase (decrease) to 2009-11 appropriation	13.00	\$3,650,359	(\$2,551,228)	\$1,099,131

<sup>1</sup>The 2011-13 authorized FTE positions do not include the 4 FTE positions for the Oil and Gas Division that were authorized in Section 8 of 2011 House Bill No. 1014 by the Legislative Assembly for the 2011-13 biennium (see the **Contingent FTE positions** section below for additional information).

<sup>2</sup>This amount includes \$3,299,400 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$14,776,213.

**Item Description**

**FTE changes** - The 2011-13 biennium appropriation includes funding for 74.06 FTE positions, an increase of 13 FTE positions from the 2009-11 biennium authorized level of 61.06 FTE positions. The Legislative Assembly did not change the executive recommendation to add 7 FTE engineering technician positions, 1 FTE petroleum engineer position, 1 FTE production analyst position, and 1 FTE surface geologist position and to change the funding source from the lands and minerals trust fund to the general fund for the 2 FTE positions that were added, upon Emergency Commission approval, during the 2009-11 biennium. The Legislative Assembly added 1 FTE position to administer the carbon dioxide storage facility administration fund.

**Contingent FTE positions** - The Legislative Assembly provided a contingent appropriation and authorized up to 4 additional FTE positions for the Department of Mineral Resources for the 2011-13 biennium. Upon Emergency Commission approval, the Industrial Commission may hire 1 additional FTE position if the drilling rig count exceeds 180 for at least 30 consecutive days, 1 additional FTE position if the drilling rig count exceeds 190 for at least 30 consecutive days, and 2 additional FTE positions if the total number of oil wells in the state exceeds 9,300.

**Status/Result**

As of April 20, 2012, the Industrial Commission has filled 9 of the 13 FTE positions authorized for the 2011-13 biennium. The following is a summary of the areas in which new FTE positions were authorized and the number of positions filled:

	<b>Number of Positions Authorized</b>	<b>Number of Positions Filled</b>
Engineering technician	7.00	3.00
Petroleum engineer	1.00	1.00
Production analyst	1.00	1.00
Geologist	1.00	1.00
Carbon storage facility administrator	1.00	1.00
Department of Mineral Resources contingent FTE - 2009-11 biennium	2.00	2.00
<b>Total</b>	<b>13.00</b>	<b>9.00</b>

The drilling rig count exceeded 180 rigs for 30 consecutive days in August 2011, and exceeded 190 rigs for 30 consecutive days in September 2011. The Department of Mineral Resources received approval from the Emergency Commission in September 2011 to expend \$384,786 and hire two FTE positions. The department has hired one FTE position and is advertising for the second position.

The department anticipates exceeding 9,300 wells in January 2013 and will request 2 FTE positions at that time.

**One-time funding** - In Section 2 of 2011 House Bill No. 1014, the Legislative Assembly identified \$2,299,400 from the general fund as one-time funding, of which \$1.5 million is for renewable energy development programs, \$532,000 is for the carbon dioxide storage facility administration fund, \$90,000 is for temporary employees for the core library, \$62,400 is for paleontologic preparatory work, and \$115,000 is for fracturing sand, oil-bearing rock, and coalbed methane studies. In Section 28 of 2011 Senate Bill No. 2371, the Legislative Assembly provided one-time funding of \$1 million for expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing. The Industrial Commission is to report quarterly to the Budget Section regarding the status of any litigation and other administrative proceedings.

**North Dakota Building Authority lease payments limitation** - North Dakota Century Code Section 54-17.2-23 limits the general fund amount of lease payments for a biennium to 10 percent of an amount collected from an equivalent 1 percent sales, use, and motor vehicle excise tax.

The following is a summary of the status of the Industrial Commission's one-time funding:

Renewable energy development programs - \$1.5 million	See the <b>Renewable energy functions</b> section below
Carbon dioxide storage facility administration fund - \$532,000	The Department of Mineral Resources has filled the carbon storage facility administrator position and has expended \$51,000 to date. The department anticipates filing a primacy application with the Environmental Protection Agency by the end of 2012.
Temporary employees for core library - \$90,000	The department hired two full-time temporary employees for the reboxing program at the core library.
Paleontologic preparatory work - \$62,400	The department hired one temporary employee to organize paleontologic materials.
Fracturing sand, oil-bearing rock, and coalbed methane studies - \$115,000	The department has collected 200 sand samples and 780 rock samples which were submitted to North Dakota State University for analysis.  The department has identified candidate wells for the coalbed methane study. The wells will be tested and analyzed in the summer of 2012.
Litigation or administrative proceedings related to hydraulic fracturing - \$1 million	There has been no litigation or administrative proceedings relating to hydraulic fracturing.

Based on the 2011 legislative forecast for projected sales, use, and vehicle excise tax collections for the 2011-13 biennium, the maximum statutory general fund amount of lease payments for the 2011-13 biennium is \$34,236,400, and the estimated limit for the 2013-15 biennium is \$35,605,856. The estimated general fund debt service requirement for the 2011-13 biennium is \$17,025,273, which is \$17,211,127 less than the legal limit of debt service. The general fund debt service requirement for the 2013-15 biennium is estimated to be approximately \$16,299,911, which is \$19,305,945 less than the legal limit. This amount will change with the forecast for the 2013-15 biennium.

The Legislative Assembly in 2011 did not provide for any capital projects funded through bond indebtedness that affect the bonding limit for the 2011-13 biennium.

The North Dakota Building Authority anticipates refunding certain bond issues during the 2011-13 biennium. The decrease in bond payments as a result of the refunding will not be known until later in the biennium.

**Lignite research grants** - Section 11 of 2011 House Bill No. 1014 provides that up to \$1.5 million of the \$19.97 million appropriated for lignite research grants is for contracting for an independent, nonmatching, lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and jobs or that will lead to increased development of lignite and its products and create new lignite jobs and economic growth for the general welfare of this state. This section also provides that funds appropriated may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Money not needed for these purposes is available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

**State facility lignite feasibility demonstration project** - The Legislative Assembly in 2009 provided \$400,000 from the general fund for a state facility lignite feasibility demonstration project for the purpose of demonstrating the feasibility of using lignite at a state-owned facility equipped with coal-fired boilers generating at least 200,000 pounds of steam at 125 pounds per square inch. The use of any funds provided for in this project must be approved by the Lignite Research Council and the Industrial Commission after following the standard lignite research development program review and approval process.

**Renewable energy functions** - The Legislative Assembly provided \$1.5 million from the general fund for renewable energy development functions.

The Industrial Commission has contracted with the Lignite Energy Council to provide management of the Lignite Vision 21 Project. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. Consultants from the Lignite Energy Council have also been used to assist the North Dakota Transmission Authority. As of April 15, 2012, the department has spent \$936,000 on project management and planning services and anticipates a request from the Lignite Energy Council in November 2012 for \$1 million for additional services. The \$936,000 includes funds committed but not spent during the 2009-11 biennium.

The Lignite Research Council has recommended using \$500,000 of the \$1.5 million available for the 2011-13 biennium for expenses associated with litigation that may be necessary to protect and promote the continued development of lignite resources. The actual amount provided by the department to the Lignite Energy Council in November 2012 may be reduced by any funding provided for litigation.

The Lignite Research Council and the Industrial Commission approved an application from the University of North Dakota and provided \$400,000 to the university for a state facility lignite feasibility demonstration project. The university conducted a study of the feasibility of a lignite-fired advanced combined heat and power system and the feasibility of utilizing the system to provide education and training opportunities. A final report was issued to the Industrial Commission in December 2010.

The following renewable energy projects have been approved by the Industrial Commission during the 2011-13 biennium:

	General Fund	Other Funds	Total
Dakota turbines	\$106,873 <sup>1</sup>		\$106,873 <sup>1</sup>
Comprehensive statewide higher blend ethanol marketing campaign	199,600		199,600
Energy beets research (Phase II)	500,000		500,000
Improving profitability of North Dakota ethanol plants with algae	200,000		200,000
Total	\$1,006,473		\$1,006,473

<sup>1</sup>This funding reflects additional funding provided for the Dakota turbines project which received a grant of \$178,500 in the 2009-11 biennium.

**Core library housing** - In Section 12 of 2011 House Bill No. 1014, the Legislative Assembly provided legislative intent that the Industrial Commission not construct a new building for the expansion of the core library. If the existing location of the core library does not have sufficient space, the Industrial Commission may relocate parts or all of the library to an existing state-owned facility.

The Department of Mineral Resources has hired temporary employees to rebox core samples at the library resulting in more available space for core samples. The department anticipates reaching library capacity in 2018.

**Labor Commissioner  
Budget 406  
Senate Bill No. 2007**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	12.00	\$1,540,125	\$424,511	\$1,964,636
2009-11 legislative appropriation	<u>12.00</u>	<u>1,421,583</u>	<u>412,751</u>	<u>1,834,334</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$118,542	\$11,760	\$130,302

**Item Description**

**Employer's payment of accrued paid time off** - Senate Bill No. 2138 (2011) provides that the Labor Commissioner investigate the merit of reports submitted by employees that the employer violated regulations relating to the payment for accrued paid time off.

**Emergency Commission request.**

**Status/Result**

As of March 2012, the Labor Commissioner has not received any reports of violation relating to the payment for accrued paid time off as provided in North Dakota Century Code Section 34-14-09.2.

The Budget Section at its March 2012 meeting approved the Labor Commissioner's request to increase the agency's federal funds spending authority by \$165,400 to accept funds from the United States Department of Housing and Urban Development Fair Housing Public Outreach and Education Partnership grant program.

The Labor Commissioner plans to utilize the Fair Housing Public Outreach and Education Partnership grant to provide education, awareness, and information relating to the state's fair housing laws through announcements, paid advertising, and public speaking engagements.



**Public Service Commission  
Budget 408  
Senate Bill No. 2008**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	43.00	\$6,020,215	\$13,061,648	\$19,081,863
2009-11 legislative appropriation	<u>43.00</u>	<u>5,676,165</u>	<u>10,662,242</u>	<u>16,338,407</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$344,050	\$2,399,406	\$2,743,456

**Item Description**

**Federal fiscal stimulus funding** - The Legislative Assembly provided \$658,217 of one-time federal funding relating to continuation of federal fiscal stimulus funding for the regulation and oversight of energy transmission and generation infrastructure. The Public Service Commission was authorized to utilize this funding for 3 temporary FTE positions, training costs, and other related operating expenses.

**Rail rate complaint case** - The Legislative Assembly in 2011 provided a transfer of \$900,000 from the Bank of North Dakota beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. If any amount is spent, the commission is to reimburse the beginning farmer revolving loan fund using amounts from damages or proceeds, net of legal fees, received from a successful outcome of a rail rate complaint case.

**Status/Result**

During the 2009-11 biennium, the Public Service Commission was awarded a United States Department of Energy stimulus grant award of \$766,350. After conclusion of the 2011 regular legislative session, the commission determined fewer resources were needed and requested a grant reduction of \$342,210 leaving a revised grant award of \$424,210. The commission anticipates using the grant funds for 1 temporary FTE position, training costs, and other operating expenses. The grant funding expires in December 2012.

A rail rate complaint case has not been filed primarily because state activity associated with the rail rate case and readily accessible funds to pursue regulatory relief against the railroad industry has guarded against abusive rail industry practices. The effect of a weakened national economy on spending is also putting pressure on the railroad industry to keep rail rates affordable.

**Aeronautics Commission**  
**Budget 412**  
**House Bill No. 1006; Senate Bill No. 2206**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	6.00	\$554,500 <sup>1</sup>	\$12,533,688	\$13,088,188
2009-11 legislative appropriation	<u>6.00</u>	<u>550,000</u>	<u>12,382,666</u>	<u>12,932,666</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$4,500	\$151,022	\$155,522

<sup>1</sup>This amount includes \$4,500 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$550,000.

**Item Description**

**One-time funding** - Senate Bill No. 2206 (2011) provides that the Aeronautics Commission establish and maintain a database that contains locations of all existing anemometer towers by January 1, 2012. The bill appropriates \$4,500 from the general fund as one-time funding to the commission for establishing the database.

**Replacement aircraft** - The Legislative Assembly provided funding of \$450,000 from special funds for purchase of a replacement aircraft during the 2011-13 biennium.

**Limited deployment-cooperative airspace project** - The Legislative Assembly provided that the Aeronautics Commission may use federal or special funds appropriated for the 2011-13 biennium to support the limited deployment-cooperative airspace project involving ADS-B navigational system general aviation equipment.

**Status/Result**

The Aeronautics Commission selected Vision Technology, Bismarck, as the vendor to establish and maintain a database of the locations of all existing anemometer towers in the state. The project was completed in September 2011 at a cost of \$6,990.

The Aeronautics Commission purchased a 2008 Cessna 206 Stationair in September 2011 for \$559,500 less a trade-in allowance of \$109,600 for its 1980 Cessna 337 Skymaster.

The Aeronautics Commission is awaiting funding and designation as a test center from the Federal Aviation Administration to proceed with the limited deployment-cooperative airspace project.

**Department of Financial Institutions**  
**Budget 413**  
**House Bill No. 1008**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	29.00	\$0	\$6,836,318	\$6,836,318
2009-11 legislative appropriation	<u>29.00</u>	<u>0</u>	<u>6,186,488</u>	<u>6,186,488</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$0	\$649,830	\$649,830

**Item Description**

**Debt-settlement providers** - House Bill No. 1038 (2011) requires the Department of Financial Institutions to license and regulate debt-settlement providers.

**Status/Result**

The department implemented a program on August 1, 2011, to license and regulate debt-settlement providers. Through March 2012, the department has licensed one debt-settlement provider.

**Securities Department  
Budget 414  
Senate Bill No. 2011**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	9.00	\$1,909,220	\$317,199	\$2,226,419
2009-11 legislative appropriation	<u>9.00</u>	<u>1,798,362</u>	<u>317,199</u>	<u>2,115,561</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$110,858	\$0	\$110,858

**Item Description**

There are no items to report for this agency.

**Status/Result**

**Bank of North Dakota  
Budget 471  
House Bill Nos. 1014, 1206; Senate Bill No. 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	176.50	\$54,400,000 <sup>1</sup>	\$56,853,155	\$111,253,155
2009-11 legislative appropriation	<u>176.50</u>	<u>11,100,000</u>	<u>44,317,274</u>	<u>55,417,274</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$43,300,000	\$12,535,881	\$55,835,881

<sup>1</sup>This amount includes \$45 million of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$9.4 million.

**Item Description**

**One-time funding** - In Section 3 of 2011 House Bill No. 1206, the Legislative Assembly identified \$25 million from the general fund for a loan to the Western Area Water Supply Authority as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the Bank of North Dakota is to report to the Appropriations Committees during the 2013 legislative session on the use of the funding.

Section 8 of 2011 Senate Bill No. 2371 provides for a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund if the \$30 million transferred to the rebuilders loan program fund from the Bank is fully obligated prior to June 30, 2013. This funding is considered to be one-time funding for the 2011-13 biennium.

**Rebuilders loan program** - Section 1 of 2011 Senate Bill No. 2371 establishes a rebuilders loan program and loan fund at the Bank. The program is to provide loans to North Dakota residents affected by a presidentially declared disaster in the state in an area eligible for Federal Emergency Management Agency individual assistance for the purpose of the resident rebuilding the resident's flood-damaged home or purchasing a new home in the disaster-impacted community. Individual assistance designated counties include Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward.

Section 7 of Senate Bill No. 2371 provides for a transfer of \$30 million from the current and undivided profits of the Bank to the rebuilders loan program fund. Section 8 of Senate Bill No. 2371 provides for a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund if the \$30 million transferred to the rebuilders loan program fund from the Bank is fully obligated prior to June 30, 2013.

**Status/Result**

The following is a summary of the status of the Bank's one-time funding:

- Western Area Water Supply - See **Western Area Water Supply Authority** section below
- Rebuilders loan program - See **Rebuilders loan program** section below

As of March 2012, 540 loans totaling \$15,947,259 have been closed, 289 additional loans totaling \$8,146,210 have been approved but not closed, and 64 loans totaling \$1,920,000 are being processed. The Bank anticipates using both the initial \$30 million transfer of Bank profits and the contingent \$20 million transfer from the general fund.

Of the 829 approved loans, 95 percent are for residents in the Minot area, 4 percent are for residents in the Bismarck area, and 1 percent is for residents in the Mandan area.

Twenty-one loan requests have been denied for various reasons, including no damage, no ownership in damaged property, or property is covered by flood insurance.

Section 9 of Senate Bill No. 2371 appropriates \$10 million from the state disaster relief fund to the Adjutant General for providing:

1. Additional rebuilders loan program funding to the Bank.
2. Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.

**Western Area Water Supply Authority** - House Bill No. 1206 (2011) establishes the Western Area Water Supply Authority to treat, store, and distribute water to western North Dakota and to provide for the supply and distribution of water to the people of western North Dakota for domestic, rural water, municipal, livestock, industrial, oil and gas development, and other purposes. The bill provides that the Bank provide a loan of \$50 million to the authority for the construction of the project. The State Water Commission is required to make available from funding appropriated to the commission \$25 million as a zero interest loan to the authority. The bill also appropriates \$25 million from the general fund to the Bank to provide a loan to the authority for a maximum term of eight years from the completion of the \$50 million loan from the Bank at 5 percent interest per year. The bill appropriates \$10 million from the resources trust fund to the Bank for the purpose of providing a loan to the authority for a maximum term of two years from the completion of the \$25 million loan from the general fund at 5 percent interest per year. The bill provides that this funding must be structured so that funding is provided, as needed, in the following order:

1. The \$25 million zero interest loan from the State Water Commission;
2. The \$50 million loan from the Bank;
3. The \$25 million loan from the general fund; and
4. The \$10 million loan from the resources trust fund.

Repayment of loans must be structured in the following order:

1. The \$50 million loan from the Bank;
2. The \$25 million loan from the general fund with deposit of the principal in the general fund and interest in the resources trust fund;
3. The \$10 million loan from the resources trust fund for deposit in the resources trust fund; and
4. The \$25 million zero interest loan from the State Water Commission for deposit in the resources trust fund.

#### **Transfer of Bank of North Dakota profits**

1. Section 4 of 2011 House Bill No. 1021 provides for a transfer of \$5 million from the current and undivided profits of the Bank to the health information technology planning loan fund or to the health information technology loan fund. Section 6 of House Bill No. 1021 amends Chapter 519, Section 8, of the 2009 Session Laws to extend the \$8 million transfer to the health information technology loan fund

The Bank will manage the cashflows and service the loans to the Western Area Water Supply Authority. The authority has received \$18 million from the \$25 million State Water Commission loan. The Bank anticipates providing the remainder of the \$25 million State Water Commission loan and a first advance from the \$50 million Bank loan by June 30, 2012.

1. As of March 2012, the Health Information Technology Office director has requested a transfer of \$500,000 of the \$8 million to the electronic health information exchange fund and a transfer of \$100,000 of the \$5 million to the health information technology planning loan fund.

or to the electronic health information exchange fund provided for the 2009-11 biennium into the 2011-13 biennium.

2. Section 1 of 2011 Senate Bill No. 2150 provides for a transfer in an amount to be determined by the Superintendent of Public Instruction to reimburse school districts for excess costs relating to special education and related services.
3. Section 7 of 2011 Senate Bill No. 2371 provides for a transfer of \$30 million from the current and undivided profits of the Bank to the rebuilders loan program fund.

#### Estimated 2011-13 Bank of North Dakota capital structure

The following schedule shows an analysis of the Bank's estimated capital structure for the 2011-13 biennium:

June 30, 2011, capital	\$359,660,000
Estimated 2011-13 biennium profits	145,500,000 <sup>1</sup>
Estimated 2011-13 biennium transfers to the health information technology-related funds per Sections 4 and 6 of 2011 House Bill No. 1021	(13,000,000) <sup>2</sup>
Estimated 2011-13 biennium transfers to the rebuilders loan program fund per Section 7 of 2011 Senate Bill No. 2371	(30,000,000)
Estimated capital on June 30, 2013	\$462,160,000
<sup>1</sup> Actual calendar year 2011 profits were \$70.3 million.	
<sup>2</sup> House Bill No. 1021 provides for a transfer of \$5 million from the Bank profits to the health information technology planning loan fund or to the health information technology loan fund and amends Chapter 519, Section 8, of the 2009 Session Laws, to extend the \$8 million transfer provided for the 2009-11 biennium into the 2011-13 biennium.	

**Legislative intent - Land purchase** - Section 4 of 2011 House Bill No. 1014 provides legislative intent that to the best of its ability the Bank ensure that properties adjacent to Bank property northwest of West Street in Bismarck are developed for uses that are consistent with the mission and purpose of the Bank.

**Flex partnership in assisting community expansion (PACE)** - Section 22 of 2011 Senate Bill No. 2371 provides that the Bank utilize the Flex PACE program to assist in financing of affordable multifamily housing units for individuals in areas of North Dakota affected by oil and gas production and distribution.

The Bank has purchased the adjacent properties at a cost of \$514,620. The Bank plans to prepare the lots for future development.

The Bank anticipates transferring \$5 million, including \$1 million from biofuels PACE, \$1 million from Ag PACE, and \$1 million from the beginning farmer revolving loan fund, to the Flex PACE fund. Approximately \$3 million will be used to provide assistance in financing of affordable multifamily housing units for individuals in areas of North Dakota affected by oil and gas production and distribution. The remaining amount will be used for other Flex PACE uses, including interest buydown.

### **Bank of North Dakota loans**

1. House Bill No. 1003 (2011) provides that Williston State College may borrow up to \$1,725,000 from the Bank for a workforce training building project during the 2011-13 biennium.
2. House Bill No. 1004 (2011) provides that the State Department of Health may borrow up to \$500,000 from the Bank for the purpose of defraying the expenses associated with possible litigation and other administrative proceedings involving the Environmental Protection Agency during the 2011-13 biennium.
3. House Bill No. 1012 (2011) provides that the Department of Transportation may borrow up to \$120 million from the Bank for the purpose of providing funding for emergency relief projects on the state highway system for the remainder of the 2009-11 biennium and the 2011-13 biennium. Any federal funding received for projects receiving borrowed funds must be used to repay the loan from the Bank. Section 5 of 2011 Senate Bill No. 2371 amends of Chapter 12, Section 4, of the 2011 Session Laws, to increase the amount of funding that the Department of Transportation may borrow from the Bank during the 2011-13 biennium for emergency relief projects to \$200 million.
4. House Bill No. 1015 (2011) provides that the Department of Corrections and Rehabilitation may borrow up to \$1.1 million from the Bank for the purpose of defraying the expenses of the Penitentiary project during the 2011-13 biennium.
5. House Bill No. 1206 (2011) establishes the Western Area Water Supply Authority. The bill authorizes the Western Area Water Supply Authority borrowing authority of \$50 million for a construction loan. The bill also provides for a \$25 million general fund appropriation to the Bank and a \$10 million special fund appropriation from the resources trust fund for providing loans to the Western Area Water Supply Authority.
6. Senate Bill No. 2078 (2011) authorizes the Bank to establish a residential mortgage loan program for mortgages where private sector mortgage loan services are not reasonably available.
7. Senate Bill No. 2306 (2011) requires the Bank to establish and maintain an adequate guarantee reserve fund for the fuel production facility loan guarantee program. The Bank may request the Office of Management and Budget to transfer funds from the lands and minerals trust fund to maintain 25 percent of the guarantee reserve fund balance. The extent of the loan guarantee may not exceed 25 percent of the total loan. The maximum dollar amount for any guarantee on a single loan may not exceed \$12.5 million, and the value of all loan guarantees may not, at any one time, exceed \$25 million. House Bill No. 1451 (2011) discontinues the use of the lands and minerals trust fund and provides for maintenance of the guarantee reserve fund to be from the strategic investment and improvements fund.
1. As of March 2012, Williston State College has not requested a loan for a workforce training building project.
2. As of March 2012, the State Department of Health has not requested a loan.
3. As of March 2012, the \$120 million line of credit is available with no outstanding debt. The Department of Transportation has not made a formal request to add the additional \$80 million to the line of credit.
4. As of March 2012, the Department of Corrections and Rehabilitation has not requested a loan.
5. See **Western Area Water Supply Authority** section above for more information.
6. As of March 2012, the Bank has provided two loans totaling \$211,200. An additional six loans totaling \$824,000 are being processed and applications for four loans totaling \$793,000 are being reviewed.
7. As of March 2012, no guarantees have been issued.



8. Senate Bill No. 2308 (2011) provides that the Bank shall extend a line of credit not to exceed \$2.56 million to the Highway Patrol to establish an online electronic permit system. The Highway Patrol is to repay the line of credit with funds in the motor carrier electronic permit transaction fund.

8. As of March 2012, the Highway Patrol has requested the loan and the loan is being processed.

**Housing Finance Agency  
Budget 473  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	46.00	\$0	\$38,590,046	\$38,590,046
2009-11 legislative appropriation	<u>46.00</u>	<u>0</u>	<u>71,424,343</u>	<u>71,424,343</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$0	(\$32,834,297)	(\$32,834,297)

**Item Description**

**Housing incentive fund** - Senate Bill No. 2210 (2011) creates a special revolving housing incentive fund and provides a continuing appropriation to the Housing Finance Agency for disbursements from the fund. After a public hearing, the Housing Finance Agency is to create an annual allocation plan for the distribution of money in the fund. At least 25 percent of the fund must be used to assist developing communities with a population of not more than 10,000 individuals to address an unmet housing need or alleviate a housing shortage. At least 50 percent of the money in the fund must be used to benefit households with incomes at not more than 50 percent of the area median income. The housing incentive fund is effective through June 30, 2013.

Senate Bill No. 2210 (2011) limited the aggregate amount of credits to all contributors to \$4 million for the biennium. Senate Bill No. 2371 (2011) approved during the November 2011 special legislative session increased the aggregate amount of tax credits allowed to all contributors to \$15 million for the 2011-13 biennium only.

Senate Bill No. 2210 (2011) also provides individual income tax, corporate income tax, and financial institutions tax credits for contributions to a housing incentive fund. The November 2011 special legislative session increased the tax credit available to financial institutions, corporations, and individuals for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and increased the maximum allowable credits from \$4 million per biennium to \$15 million for the 2011-13 biennium only.

**Status/Result**

The Housing Finance Agency developed an allocation plan for the housing incentive fund. At least 25 percent of the money in the fund must be used to assist developing communities with a population of not more than 10,000, address an unmet housing need, or alleviate a housing shortage. At least 50 percent of the money in the fund must be used to benefit households with incomes of not more than 50 percent of the area median income. Ninety percent of the fund, or \$13.5 million, is set aside for new construction or substantial rehabilitation projects located in a federally declared disaster area with individual assistance or in any of the 18 oil and gas impacted counties. Funding is provided on a reimbursement basis. A project may qualify for any or all of the categories identified above.

Through April 2012, the Housing Finance Agency has received \$6.5 million in contributions to the housing incentive fund. The agency has awarded \$7.77 million, which includes \$4.3 million of donated funds and \$3.4 million in funds raised by award recipients and will result in 428 new housing units. Of the \$4.3 million, \$240,000 has been requested for reimbursement.

At the time of this report, information was not available from the Tax Department on the total anticipated reduction in general fund revenue from contributions to a housing incentive fund. Through April 2012, the Housing Finance Agency has received \$6.5 million in contributions to the housing incentive fund.

**Mill and Elevator Association  
Budget 475  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	131.00	\$0	\$47,071,877	\$47,071,877
2009-11 legislative appropriation	<u>131.00</u>	<u>0</u>	<u>40,057,242</u>	<u>40,057,242</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$0	\$7,014,635	\$7,014,635

**Item Description**

**Transfer to agricultural fuel tax fund** - North Dakota Century Code Section 54-18-21, enacted by the Legislative Assembly in 2009, provides that within 30 days after the conclusion of each fiscal year, the Industrial Commission is to transfer 5 percent of the net income earned by the Mill and Elevator during that fiscal year to the agricultural fuel tax fund.

**Transfer to general fund** - Section 54-18-19, enacted by the Legislative Assembly in 2009, requires the Industrial Commission to transfer to the state general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator after any transfers to other state agricultural-related programs. The money must be transferred on an annual basis in the amounts and at the times requested by the director of the Office of Management and Budget.

**Status/Result**

The Mill and Elevator Association had fiscal year 2011 income of \$16.09 million and transferred \$804,401 to the agricultural fuel tax fund for the second year of the 2009-11 biennium (fiscal year 2011). The total transferred for both years of the 2009-11 biennium was \$1,463,397. The mill anticipates transferring \$700,000 to the agricultural fuel tax fund during the 2011-13 biennium.

The Mill and Elevator Association had fiscal year 2011 income of \$16.09 million and transferred \$7.6 million to the general fund for the second year of the 2009-11 biennium (fiscal year 2011). The total transferred for both years of the 2009-11 biennium was \$13.9 million. The mill anticipates transferring \$6.65 million to the general fund during the 2011-13 biennium.

**Workforce Safety and Insurance  
Budget 485  
Senate Bill No. 2021**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	247.14	\$0	\$58,413,293	\$58,413,293
2009-11 legislative appropriation	<u>247.14</u>	<u>0</u>	<u>56,877,605</u>	<u>56,877,605</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$0	\$1,535,688	\$1,535,688

**Item Description**

**Financial reserves** - North Dakota Century Code Section 65-04-02 requires Workforce Safety and Insurance to maintain adequate financial reserves plus available surplus of at least 120 percent to a maximum of 140 percent of the actuarially established discounted reserve. Available surplus is defined as net assets as stated on the statement of net assets of the agency but does not include funds designated or obligated to specific programs or projects pursuant to a directive or specific approval by the Legislative Assembly.

If the level of financial reserves plus available surplus determined as of June 30 of any year is:

- Below 120 percent of the actuarially established discounted reserve, the agency may not issue premium dividends and the agency is to recommend premium rate levels so that the agency is estimated to come into compliance within the following two years.
- Above 140 percent of the actuarially established discounted reserve, the agency is to issue premium dividends in a fiscally prudent manner so that the agency is estimated to come into compliance within the following two years.
- Between 120 percent and 130 percent of the actuarially established discounted reserve, the agency may not issue premium dividends.
- Between 130 percent and 140 percent of the actuarially established discounted reserve, the agency may issue premium dividends. However, premium dividends issued may not exceed 40 percent of the preceding year's premium in any given year and the level of financial reserves plus available surplus may not be reduced below 130 percent.

**Information technology transformation project** - The Legislative Assembly in 2007 provided an appropriation of \$14 million for the information technology transformation project for the 2007-09 biennium. In 2011 the Legislative Assembly appropriated an additional \$3 million for the project.

The information technology transformation project includes the replacement of existing core Workforce Safety and Insurance business applications with a commercial, off-the-shelf integrated software solution.

**Status/Result**

As of June 30, 2011, Workforce Safety and Insurance's actuarially established discounted reserve was \$814.0 million. Based on Section 65-04-02, the fund surplus target was \$162.8 million to \$325.6 million. The fund surplus balance on June 30, 2011, was \$393.1 million. Of the \$393.1 million, \$8.6 million was committed to safety and education grants, \$14.9 million was committed to an educational revolving loan fund, and \$35,700 was committed to the agency's information technology transformation project. Therefore, the available fund surplus on June 30, 2011, was \$369.6 million, equivalent to 145.4 percent of the discounted reserve.

The Workforce Safety and Insurance Board of Directors declared a 50 percent dividend for premiums billed in fiscal year 2012.

During the 2007-09 biennium, Workforce Safety and Insurance selected the Valley Oak Systems' iVOS product as the commercial off-the-shelf system and selected the vendor HCL to provide integration, validation, and management services related to the installation of the iVOS product. During project implementation, Valley Oak Systems was acquired by Aon eSolutions. The project is experiencing schedule delays. After failing to meet a project milestone date in January 2012, Aon eSolutions began forfeiting payments of \$115,000 for

February 2012, \$115,000 for March 2012, and \$25,000 for April 2012. Aon eSolutions will continue to forfeit \$25,000 per month until the claims component of the project is implemented. The project's executive steering committee is negotiating with Aon eSolutions regarding a revised implementation date.

The estimated cost of the information technology transformation project is \$17.8 million, which consists of the \$14 million originally appropriated for the project, \$3 million of additional funding appropriated by the Legislative Assembly in 2011 for the project, and \$800,000 of internal reallocations. The agency has negotiated \$912,000 in free maintenance and support from Aon eSolutions over a two-year period following the implementation date.

**Highway Patrol  
Budget 504  
House Bill No. 1011; Senate Bill No. 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	198.00	\$35,125,144 <sup>1</sup>	\$11,525,325	\$46,650,469
2009-11 legislative appropriation	<u>194.00</u>	<u>31,357,985</u>	<u>10,893,730</u>	<u>42,251,715</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	4.00	\$3,767,159	\$631,595	\$4,398,754

<sup>1</sup>This amount includes \$1,076,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$34,049,144.

**Item Description**

**New trooper positions** - The Legislative Assembly during its November 2011 special session appropriated \$681,870 from the general fund to add 4 FTE trooper positions.

**Mobile radio upgrade project** - In Section 2 of 2011 House Bill No. 1011, the Legislative Assembly identified one-time funding of \$1,237,000 to be used for a digital radio equipment upgrade. Of this amount, \$1,076,000 is from the general fund and \$161,000 is from the highway tax distribution fund.

**Online electronic permit system** - Senate Bill No. 2308 (2011) allows the Highway Patrol to establish an online automated routing electronic permit system and creates a motor carrier electronic permit transaction fund. An additional fee of \$15 is to be assessed for overweight and oversize permits issued online with automated routing which is to be deposited in the motor carrier electronic permit transaction fund and appropriated on a continuing basis to the Highway Patrol for the costs of establishing and maintaining an online automated routing electronic permit system. The bill also provides that the Highway Patrol may borrow up to \$2,560,000 from the Bank of North Dakota to establish an online automated routing electronic permit system. The Highway Patrol is to repay the loan with funds from the motor carrier electronic permit transaction fund.

**Status/Result**

The Highway Patrol filled the new trooper positions and began an accelerated training program for the positions in March 2012. The new troopers are scheduled to graduate from the Highway Patrol training academy in July 2012.

The Highway Patrol is in the process of upgrading the radio systems. The upgrades are anticipated to be completed by the end of the 2011-13 biennium.

The Highway Patrol issued a request for proposal in February 2012 for the purchase and implementation of a commercial off-the-shelf automated routing module to interface with existing agency applications. The Highway Patrol has requested a loan of \$2,560,000 from the Bank of North Dakota for the project. The implementation of the new module is anticipated to begin in July 2012 and be completed in July 2013.

The Highway Patrol has also updated its E-Permit application to allow all self-issued permits to be purchased online.

**Department of Corrections and Rehabilitation**  
**Budget 530**  
**House Bill No. 1015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	794.29	\$159,565,919 <sup>1</sup>	\$31,606,150	\$191,172,069
2009-11 legislative appropriation	<u>735.29</u>	<u>167,140,829</u>	<u>71,511,745</u>	<u>238,652,574</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	59.00	(\$7,574,910)	(\$39,905,595)	(\$47,480,505)

<sup>1</sup>This amount includes \$1,664,058 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$157,901,861.

**Item Description**

**FTE changes** - The 2011-13 biennium appropriation includes funding for 794.29 FTE positions, an increase of 59 FTE positions from the 2009-11 biennium authorized level of 735.29 FTE positions. Section 6 of 2011 House Bill No. 1015 provides legislative intent that 47 of the new FTE positions not be filled until 90 days prior to the estimated completion date of the prison expansion project. The following table summarizes FTE position changes included in the 2011-13 executive budget and the legislative appropriation:

**Status/Result**

The Department of Corrections and Rehabilitation has hired the industries specialist position and the storekeeper position. The department anticipates hiring the remaining positions by December 2012, when the new prison facility will be operational.

<b>Position</b>	<b>Legislative Appropriation FTE Changes</b>
Adult Services Division	
Correctional officer II	39.00
Health care orderlies	4.00
Correctional caseworker	5.00
Industries specialist	3.00
Correctional unit manager	2.00
Registered nurse II	1.50
Correctional supervisor II	1.00
Storekeeper	1.00
Systems mechanic II	1.00
Food service director	1.00
Registered pharmacy technician	.50
Total	59.00
<b>NOTE:</b> Section 6 of 2011 House Bill No. 1015 provides legislative intent that 47 of the new FTE positions not be filled until 90 days prior to the estimated completion date of the prison expansion project.	

**One-time funding** - The Legislative Assembly identified \$1,664,058 from the general fund as one-time funding for the 2011-13 biennium, of which \$617,968 is for capital projects, \$741,490 is for extraordinary repairs, and \$304,600 is for equipment. These amounts are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Department of Corrections and Rehabilitation is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Prison facility project** - The Legislative Assembly in 2009 provided an appropriation of \$64 million, of which \$19,465,804 is from the general fund and \$44,534,196 is from the State Penitentiary land fund, to the Department of Corrections and Rehabilitation for completing the renovation and expansion project at the State Penitentiary. Funding from the State Penitentiary land fund was to include interest income earned on money in the fund. During the 2011 legislative session, the Department of Corrections and Rehabilitation anticipated interest income on money in the State Penitentiary land fund would be \$1.5 million less than projected due to lower than anticipated interest rates. As a result, the Legislative Assembly in 2011 authorized the Department of Corrections and Rehabilitation to borrow up to \$1.1 million from the Bank of North Dakota for the purpose of defraying the expenses of the Penitentiary project during the 2011-13 biennium.

**Inmate contract housing** - The Legislative Assembly provided \$36,043,339, of which \$33,965,366 is from the general fund, to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England (\$8,458,683) and to house male inmates at the Missouri River Correctional Center, county jails, and private facilities (\$27,584,656) for the 2011-13 biennium.

The following is a summary of the status of the Department of Corrections and Rehabilitation's one-time funding:

Extraordinary repairs	The department has spent approximately \$185,014 for extraordinary repairs and anticipates spending the remaining funds throughout the remainder of the biennium.
Equipment	The department has spent approximately \$114,341 on equipment and anticipates spending the remaining funds throughout the remainder of the biennium.
Capital projects	Bids have been requested for a roof on the utility tunnel and road improvements at the Youth Correctional Center and for a cabinet unit ventilator at the James River Correctional Center.

The first four bid phases of the prison expansion project have been substantially completed, including demolition of the old warehouse and construction of a new warehouse, relocation of the south guard tower, repair of the gymnasium roof at the Penitentiary, site preparation, utility work, and placement of precast cells. Work in progress includes construction of the building that will house administrative offices and the medical, orientation, general housing, and administrative segregation units. The department anticipates occupying the new facility by December 2012. Demolition of the old administration building, East Cellhouse, and warden's house will be completed after the prison expansion project is completed. The department has not borrowed any of the \$1.1 million and will continue to evaluate the need for a loan as the prison expansion project continues.

As of January 31, 2012, the Department of Corrections and Rehabilitation has spent \$2.5 million for housing female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England and \$594,666 to house excess male inmates at county jails. For the 2011-13 biennium, the department is making 24 equal payments based on the appropriated amount to the Dakota Women's Correctional and Rehabilitation Center for female inmate housing; therefore, actual expenditures will equal the appropriated amount. The department anticipates spending the entire \$27,584,656 to house inmates at the Missouri River Correctional Center, county jails, and private facilities during the 2011-13 biennium.



**Inmate populations** - The following table summarizes the 2011-13 biennium inmate population projections used to develop the legislative appropriation. The same population estimates were also used in the development of the executive recommendation:

	Male	Female	Total
Fiscal year 2010			
July	1,369	182	1,551
August	1,371	183	1,554
September	1,373	183	1,556
October	1,376	183	1,559
November	1,378	184	1,562
December	1,380	184	1,564
January	1,382	184	1,566
February	1,385	185	1,570
March	1,387	185	1,572
April	1,389	185	1,574
May	1,391	185	1,576
June	1,394	186	1,580
Fiscal year 2011			
July	1,396	186	1,582
August	1,398	186	1,584
September	1,400	187	1,587
October	1,403	187	1,590
November	1,405	187	1,592
December	1,407	188	1,595
January	1,409	188	1,597
February	1,412	188	1,600
March	1,414	189	1,603
April	1,416	189	1,605
May	1,418	189	1,607
June	1,420	190	1,610

The actual male and female inmate populations have been less than estimated. The tables below show the actual monthly average inmate populations compared to the estimated populations for the period July 2011 through April 2012:

	Male Inmate Population Estimated Versus Actual		
	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate
Fiscal year 2012			
July	1,369	1,315	(54)
August	1,371	1,322	(49)
September	1,373	1,328	(45)
October	1,376	1,308	(68)
November	1,378	1,307	(71)
December	1,380	1,297	(83)
January	1,382	1,292	(90)
February	1,385	1,305	(80)
March	1,387	1,296	(91)
April	1,389	1,288	(101)

	Female Inmate Population Estimated Versus Actual		
	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate
Fiscal year 2012			
July	182	154	(28)
August	183	157	(26)
September	183	152	(31)
October	183	144	(39)
November	184	145	(39)
December	184	147	(37)
January	184	152	(32)
February	185	160	(25)
March	185	157	(28)
April	185	159	(26)

**Adjutant General, including the National Guard and the Department of Emergency Services**  
**Budget 540**  
**Senate Bill Nos. 2016, 2369, 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	242.00	\$78,553,555 <sup>1</sup>	\$297,104,378	\$375,657,933
2009-11 legislative appropriation	<u>232.00</u>	<u>40,745,214</u>	<u>236,751,871</u>	<u>277,497,085</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	10.00	\$37,808,341	\$60,352,507	\$98,160,848

<sup>1</sup>This amount includes \$54,518,428 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$24,035,127.

**Item Description**

**FTE changes** - The 2011-13 biennium appropriation includes funding for 242 FTE positions, an increase of 10 FTE positions from the 2009-11 biennium. The Legislative Assembly approved the addition of 10 FTE positions--1 FTE custodian position for the Regional Training Institute at Camp Grafton in Devils Lake, 5 FTE 119<sup>th</sup> Wing firefighter positions at Hector Field in Fargo, and 4 FTE regional homeland security emergency management coordinator positions serving four regions of the state located in Ward County, Cass County, Burleigh County, and the city of Grand Forks.

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2016, the Legislative Assembly provided one-time funding of \$5,318,428 from the general fund to the Adjutant General for the following initiatives:

Motorola lease purchase payment	\$1,525,347
Message switch upgrades	235,000
Central electronics bank dispatch system	1,100,000
Technology projects	100,000
State Radio tower package	1,500,000
Statewide seamless base map	400,000
Military Service Center east	72,700
Armory grants	60,000
Extraordinary repairs	325,381
<b>Total</b>	<b>\$5,318,428</b>

In addition, the Legislative Assembly in 2011 Senate Bill No. 2371, provided:

- A one-time general fund appropriation of \$500,000 for flood-damaged school infrastructure grants to eligible school districts in the state. An eligible school district is one that experienced a 2011 flood event which resulted in multiple school facilities being damaged and unusable.
- A one-time transfer of \$48.7 million from the general fund to the state disaster relief fund, including \$32.7 million for disaster-related expenses, \$10 million for additional rebuilders loan program funding and for flood-impacted rehabilitation, and \$6 million for road grade raising grants.

**Status/Result**

The Adjutant General has filled the 5 FTE 119<sup>th</sup> Wing firefighter positions and the 4 FTE regional homeland security emergency management coordinator positions added by the Legislative Assembly in 2011. The Adjutant General expects to fill the 1 FTE custodian position in June 2012.

The status of the one-time funding is as follows:

- Motorola lease purchase payment - The Adjutant General made the annual payment of \$762,674 in December 2011. The next and final payment will be made in December 2012.
- Message switch upgrades - The Adjutant General is in the process of updating State Radio message switch hardware and anticipates completing the project in May 2012.
- Central electronics bank dispatch system - The Adjutant General has requested proposals to update the State Radio central electronics bank dispatch system and anticipates the project to be completed by June 2013.
- Technology projects - The Adjutant General plans to use the technology project funding provided for an unmanned aerial systems initiative to assist the state in becoming designated as a national test site for unmanned aerial aviation and systems by the Federal Aviation Administration. There have been no expenditures related to the unmanned aerial systems initiative as of April 2012. The Adjutant General expects to use the funding by December 2012.
- State Radio tower package - As a result of a study to identify State Radio gap areas and alternative tower sites for State Radio infrastructure, the Adjutant General requested funding in the 2011-13 biennium to close 4 of 12 gaps identified in the study. The Adjutant General has worked with the Department

of Transportation to validate tower structures identified in the study to ensure state infrastructure standards are met with the new towers. The Adjutant General plans to complete the four additional towers by December 2012.

- Statewide seamless base map - The statewide seamless base map is a data set that is spatially accurate and contains necessary attributes to be used by multiple applications and users. The data set is needed for emergency services and daily state agency activities that directly relate to dispatch mapping, computer-aided design, and automatic vehicle locating. The Adjutant General will use funding throughout the 2011-13 biennium to update map information.
- Military Service Center east - The Adjutant General utilized funding to open a Fargo Military Service Center in the eastern region of the state in September 2011. As of April 2012, \$61,070 has been expended to provide basic structural improvements as well as systems furniture and equipment. The Adjutant General anticipates using the remaining funding for additional improvements as necessary throughout the 2011-13 biennium.
- Armory grants - The Adjutant General provided an annual payment (\$30,000) in July 2011 to city-owned armories for rent increases based upon 2009-11 biennium rental fees. Another armory grant payment (\$30,000) will be made in July 2012.
- Extraordinary repairs - The Adjutant General plans to use funding to replace boilers with energy efficient boilers and update the chiller system at the Fargo Armed Forces Reserve Center. The Adjutant General expects work to be completed in the fall of 2012.
- See the **Disaster relief funding** section below for information regarding the status of one-time funding related to disaster relief funding.

**Tuition and enlistment compensation** - The Legislative Assembly in 2011 provided \$2,407,500 from the general fund for the tuition and enlistment compensation program, the same level of funding provided for the 2009-11 biennium.

**Line item transfer authority** - In Section 6 of 2011 Senate Bill No. 2016, the Legislative Assembly authorized the Adjutant General to transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2011-13 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

The Adjutant General provided scholarships to 421 students for the fall 2011 semester under the tuition and enlistment compensation program at a cost of \$578,200, representing approximately 24 percent of the total appropriation. The Adjutant General's intention is to provide 100 percent tuition reimbursement to all qualifying soldiers.

The Adjutant General does not anticipate requesting a transfer to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2011-13 biennium.

**Disaster relief funding** - The Legislative Assembly in 2011 authorized the Adjutant General to use funding from the general fund and the state disaster relief fund for costs associated with state disasters and flood mitigation efforts for the 2011-13 biennium as follows:

	General Fund	State Disaster Relief Fund <sup>1</sup>	Total
<b>Regular session</b>			
Disaster response coordination contract (Section 4 of SB 2016)		\$400,000	\$400,000
Spending authority for expenses related to the 2009 flood disaster and other unclosed state disasters (Section 1 of SB 2016)		7,842,304	7,842,304
State share of funding for presidential-declared disasters pursuant to North Dakota Century Code Section 37-17.1-27 (Section 5 of SB 2016)		3,500,000	3,500,000
Emergency snow removal grants (Section 2 of SB 2369)		9,000,000	9,000,000
Disaster relief (Section 4 of SB 2369)		22,000,000	22,000,000
<b>Special session</b>			
State share of funding for presidential-declared disasters pursuant to Section 37-17.1-27 (Section 15 of SB 2371)		29,500,000	29,500,000
2012 disaster contingent appropriation (Section 16 of SB 2371)		5,000,000	5,000,000
Appropriations (Section 9 of SB 2371) for:		10,000,000	10,000,000
• Additional rebuilders loan program funding to the Bank of North Dakota			
• Funding to political subdivisions for flood-impacted housing rehabilitation			
Flood-damaged school infrastructure grants (Section 20 of SB 2371)	\$500,000		500,000
<b>Total</b>	<b>\$500,000</b>	<b>\$87,242,304</b>	<b>\$87,742,304</b>

<sup>1</sup>In Section 1 of 2011 Senate Bill No. 2369, the Legislative Assembly provided that expenditure of money in the state disaster relief fund is subject to Emergency Commission and Budget Section approval.

The status of funding provided for disaster relief is as follows:

- The Adjutant General has contracted with Lutheran Disaster Response at a cost of \$400,000 for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.
- In December 2011, the Adjutant General requested and received Emergency Commission and Budget Section approval for expenses related to the 2009 flood disaster (\$1,091,013) and other unclosed state disasters (\$4,820,828) in the 2011-13 biennium as provided in Section 1 of 2011 Senate Bill No. 2016.
- In December 2011, the Adjutant General requested and received Emergency Commission and Budget Section approval for providing the required state share of funding for defraying the expenses associated with the 2011 flood event (\$3.5 million) as provided in Section 5 of 2011 Senate Bill No. 2016.
- Pursuant to Section 2 of 2011 Senate Bill No. 2369, the Adjutant General provided \$9 million from the state disaster relief fund for emergency snow removal grants to counties, cities, and townships. Section 2 of Senate Bill No. 2369 provided that a county, township, or city may apply to the Department of Emergency Services for an emergency snow removal grant for reimbursement of up to 60 percent of the costs incurred by the county, township, or city for the period January 2011 through March 2011 that exceed 200 percent of the average costs incurred for these months in 2004 through 2008. The Adjutant General distributed \$9 million in grants prior to June 30, 2011, and reported to the Budget Section regarding the grants awarded under this section on September 15, 2011.
- In December 2011, the Adjutant General requested and received Emergency Commission and Budget Section approval for city flood mitigation projects (\$3.2 million) and for disaster relief relating to 2011 spring flooding (\$14 million), and road grade raising projects (\$4.8 million) as provided in Section 4 of 2011 Senate Bill No. 2369. As of April 2012, the Adjutant General has provided \$671,526 for grants to Minnewauken for city flood mitigation projects and plans to provide the remaining \$2,528,474 to Minnewauken for city flood mitigation projects in the 2011-13 biennium. The Adjutant General provided \$2,874,795 for 2011 spring

flooding disaster relief grants in the 2009-11 biennium under the emergency clause and plans to provide the remaining \$11,125,205 for disaster relief grants in the 2011-13 biennium. As of April 2012, the Adjutant General has not provided funding for road grade raising projects, but plans to provide \$4.8 million in grants in the 2011-13 biennium.

- In December 2011, the Adjutant General requested and received Emergency Commission and Budget Section approval for the required state share of expenses associated with January 2010 winter storm (\$565,527), 2010 flood (\$1,885,457), April 2010 ice storm (\$1,142,381), and the 2011 flood (\$11,705,205) as provided in Section 15 of 2011 Senate Bill No. 2371. Of the \$29.5 million provided in Section 15 of 2011 Senate Bill No. 2371, \$14,201,430 remains available for assistance subject to Emergency Commission and Budget Section approval.
- In December 2011, the Adjutant General requested and received Emergency Commission and Budget Section approval for providing additional rebuilders loan program funding to the Bank of North Dakota and funding to political subdivisions for flood-impacted housing rehabilitation (\$10 million) as provided in Section 9 of 2011 Senate Bill No. 2371. As of April 2012, the Adjutant General has provided \$2,174,150 to political subdivisions for flood-impacted housing rehabilitation grants and plans to provide the remaining \$7,825,850 to political subdivisions for flood-impacted housing rehabilitation grants in the 2011-13 biennium. The Adjutant General does not anticipate providing any of the funds for additional rebuilders loan program funding.
- The Adjutant General provided \$500,000 in flood-damaged school infrastructure grants to the Minot school district that experienced a 2011 flood event which resulted in multiple school facilities being damaged and unusable pursuant to Section 20 of 2011 Senate Bill No. 2371.

As of April 2012, the Adjutant General is in the final stages of developing reporting requirements to be included with requests for reimbursement. The Adjutant General anticipates receiving requests for reimbursement in June 2012.

**Compact on Educational Opportunity for Military Children** - In 2011 House Bill No. 1248, the Legislative Assembly provided that the Adjutant General pay all expenses incurred by the state to participate in the Compact on Educational Opportunity for Military Children, including the reimbursement of actual and necessary expenses incurred by members of the state council, from the operating expenses line item in Section 1 of 2011 Senate Bill No. 2016.

Department of Commerce  
Budget 601  
House Bill No. 1018; Senate Bill Nos. 2057, 2371

	FTE Positions	General Fund	Other Funds	Total
2011-13 legislative appropriation	68.25	\$41,759,865 <sup>1</sup>	\$323,634,937	\$365,394,802
2009-11 legislative appropriation	68.00	63,476,303	138,261,105	201,737,408
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.25	(\$21,716,438)	\$185,373,832	\$163,657,394

<sup>1</sup>This amount includes \$12,625,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$29,134,865.

**Item Description**

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2057, the Legislative Assembly identified \$12,625,000 of funding from the general fund as one-time funding for the 2011-13 biennium. These funds, which as summarized below, are not to be considered part of the Department of Commerce's base budget for preparing the 2013-15 executive budget and the department is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

Transfer to workforce enhancement fund	\$375,000
Transfer to the centers of research excellence fund	12,000,000
American Indian Business Development Office	50,000
Electronic portfolio pilot project	150,000
2020 and Beyond study	50,000
Total general fund	\$12,625,000

**Status/Result**

The following is a summary of the status of the Department of Commerce's one-time funding items:

Transfer to workforce enhancement fund	See the <b>Workforce enhancement fund</b> section below
Transfer to the centers of research excellence fund for the 2011-13 biennium	See the <b>Centers of research excellence grants</b> section below
American Indian Business Development Office	The Department of Commerce used the \$50,000 of one-time funding in combination with \$100,000 of ongoing funding provided for the American Indian Business Development Office to contract with the Agency MABU Inc. (Marketing and Advertising Business Unlimited) to manage the North Dakota Indian Business Alliance for the state. Agency MABU is a full service marketing and communications firm specializing in advertising, public relations, market research, printing, and interactive media.
Electronic portfolio pilot project	See the <b>Electronic portfolio pilot project</b> section below
2020 and Beyond study	See the <b>2020 and Beyond Initiative</b> section below

**Federal fiscal stimulus funding** - The Legislative Assembly in 2011 appropriated \$24,496,750 of federal fiscal stimulus funds from the American Recovery and Reinvestment Act (ARRA) of 2009 as follows:

United States Department of Energy low-income weatherization assistance program	\$9,100,000
State energy program	9,000,000
Energy efficiency and conservation block grants	4,946,750
Homeless prevention and rapid rehousing program	1,250,000
Community services block grant	200,000
<b>Total</b>	<b>\$24,496,750</b>

Federal fiscal stimulus funds available to the Department of Commerce in the 2011-13 biennium from ARRA are shown in the chart below, including 2011-13 expenditures by grant as of January 2012 and estimated 2011-13 remaining expenditures.

	<b>Available ARRA Funds</b>	<b>2011-13 Expenditures</b>	<b>2011-13 Remaining Estimated Expenditures</b>
United States Department of Energy low-income weatherization assistance program	\$6,187,945	\$5,093,698	\$1,094,247
State energy program	18,166,691 <sup>1</sup>	8,189,265	9,977,426
Energy efficiency and conservation block grants	5,299,440 <sup>1</sup>	1,897,173	3,430,418 <sup>2</sup>
Homeless prevention and rapid rehousing program	657,072	496,241	160,831
Community services block grant	73,171	49,949	23,222
Energy assurance planning and smart grid resiliency	140,309 <sup>1</sup>		112,158 <sup>2</sup>
<b>Total</b>	<b>\$30,524,628</b>	<b>\$15,726,326</b>	<b>\$14,798,302</b>

<sup>1</sup>In June 2012, the Department of Commerce will request Emergency Commission and Budget Section approval of additional federal fiscal stimulus funds available to the Department of Commerce in the 2011-13 biennium that were not authorized by the Legislative Assembly in 2011 as follows:

	<b>2011-13 Appropriation</b>	<b>Available ARRA Funds</b>	<b>Additional Spending Authority Request</b>
State energy program	\$9,000,000	\$18,166,691	\$9,166,691
Energy efficiency and conservation block grants	4,946,750	5,299,440	352,690
Energy assurance planning and smart grid resiliency	0	140,309	140,309
<b>Total</b>	<b>\$13,946,750</b>	<b>\$23,606,440</b>	<b>\$9,659,690</b>

<sup>2</sup>The federal government may extend the expiration date of ARRA funds available under this grant program into the 2013-15 biennium.

**Exemption** - In Section 18 of 2011 Senate Bill No. 2057, the Legislative Assembly authorized the Department of Commerce to continue up to \$4.1 million of the 2009-11 \$5 million general fund appropriation for a Great Plains Applied Energy Research Center (2009 S.L., ch. 26, § 1). In the 2009-11 biennium the department conducted a feasibility study to determine if a Great Plains Applied Energy Research Center on the Bismarck State College campus was a viable investment. The study determined the project was not feasible; therefore, the department did not continue with construction of the center. The Legislative Assembly provided \$4.1 million carryover in the 2011-13 biennium for the following purposes:

North Dakota Development Fund to provide funding to startup stage technology-based businesses	\$1,000,000
Workforce enhancement grants	1,125,000
Tourism infrastructure grants	750,000
Acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in Nekoma	600,000
Minot Air Force Base realignment grant	325,000
Grant to a not-for-profit organization assisting individuals with business ideas	300,000
<b>Total</b>	<b>\$4,100,000</b>

The following is a summary of the status of the Department of Commerce's off-budget items:

North Dakota Development Fund to provide funding to startup stage technology-based businesses	See the <b>Small business technology investment</b> section below
Workforce enhancement grants	See the <b>Workforce enhancement fund</b> section below
Tourism infrastructure grants	As of April 2012, the Tourism Division has awarded \$750,000 in tourism infrastructure grants to six projects to be used for building new visitor attractions, major expansions offering a new experience, and supporting services for visitors. The grants require a 1-to-1 match and are payable on a reimbursement basis. Grant recipients are as follows: <ul style="list-style-type: none"> <li>• The Dakota Zoo, Bismarck, for the Heringer Family Primate Center. This new primate facility will allow the zoo to extend its hours through the winter months while creating a new visitor experience (\$100,000).</li> <li>• Bottineau Winter Park, Bottineau, for Annie's House, which will provide a new adaptive ski facility at the park for disabled skiers (\$115,000).</li> <li>• Red River Valley Fair, Fargo, for the Schollander Pavilion Renovation. This renovation will extend the season at the fair by providing updated facilities for multiple users, such as events and manufacture demonstrations (\$200,000).</li> <li>• Sleepy Hollow Arts Park, Bismarck, for the stage at the park. The replacement of the stage at the park will provide additional uses for the community and allow the facility to expand its visitor potential by hosting larger productions (\$120,000).</li> <li>• North Dakota State Fair, Minot, for campsite development. The development of additional recreational vehicle sites on the North Dakota State Fairgrounds provides improved amenities and needed accommodations for visitors (\$65,000).</li> </ul>



Acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in Nekoma	<ul style="list-style-type: none"> <li>• Riverdale High Lodge, Riverdale, for construction of a recreational vehicle park and cabins, which will allow the facility the ability to attract more visitors (\$150,000).</li> </ul> <p>The Department of Commerce has made available \$600,000 to the Cavalier County Jobs Development Authority as matching funds to obtain assistance through the economic development administration's public works program to acquire and redevelop the former Stanley R. Mickelson safeguard complex. The Department of Commerce will provide the funding to the Cavalier County Jobs Development Authority once the project has received federal approval.</p>
Minot Air Force Base realignment grant	The Department of Commerce approved a memorandum of agreement regarding the realignment grant with the Minot Area Chamber of Commerce Task Force 21. As of April 2012, \$25,000 has been distributed.
Grant to a not-for-profit organization assisting individuals with business ideas	The Department of Commerce has approved a grant agreement with the Individuals With Disabilities Education Act Center for the full \$300,000 available for a grant to a not-for-profit organization assisting individuals with business ideas. As of April 2012, \$85,000 has been distributed.

**Workforce enhancement fund** - The Legislative Assembly in 2011 provided for the transfer of \$1.5 million, of which \$375,000 is from the general fund and \$1,125,000 is from unspent 2009-11 biennium funding for the Great Plains Applied Energy Research Center to the workforce enhancement fund. The Department of Commerce administers the workforce enhancement fund, providing grants to higher education institutions assigned primary responsibility for workforce training in the state. The grants are to be used to create or enhance training programs that address workforce needs of private sector companies. A grant may be used for curriculum development, equipment, recruitment of participants, and training and certification for instructors but may not be used to supplant funding for current operations. The higher education institution must provide detailed documentation of private sector participation, including the availability of \$1 of matching funds for each dollar of state funds.

As of April 2012 the department has awarded three workforce enhancement grants totaling \$900,000 as follows:

Bismarck State College	High-fidelity simulation for the Dakota Nursing Program - The project is to purchase high fidelity simulation equipment for the nursing and emergency technology programs. The equipment will enhance the current labs and provide hands-on training geared toward more complex medical scenarios (both in-hospital and ambulance-based patient care).	\$150,000
North Dakota State College of Science	Mechantronics training initiative - The project is to develop a mechantronics training program. The field of mechantronics is a fusion of electrical and electronic control systems, computer technology, and mechanical systems. This proposal is designed to offer an Associate in Applied Science degree in mechantronics technology by offering course modules and lab activities. Trained	375,000

	individuals will have the capability to repair and maintain highly automated robotics manufacturing systems.	
Williston State College	Oilfield training program - The project is to address two main areas of training for the oil and gas industry--development and delivery of a structured hands-on training curriculum for potential workers to understand safety in field operations and petroleum technology training in how to maintain the oil wells as lease operator or pumpers.	375,000
Total		\$900,000

**Centers of research excellence grants** - In Section 12 of 2011 Senate Bill No. 2057, the Legislative Assembly established a centers of research excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of research excellence program. Interest earned on money in the fund is retained in the fund. The Legislative Assembly in 2011 appropriated \$12 million from the general fund for transfer to the centers of research excellence fund for providing funding for a limited deployment-cooperative airspace project grant (\$4 million--\$2.7 million to University of North Dakota (UND) and \$1.3 million to North Dakota State University (NDSU)), centers of research excellence grants (\$5 million--\$1 million to UND and \$4 million to NDSU), and base realignment grants for the 2011-13 biennium (\$3 million to UND).

The centers of research excellence program established by the Legislative Assembly in 2011 replaces the centers of excellence program with the following modifications:

- Grant award determinations are made by the Centers of Excellence Commission and do not require Budget Section or Emergency Commission approval.
- Tourism was removed from the definition of an "industry cluster."
- Under centers of research excellence application and eligibility requirements, the requirement that research universities limit applications to two per round of centers funding is removed as well as the requirement relating to consideration of a center's ability to become financially self-sustaining from the award determination process.
- Under centers of research excellence postaward monitoring, an audit is required on all funds distributed to the centers after the second full fiscal year, after all funds distributed to the centers have been expended, and for all other years during the postaward monitoring. The centers may contract with an independent accountant for an agreed-upon procedures engagement. This was changed from the requirement of annual audits until the completion of the Centers of Excellence Commission's postaward monitoring, which lasted for no fewer than six years and no more than 10 years following center designation.

The Legislative Assembly in 2011 provided that the Department of Commerce use \$4 million of the funds transferred to the centers of research excellence fund for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance state opportunities associated with a limited deployment-cooperative airspace project in the state during the 2011-13 biennium. The Department of Commerce has awarded \$2.7 million to UND and \$1.3 million to NDSU for the project.

In 2011 Senate Bill No. 2057, the Legislative Assembly provides that the Department of Commerce may use \$8 million of the funds transferred to the centers of research excellence fund for centers of research excellence grants. The Centers of Excellence Commission may not award centers of research excellence grants of more than \$4 million to one research university or nonprofit foundation related to that research university. The Department of Commerce developed application criteria, reviewed submitted applications, and recommended applications for approval to the Centers of Excellence Commission. As of March 2012, a total of \$1,670,000 has been awarded for centers of research excellence grants as follows:

<b>NDSU</b>	
Center for Life Sciences Research and Applications	\$1,350,000
Center for Technologically Innovative Processes and Products	320,000
Total	\$1,670,000

The Department of Commerce anticipates awarding a total of \$4 million to NDSU for centers of research excellence grants for the 2011-13 biennium.

Of the \$4 million available to UND through the centers of research excellence program, \$3 million is to be used for base realignment grants. The Legislative Assembly in 2011 provided that the department award base realignment grants to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission, a grant of up to \$200,000 to the Grand Forks Housing

- The centers of research excellence program is considered an ongoing program of the Department of Commerce. (The centers of excellence program had an established expiration date.)

**Centers of excellence program** - The Legislative Assembly in 2011 did not appropriate new funding to the centers of excellence fund or program for the 2011-13 biennium. The remaining balance in the centers of excellence fund is obligated to centers of excellence awarded in prior bienniums.

**InnovateND program** - The Legislative Assembly in 2011 provided \$550,000, of which \$400,000 is from the general fund for the InnovateND program in the 2011-13 biennium.

Authority for a planning initiative, or grants for infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks Air Force Base. Any funds not committed within the first 18 months of the biennium may be used by the Centers of Excellence Commission for the centers of research excellence program. As of March 2012, a total of \$1,259,350 has been awarded for base realignment grants as follows:

<b>UND</b>	
Global Hawk sensor operator part task trainer	\$878,204
Joint Distributed Common Ground System	125,706
North Dakota Unmanned Aircraft Systems Airspace Initiative - Phase 2	255,440
<b>Total</b>	<b>\$1,259,350</b>

The Department of Commerce anticipates awarding a total of \$3 million to UND for base realignment grants and \$1 million to UND for centers of research excellence grants for the 2011-13 biennium.

Pursuant to provisions of 2011 Senate Bill No. 2057, the centers of excellence fund will be repealed on August 1, 2023. Section 15-69-05, relating to centers of excellence, was amended to provide for the distribution of remaining obligated funds and postaward monitoring of centers of excellence awarded in prior bienniums. The postaward monitoring is changed to provide that an audit be required on all funds distributed to the centers after the second full fiscal year, after all funds distributed to the centers have been expended, and for all other years during the postaward monitoring, the centers may contract with an independent accountant for an agreed-upon procedures engagement. This was changed from the requirement of annual audits until the completion of the commission's postaward monitoring, which lasted for no fewer than six years and no more than 10 years following center designation.

In the centers of excellence fund, the July 1, 2011, balance of \$22,998,197 included \$22,672,492 that was obligated for centers of excellence proposals approved in the 2009-11 biennium and previous bienniums. From the 2009-11 appropriation, \$285,000 was unawarded for centers of excellence grants and is available for ongoing administrative costs. April 2012 projections estimate a June 30, 2013, balance of \$5,546,985. The balance is for unawarded centers of excellence grants and ongoing administrative costs.

As of April 2012 the department has collected \$50,950 of special funds for the InnovateND program. The department expects to receive \$150,000 of special funds by the end of the 2011-13 biennium. Special funds are raised from private sources and utilized for InnovateND Idea Champion prizes. The department will disburse half of the available funds to eligible applicants in 2012 and the remaining half in 2013.

**Operation intern program** - The Legislative Assembly in 2011 provided \$900,000 from the general fund for the operation intern program. In Section 10 of 2011 Senate Bill No. 2057, the Legislative Assembly created a new section to Chapter 54-60 to create an internship fund and provide a continuing appropriation. Interest earned on money in the fund is retained in the fund. In Section 17 of 2011 Senate Bill No. 2057, the Legislative Assembly allowed the department to continue any unexpended amounts from the 2009-11 biennium appropriations relating to internships (operating expenses line item - 2009 S.L., ch. 46, § 1) into the 2011-13 biennium and provides that any unexpended funds of this amount in the 2011-13 biennium be transferred to the internship fund at the end of the 2011-13 biennium. In Section 25 of 2011 Senate Bill No. 2057, the Legislative Assembly provided that the \$900,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund.

**Small business technology investment** - In Section 4 of 2011 Senate Bill No. 2057, the Legislative Assembly established a small business technology investment program that provides matching investments to startup technology-based businesses. A matching requirement provides that corporations must provide \$2 of angel fund investment matching funds, certified under Section 57-38-01.26, for each \$1 of state funds awarded. Investments are limited to \$50,000 per award recipient.

**Biofuel blender pump incentive program** - In Section 9 of 2011 Senate Bill No. 2057, the Legislative Assembly reestablished the biofuel blender pump incentive program that expired on November 30, 2010. The program is to be administered by the Department of Commerce to provide cost-share grants up to \$14,000 per pump to motor fuel retailers for the installation of biofuel blender pumps and associated equipment at retail locations, including the piping system and storage components. Section 36 establishes an expiration date of July 31, 2013, for the statutory provisions.

**Electronic portfolio pilot project** - In Section 11 of 2011 Senate Bill No. 2057, the Legislative Assembly established a pilot program within higher education for an electronic portfolio system to be administered by the Division of Workforce Development and appropriated \$150,000 from the general fund for the program as identified in Section 2 of the bill.

As of April 2012, 103 businesses are participating in operation intern providing a total of 341 intern positions. For the 2011-13 biennium \$1,077,307 is available for the operation intern program, including the \$900,000 general fund appropriation and \$177,307 of carryover authority. Of the \$1,077,307, \$1,046,780 has been obligated.

The North Dakota development fund began the small business technology investment program in July 2011. As of April 2012, there have been three inquiries of the investment program but no applications for funding.

The Department of Commerce was authorized to continue \$729,555 of unexpended funds from the 2009-11 biennium appropriation related to the biofuel blender pump incentive program (see **Exemption** section below). In addition, the Department of Commerce received federal authority to use federal fiscal stimulus funding from the state energy program for the biofuel blender pump incentive program. As of January 2012, the Department of Commerce has expended \$650,000 of state energy program funding and \$265,000 of funds continued from the 2009-11 biennium. All available state energy program funding for incentive grants has been expended.

The Division of Workforce Development of the Department of Commerce formed an eFolio Pilot Project Committee that includes representation from the North Dakota State College of Science, Valley City State University, Job Service North Dakota, the University System, and the Department of Commerce. As of April 2012, \$128,000 has been allocated for the pilot project budget which includes administrative costs and the purchase of eFolio individual user licenses, administrative tools, training, development of a North Dakota portal, and development of PDF conversion capability. The project plan has been finalized, instructors are being enlisted, implementation teams have been organized, vendor services and training have been identified, and system training dates chosen.

**Income tax credit** - In Sections 13 and 14 of 2011 Senate Bill No. 2057, the Legislative Assembly provided for an income tax credit on purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes. Section 37 provides that Sections 13 and 14 are effective for the first 3 taxable years beginning after December 31, 2012.

**Exemption** - In Sections 15, 16, and 19 through 22 of 2011 Senate Bill No. 2057, the Legislative Assembly allowed unexpended amounts from the following 2009-11 biennium appropriations to continue into the 2011-13 biennium:

- Agricultural Products Utilization Commission (2009 S.L., ch. 46, § 1).
- Discretionary funds (line item - 2009 S.L., ch. 46, § 1).
- Technology-based entrepreneurship grant program (grants line item - 2009 S.L., ch. 46, § 1).
- Early childhood facility grants (2009 S.L., ch. 108, § 6).
- Biofuel blender pump incentive program (2009 S.L., ch. 46, §§ 1 and 2).
- USS *North Dakota* (grants line item - 2009 S.L., ch. 46, § 1).

**2020 and Beyond Initiative** - In Section 29 of 2011 Senate Bill No. 2057, the Legislative Assembly provided that the North Dakota Economic Development Foundation contract with an organization with North Dakota business membership which is statewide in scope and represents business interests across the state in order to conduct a 2020 and Beyond Initiative to study various aspects of the state's economic conditions. The 2020 and Beyond Initiative must include periodic meetings of six legislators appointed by the chairman of the Legislative Management, individuals representing North Dakota business interests, individuals representing North Dakota education interests, and individuals representing state and local government interests. The Department of Commerce's 2011-13 legislative appropriation includes \$50,000 from the general fund for providing a grant to implement the 2020 and Beyond Initiative.

**Institution of higher education vaccinology initiative** - In Section 30 of 2011 Senate Bill No. 2057, the Legislative Assembly provided that of the funds appropriated in the discretionary funds line item, \$50,000 from the general fund may be used by the Department of Commerce to provide a matching grant to an institution of higher education for a vaccinology initiative.

**Crop insurance development grants** - In 2011 Senate Bill No. 2222, the Legislative Assembly required the Agricultural Products Utilization Commission to reserve \$150,000 from the agricultural fuel tax fund for the purpose of awarding grants that have been approved by the Crop Insurance Development Board. If any portion of the reserved amount remains unexpended at the conclusion of a biennium, the unexpended amount must also be made available for the purpose of awarding grants during the next biennium.

The Department of Commerce is working with the Tax Department to create a certification application form and certification procedures in preparation for taxable years after December 2012.

The Department of Commerce requested to continue the following unused 2009-11 appropriation authority for the 2011-13 biennium:

	General Fund	Other Funds	Total
Agricultural Products Utilization Commission	\$682,092	\$836,767	\$1,518,859
Discretionary funds	713,693		713,693
Technology-based entrepreneurship grant program	626,078		626,078
Early childhood facility grants	92,737		92,737
Biofuel blender pump incentive program	729,555		729,555
USS <i>North Dakota</i>	86,266		86,266
Total	\$2,930,421	\$836,767	\$3,767,188

The North Dakota Economic Development Foundation of the Department of Commerce contracted with the North Dakota Chamber of Commerce to conduct a 2020 and Beyond Initiative study. Steering and advisory committees have been appointed. As of April 2012, 10 public input meetings have occurred in nine different cities. A website has also been developed to gather ideas and input within three categories--people, places, and opportunities. Recommendations from the 2020 and Beyond study will be provided to the Governor and Legislative Assembly in the fall of 2012.

The Department of Commerce provided a matching grant of \$50,000 to NDSU for a vaccinology initiative in October 2011.

As of April 2012, the Agricultural Products Utilization Commission has not received any requests for grants that have been approved by the Crop Insurance Development Board.

**Disaster relief funding** - In 2011 Senate Bill No. 2371, the Legislative Assembly appropriated \$235 million of federal funds that may become available to the Department of Commerce for providing loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities.

**Energy impact coordinator** - In March 2012 a memorandum of agreement was signed by the Governor's Office, Department of Commerce, and Department of Transportation to fill an energy impact coordinator temporary position to communicate and coordinate with political subdivisions on the state's progress to address infrastructure development, safety, and planning throughout oil-impacted areas. The coordinator is to specifically address five areas of concern--truck reliever routes, traffic safety, affordable housing, public safety, and improved planning and coordination.

**State data center** - In February 2012 the state data center at NDSU was closed and the related United States Census Bureau functions were transitioned from NDSU to the Department of Commerce.

The Department of Commerce received \$11,193,550 of federal Community Development Block Grant disaster relief funding in February 2012. The Department of Commerce is in the process of developing a plan for the distribution of disaster relief funding which must be submitted to the United States Department of Housing and Urban Development (HUD) by July 23, 2012. The United States Department of Housing and Urban Development approval of the plan is required prior to award distributions. Restrictions on use of funding provide that 80 percent be awarded to Ward County.

In addition, HUD provided \$67,575,964 of community development block grant disaster relief funding directly to the city of Minot.

The Department of Commerce will reimburse the Department of Transportation for services provided by the Energy Impact Coordinator position in the amount of \$20,000 for the period of April 2012 to March 2013.

The Department of Commerce has organized a North Dakota Census Office, which will assist in United States Census reporting, interpreting data, and responding to public requests for demographic information. The Census Office personnel consists of members of the research team within the Department of Commerce Economic Development and Finance division. The Department of Commerce also plans to contract with Coventry Consulting to provide data analysis and interpretation as necessary. The Department of Commerce plans to share costs of the state data center with the Office of Management and Budget for the remainder of the 2011-13 biennium. For the period February 2012 through April 2012, the Department of Commerce incurred \$3,230 of salary expense related to the state data center, of which \$1,615 will be reimbursed by the Office of Management and Budget. The department plans to request additional funding for the program to continue in the 2013-15 biennium based on total expenditures incurred in the 2011-13 biennium.

**Agriculture Commissioner  
Budget 602  
Senate Bill Nos. 2009, 2128**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	77.00	\$8,196,746	\$14,801,251	\$22,997,997
2009-11 legislative appropriation	<u>74.50</u>	<u>7,547,383</u>	<u>14,381,466<sup>1</sup></u>	<u>21,928,849</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	2.50	\$649,363	\$419,785	\$1,069,148

<sup>1</sup>This amount reflects a \$200,000 deficiency appropriation from the game and fish fund provided to the Agriculture Commissioner for the Wildlife Services program.

**Item Description**

**Anhydrous ammonia inspection duties** - House Bill No. 1321 (2011) transferred anhydrous ammonia inspection duties from the Insurance Commissioner to the Agriculture Commissioner, eliminated the anhydrous ammonia storage facility inspection fund, and deposited anhydrous ammonia tonnage fees in the environment and rangeland protection fund. The Legislative Assembly provided the Agriculture Commissioner with funding for 2 FTE anhydrous ammonia inspector positions and related operating expenses. The funding for the positions is from the environment and rangeland protection fund.

**Wildlife Services funding** - The 2011-13 biennium appropriation includes \$1,417,400 for Wildlife Services, an increase of \$150,000 from the 2009-11 biennium adjusted appropriation of \$1,267,400. The 2011-13 biennium appropriation includes \$868,800 from the game and fish fund, \$298,600 from the general fund, and \$250,000 to be transferred from the State Water Commission.

Section 3 of 2011 Senate Bill No. 2009 provided a \$200,000 deficiency appropriation from other funds received from the Game and Fish Department for the Wildlife Services program for the 2009-11 biennium.

**Status/Result**

The Department of Agriculture has assumed the anhydrous ammonia inspection duties. The department has hired 2 FTE inspector positions related to the duties.

The Department of Agriculture received and disbursed the \$200,000 deficiency appropriation from the game and fish fund for 2009-11 biennium operations of the Wildlife Services program. The department has not yet received 2011-13 biennium funding allocations from the game and fish fund and State Water Commission for the 2011-13 biennium operations of the Wildlife Services program.

The Department of Agriculture entered into a new contract with the United State Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program for the 2011-13 biennium. The new contract provides more accountability through increased reporting frequency, the ability to audit relevant records, and customer satisfaction surveys.

**State Seed Department  
Budget 616  
House Bill No. 1022**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	30.00	\$0	\$6,894,011	\$6,894,011
2009-11 legislative appropriation	<u>30.00</u>	<u>0</u>	<u>6,827,495</u>	<u>6,827,495</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$0	\$66,516	\$66,516

**Item Description**

**Seed laws rewrite - Continuing appropriation** - House Bill No. 1027 (2011) provides for the rewrite of laws pertaining to the State Seed Department. The bill provides a continuing appropriation of all money collected by the State Seed Department and provides that the State Seed Department report to the Appropriations Committees during each session regarding its activities and revenues and expenditures.

**Status/Result**

The State Seed Department is working with the Office of Management and Budget to determine reporting requirements for the 2011-13 biennium and future bienniums as a result of the department's continuing appropriation. Below is an analysis of the State Seed Department operating fund for the 2007-09, 2009-11, and 2011-13 bienniums.

	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>	
			<b>Projected</b>	<b>As of March 2012</b>
Beginning balance	\$3,809,550	\$4,195,317	\$4,228,969	\$4,228,969
Add				
Revenues	5,150,100	5,136,688	5,378,157	1,598,705
Less				
Salaries and wages	3,260,226	3,495,310	3,522,000	1,323,210
Operating expenses	1,019,705	1,098,748	1,163,000	411,305
Grants	390,000	120,000	120,000	40,000
Capital assets	94,402	388,978	165,000	73,220
Ending balance	\$4,195,317	\$4,228,969	\$4,637,126	\$3,979,939



**Upper Great Plains Transportation Institute  
Budget 627  
House Bill No. 1020; Senate Bill No. 2325**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	52.30	\$1,919,628	\$22,500,333	\$24,419,961
2009-11 legislative appropriation	<u>52.30<sup>1</sup></u>	<u>1,589,793</u>	<u>24,737,199</u>	<u>26,326,992</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$329,835	(\$2,236,866)	(\$1,907,031)

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 53.95 FTE positions authorized by the Legislative Assembly in 2009. Section 8 of 2009 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.65 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget for a total of 52.3 FTE positions.

**Item Description**

**Transportation infrastructure reports** - In 2011 Senate Bill No. 2325, the Legislative Assembly appropriated \$350,000 from the oil and gas impact grant fund to the Upper Great Plains Transportation Institute for updating and maintaining reports for transportation infrastructure needs for all county and township roads in the state and provided that the Upper Great Plains Transportation Institute report at least annually to the Budget Section regarding the status of the reports and present updated reports to the 63<sup>rd</sup> Legislative Assembly.

**Status/Result**

The Upper Great Plains Transportation Institute provided a status report to the Budget Section in March 2012 and plans to present a final report and results to the Budget Section in September 2012. The study considers the combined effects of all economic activities on county and local roads throughout the state, including effects from agricultural, manufacturing, and oil-related developments.

**Branch Research Centers  
Budget 628  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	97.49	\$14,945,208	\$14,997,581	\$29,942,789
2009-11 legislative appropriation	95.49 <sup>1</sup>	12,367,190	15,191,816	27,559,006
2011-13 appropriation increase (decrease) to 2009-11 appropriation	2.00	\$2,578,018	(\$194,235)	\$2,383,783

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 97.26 FTE positions authorized by the Legislative Assembly in 2009. Section 8 of 2009 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 1.77 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 95.49 FTE positions.

**Item Description**

**State Board of Agricultural Research and Education (SBARE) priorities** - The Legislative Assembly provided funding for SBARE priorities as follows:

	<b>Priority Ranking</b>	<b>FTE</b>	<b>Appropriation</b>
Initiative			
Enhancing soil productivity and land management	2	1	\$940,000
Operations and infrastructure support management	3		100,000
Enhance canola crop development efforts	4	1.00	120,000
<b>Total</b>		1.00	\$1,160,000
General fund			\$1,040,000
Special funds		1.00	\$120,000

<sup>1</sup>The executive budget included funding but did not reflect an increase of 6 FTE positions in the total FTE position count associated with the SBARE priority to enhance soil productivity and land management. The Legislative Assembly did not add the FTE positions. The State Board of Higher Education has authority under Section 6 of 2011 House Bill No. 1020 to adjust FTE positions as necessary.

**Status/Result**

The branch research centers plan to use the funding provided for the SBARE priority to enhance soil productivity and land management for salary and fringe benefits as follows:

<b>Research Center</b>	<b>FTE</b>	<b>Position</b>	<b>Amount</b>	<b>FTE Status</b>
Central Grasslands	1.00	Research support staff	\$120,000	Filled December 2011
Hettinger	2.00	Research scientist and research support staff	350,000	Filled July 2011
Williston	1.00	Research support staff	120,000	Currently advertised
Carrington	2.00	Research scientist and research support staff	350,000	Scientist filled April 2012 and research support staff currently advertised
<b>Total</b>			\$940,000	

The branch research centers used funding provided for the SBARE priority of operations and infrastructure support management to enhance the revolving equipment fund. Funding of \$25,000 each was provided to Central Grasslands, Langdon, North Central, and Williston Research Centers.

The branch research centers plan to use the \$120,000 of special funds provided for the SBARE priority to enhance canola crop development efforts by adding 1 FTE specialist position at the North Central Research Center. As of April 2012, the specialist position job description and associated responsibilities are being developed.

**Contingent FTE position** - In Section 3 of 2011 House Bill No. 1020, the Legislative Assembly provided a contingent appropriation of \$210,000 from the general fund to add 1 FTE director position at the Williston Research Center if the funding for 50 percent of the position from the Montana State University Eastern Agricultural Research Center is no longer available.

**Operating pool** - In Section 8 of 2011 House Bill No. 1020, the Legislative Assembly provided that \$800,000 from the permanent oil tax trust fund be appropriated to the Dickinson Research Center to be used for operating costs at the center. Section 18 of 2011 Senate Bill No. 2015 changes the funding source to the general fund due to the repeal of the permanent oil tax trust fund.

**Transfer authority** - In Section 5 of 2011 Senate Bill No. 1020, the Legislative Assembly authorized SBARE and appropriate branch research center directors to transfer appropriation authority within the North Dakota State University (NDSU) Extension Service, Northern Crops Institute, branch research centers, and Main Research Center. Any amounts transferred must be reported to OMB.

Funding for the director position from the Montana State University Eastern Agricultural Research Center is no longer available. The Williston Research Center used contingency funding of \$210,000 to fill the 1 FTE director position.

The Dickinson Research Center plans to use the funding for operating costs at the center.

To date there have been no transfers of appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center, and the agency does not anticipate the need to make any transfers during the remainder of the 2011-13 biennium.

**NDSU Extension Service  
Budget 630  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	256.75	\$24,885,644	\$23,128,810	\$48,014,454
2009-11 legislative appropriation	<u>255.75<sup>1</sup></u>	<u>22,000,412</u>	<u>25,928,877</u>	<u>47,929,289</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	\$2,885,232	(\$2,800,067)	\$85,165

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 268.63 FTE positions authorized by the Legislative Assembly in 2009. Section 8 of 2009 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.88 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 255.75 FTE positions.

**Item Description**  
**State Board of Agricultural Research and Education (SBARE) priorities -**  
The Legislative Assembly provided funding for SBARE priorities as follows:

	<b>Priority Ranking</b>	<b>FTE</b>	<b>Appropriation</b>
Initiative			
Infrastructure - Technical support in plant sciences, plant pathology, entomology, and nutrition	1	0.00	\$450,000
Soil health and land management	2a	<sup>1</sup>	690,000
Livestock stewardship	2b	1.00	250,000
Total		4.00	\$1,390,000
General fund		4.00	\$1,390,000

<sup>1</sup>The executive budget did not include an increase of 4 FTE positions associated with the SBARE priority of soil health and land management (3 FTE positions) and livestock stewardship (1 FTE position). However, the Legislative Assembly added the 1 FTE position relating to the SBARE livestock stewardship initiative.

**Status/Result**  
The NDSU Extension Service used funding provided for the SBARE priority of infrastructure technical support for salary support of technicians that assist in applied research activities and effective program delivery, including a technician shared by plant sciences and plant pathology (\$150,000), an entomology technician (\$150,000), and a nutrition technician (\$150,000).

The NDSU Extension Service will use funding provided for the SBARE priority to study soil health and land management to add a salinity and sodicity specialist (\$210,000), two area specialists (\$360,000), and associated operating costs (\$120,000). As of March 2012, the NDSU Extension Service has hired two area specialist positions and is recruiting the salinity and sodicity specialist position.

The NDSU Extension Service will use funding provided for the SBARE priority to study livestock stewardship to add an animal sciences specialist. The NDSU Extension Service expects to fill the position by May 2012.

**Soil conservation districts** - In 2011 House Bill No. 1020, the Legislative Assembly appropriated \$987,800 from the general fund for soil conservation districts.

The NDSU Extension Service through the Soil Conservation Committee awarded grants to soil conservation districts for the 2011-13 biennium as follows:

Soil Conservation District	Award Amount	Soil Conservation District	Award Amount
Adams County	\$19,500	Mountrail County	19,500
Barnes County	19,500	Mouse River (Bottineau County)	\$19,500
Billings/Stark Counties	19,500	Nelson County	4,500
Bowman/Slope Counties	19,500	North Central (Benson County)	19,500
Burke County	19,500	North McHenry County	19,500
Burleigh County	14,025	Oliver County	19,500
Cass County	14,025	Pembina County	19,500
Cavalier County	14,500	Pierce County	19,500
Cedar Township (Adams County)	19,500	Ramsey County	19,500
Central Stark County	19,500	Ransom County	19,500
Divide County	19,500	Renville County	19,500
Dunn County	19,500	Richland County	14,750
Eddy County	19,500	Rolette County	19,500
Emmons County	14,750	Sheridan County	19,500
Foster County	19,500	Slope/Hettinger Counties	19,500
Golden Valley County	19,500	South McHenry County	19,500
Grand Forks County	14,500	South McLean County	19,500
Grant County	19,500	Steele County	19,500
Griggs County	19,500	Stutsman County	14,750
James River (Dickey County)	19,500	Towner County	19,500
Kidder County	19,500	Traill County	4,500
LaMoure County	19,500	Turtle Mountain (Bottineau County)	19,500
Logan County	19,500	Three Rivers (Walsh County)	19,500
McIntosh County	19,500	Wells County	19,500
McKenzie County	19,500	West McLean County	19,500
Mercer County	19,500	Wild Rice (Sargent County)	19,500
Morton County	19,500	Williams County	19,500
		Total	\$987,800

**Gearing Up for Kindergarten** - In 2011 Senate Bill No. 2150, the Legislative Assembly appropriated \$625,000 from the general fund to the Department of Public Instruction to support the Gearing Up for Kindergarten program provided by the NDSU Extension Service. The NDSU Extension Service may use up to \$125,000 for administrative purposes.

The NDSU Extension Service plans to use \$500,000 for reimbursement grants to schools that offer the Gearing Up for Kindergarten program in school year 2011-12 (\$150,000 available) and school year 2012-13 (\$350,000 available) and to use the remaining \$125,000 for administrative purposes. The NDSU Extension Service expects to reimburse 35 schools for the school year 2011-12 based on the number of schools that signed agreements to deliver the program. As of March 2012, 45 schools have signed agreements to deliver the program for the 2012-13 school year. The NDSU Extension Service is continuing to market the program for the 2012-13 school year and expects more schools will sign up.

**Transfer authority** - In Section 5 of 2011 Senate Bill No. 1020, the Legislative Assembly authorized SBARE and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center. Any amounts transferred must be reported to OMB.

To date there have been no transfers of appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center, and the agency does not anticipate the need to make any transfers during the remainder of the 2011-13 biennium.

**Northern Crops Institute  
Budget 638  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	11.00	\$1,692,582	\$1,654,725	\$3,347,307
2009-11 legislative appropriation	<u>11.00<sup>1</sup></u>	<u>1,439,221</u>	<u>1,598,265</u>	<u>3,037,486</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$253,361	\$56,460	\$309,821

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 11.2 FTE positions authorized by the Legislative Assembly in 2009. Section 8 of 2009 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A .2 FTE position was removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 11 FTE positions.

**Item Description**

**Transfer authority** - Section 5 of 2011 House Bill No. 1020 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center. Any amounts transferred must be reported to OMB.

**Status/Result**

To date there have been no transfers of appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center, and the agency does not anticipate the need to make any transfers during the remainder of the 2011-13 biennium.

**NDSU Main Research Center  
Budget 640  
House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	333.26	\$54,456,398 <sup>1</sup>	\$44,133,575	\$98,589,973
2009-11 legislative appropriation	<u>329.26<sup>2</sup></u>	<u>60,217,151</u>	<u>45,713,267</u>	<u>105,930,418</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	4.00	(\$5,760,753)	(\$1,579,692)	(\$7,340,445)

<sup>1</sup>This amount includes \$6,991,650 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$47,464,748.

<sup>2</sup>The number of 2009-11 authorized FTE positions is based on 352.39 FTE positions authorized by the Legislative Assembly in 2009. Section 8 of 2009 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 23.13 FTE positions were removed pursuant to this section and reported to the Office of Management and Budget (OMB) for a total of 329.26 FTE positions.

**Item Description**

**Main Research Center greenhouse project** - The Legislative Assembly in 2011 provided \$6,991,650 of one-time funding from the general fund to continue the Main Research Center greenhouse project. In addition, in Section 10 of 2011 House Bill No. 1020, the Legislative Assembly provided that any unspent amounts appropriated for the research greenhouse complex project, as contained in Chapter 48, Section 3, subdivision 4, of the 2005 Session Laws, and the branch research center renovations and research greenhouse complex projects, as contained in Chapter 48, Section 1, subdivision 4, of the 2009 Session Laws, may continue for the projects into the 2011-13 biennium. Funding for the Main Research Center greenhouse project is summarized as follows:

**Status/Result**

The final phase of the Main Research Center greenhouse project is under construction with an expected completion date of July 2013.

<b>Biennium</b>	<b>General Fund</b>	<b>Federal Fiscal Stimulus Funds</b>	<b>Gifts, Grants, Contracts, and Donations</b>	<b>Bond Proceeds</b>	<b>Total</b>
2005-07			\$5,000,000	\$2,000,000	\$7,000,000
2007-09 <sup>1</sup>	\$7,000,000				7,000,000
2009-11 <sup>2</sup>	11,450,400	<sup>3</sup>			11,450,400
2011-13	6,991,650		2,502,931		9,494,581
Total	\$25,442,050	\$0 <sup>3</sup>	\$7,502,931	\$2,000,000	\$34,944,981

<sup>1</sup>The Legislative Assembly in 2007 removed references to Phases 1 and 2 of the greenhouse project and provided that the Main Research Center may use any funding available within the total appropriation authority for the Main Research Center greenhouse project, including the continuation of unspent authority from the 2005-07 biennium, for the Main Research Center greenhouse project to begin construction.



<sup>2</sup>The Main Research Center requested \$16.8 million for the 2009-11 biennium to complete the Main Research Center greenhouse project. The Legislative Assembly in 2009, as recommended in the executive budget, provided an appropriation of \$11.5 million from the general fund. In Section 4 of 2009 Senate Bill No. 2020, the Legislative Assembly appropriated an additional \$700,000 of federal funds, if available, under the American Recovery and Reinvestment Act of 2009 to install a geothermal heating system in the Main Research Center greenhouse.

<sup>3</sup>In Section 4 of 2009 Senate Bill No. 2020, the Legislative Assembly appropriated an additional \$700,000 of federal funds, if available, under the American Recovery and Reinvestment Act of 2009 to install a geothermal heating system in the Main Research Center greenhouse. This project did not qualify for the American Recovery and Reinvestment Act of 2009; therefore, no funding was received.

In addition, the Legislative Assembly provided \$173,622 from the general fund for the increased cost of greenhouse utilities as discussed below in the **State Board of Agricultural Research and Education priorities** section.

**State Board of Agricultural Research and Education priorities** - The Legislative Assembly provided funding for State Board of Agricultural Research and Education (SBARE) priorities as follows:

Initiative	Priority Ranking	FTE	Appropriation
Greenhouse utilities	1		\$173,622
Enhancing soil productivity and land management	2	1	470,000
Operations and infrastructure support management	3	1	1,780,000
Enhance canola crop development efforts	4	2.00	370,000
Improve animal productivity and livestock stewardship for increased profitability in the North Dakota livestock industry	5	2.00	240,000
Total		4.00	\$3,033,622
General fund		3.00	\$2,873,622
Special funds		1.00	\$160,000

<sup>1</sup>The executive budget added funding but did not reflect an increase of 8 FTE positions associated with the SBARE priority to enhance soil productivity and land management (3 FTE positions) and infrastructure (5 FTE positions). The Legislative Assembly did not add these FTE positions. The State Board of Higher Education has authority under Section 6 of 2011 House Bill No. 1020 to adjust FTE positions as necessary.

The North Dakota State University (NDSU) Main Research Center will use funding provided for the SBARE priority of greenhouse utilities to pay for utility costs associated with the final phase of the Main Research Center greenhouse project.

The NDSU Main Research Center will use funding provided for the SBARE priority to enhance soil productivity and land management for operating (\$120,000) and salary and fringe benefits as follows:

Research Center	FTE	Position	Amount	FTE Status
School of Natural Resource Sciences	1.00	Research scientist	\$230,000	Filled and expected to start July 2012
Agriculture and Biosystems Engineering	1.00	Research support staff	\$120,000	Filled December 2011

The NDSU Main Research Center used funding provided for the SBARE priority of operations and infrastructure support management for operating (\$410,000), the revolving equipment fund (\$100,000), graduate research stipends (\$720,000), and office support staff (\$550,000).

The NDSU Main Research Center plans to use the \$370,000 of special funds provided for the SBARE priority to enhance canola crop development efforts by adding 1 FTE breeder position (\$210,000) and 1 FTE technician position (\$160,000). As of April 2012, the job descriptions and associated responsibilities are still under development.

The NDSU Main Research Center used funding provided for the SBARE priority of improving animal productivity and livestock stewardship for increased profitability in the North Dakota livestock industry to add 2 FTE research specialist positions.

**Transfer authority** - In Section 5 of 2011 Senate Bill No. 1020, the Legislative Assembly authorized the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center. Any amounts transferred must be reported to OMB.

To date there have been no transfers of appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center and the agency does not anticipate the need to make any transfers during the remainder of the 2011-13 biennium.

**Agronomy Seed Farm**  
**Budget 649**  
**House Bill No. 1020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	3.00	\$0	\$1,435,168	\$1,435,168
2009-11 legislative appropriation	<u>3.00</u>	<u>0</u>	<u>1,275,238</u>	<u>1,275,238</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00 <sup>1</sup>	\$0	\$159,930	\$159,930

<sup>1</sup>The number of 2009-11 authorized FTE positions is based on 3 FTE positions authorized by the Legislative Assembly in 2009. Section 8 of 2009 Senate Bill No. 2020 authorized the State Board of Higher Education to adjust FTE positions as needed. The State Board of Higher Education did not change any FTE positions pursuant to this section.

<b>Item Description</b>	<b>Status/Result</b>
There are no items to report for this agency.	

**State Fair Association  
Budget 665  
House Bill No. 1009**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	0.00	\$730,000	\$0	\$730,000
2009-11 legislative appropriation	0.00	15,697,150	3,000,000	18,697,150
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$14,967,150)	(\$3,000,000)	(\$17,967,150)

**Item Description**

**Premiums** - The Legislative Assembly provided \$520,000 from the general fund for premiums, the same as the executive budget recommendation and \$32,850 more than the 2009-11 biennium general fund appropriation of \$487,150.

**Capital asset funding** - The Legislative Assembly provided \$210,000 from the general fund for the State Fair Association's biennial capital bond payment, the same as the 2009-11 biennium.

**The Iverson Grandstand** - Section 3 of 2011 House Bill No. 1009 provides the grandstand constructed by the State Fair Association on the state fairgrounds during the 2009-11 biennium is designated the Iverson Grandstand.

**Flood disaster** - In June 2011 flooding in Minot caused water to cover the state fairgrounds for approximately 30 days.

**Emergency Commission** - In August 2011 the Emergency Commission approved, pursuant to North Dakota Century Code 54-16-13, a \$6 million line of credit at the Bank of North Dakota for recovery and prevention efforts related to the flood disaster at the state fairgrounds. The State Fair Association is to use funding received from FEMA to repay the loan.

**Status/Result**

Due to flooding and the cancellation of the 2011 State Fair, the State Fair Association spent only \$17,000 of the \$260,000 provided for premiums and awards for the 2011 State Fair. The funding was used for preordered trophies and awards. The association will not spend the remaining \$243,000 but anticipates spending the entire \$260,000 provided for premiums and awards for the 2012 State Fair.

The State Fair Association has spent the \$210,000 appropriation to buy down the interest rate on capital construction project payments. The revenue bonds secured by these appropriations matured on December 1, 2011; therefore, funding will no longer be requested for this purpose.

The State Fair Association is in the process of ordering a sign identifying the designation.

Except for the State Fair Center and the grandstand, all of the structures on the state fairgrounds were flooded with 8 feet to 10 feet of water. Landscaping plants covered with water for 30 days have died, and the water washed away gravel on parking lots and damaged asphalt. The Federal Emergency Management Agency (FEMA) does not reimburse for these types of repairs. The cancellation of the 2011 State Fair resulted in the loss of approximately \$3 million of income. The State Fair does not have sufficient funding in its operating fund to pay for the cost of these repairs and other extraordinary maintenance and operating costs; therefore, the State Fair Association anticipates requesting funding from the Legislative Assembly in 2013 for the following extraordinary maintenance and flood-related repairs:

- \$2,881,500 - Asphalt overlay and repair.
- \$619,650 - Gravel for parking lots.
- \$353,882 - Expo barn roof repair.

The State Fair Association borrowed \$4.2 million from the Bank to pay flood-related costs and anticipates FEMA will reimburse the association for 90 percent of qualified expenditures. Reimbursements received from FEMA used to repay a portion of the loan through March 2012 total \$3.3 million. The association currently owes the Bank approximately \$895,000 and anticipates requesting funding from the Legislative Assembly in 2013 to repay the balance of the loan plus interest through June 2013 of approximately \$53,000.

**Racing Commission  
Budget 670  
House Bill No. 1024**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	2.00	\$317,501	\$130,000	\$447,501
2009-11 legislative appropriation	<u>2.00</u>	<u>295,000</u>	<u>30,000</u>	<u>325,000</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$22,501	\$100,000	\$122,501

**Item Description**

There are no items to report for this agency.

**Status/Result**

**State Historical Society  
Budget 701  
Senate Bill No. 2018**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	63.00	\$13,034,891 <sup>1</sup>	\$3,550,413	\$16,585,304
2009-11 legislative appropriation	<u>62.00</u>	<u>52,474,252</u>	<u>16,371,837</u>	<u>68,846,089</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	(\$39,439,361)	(\$12,821,424)	(\$52,260,785)

<sup>1</sup>This amount includes \$915,700 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$12,119,191.

**Item Description**

**FTE changes** - The 2011-13 biennium appropriation includes funding for 63 FTE positions, an increase of 1 FTE position from the 2009-11 biennium authorized level of 62 FTE positions. The legislative action did not change the executive recommendation to add 1 FTE exhibit specialist position.

**One-time funding** - The Legislative Assembly identified \$915,700 from the general fund as one-time funding for the 2011-13 biennium. These funds, which are summarized below, are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget and the State Historical Society is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

Extraordinary repairs and small capital projects	\$475,000
North Dakota 8 <sup>th</sup> grade curriculum	125,000
New exhibit development	90,000
Marketing	75,000
Temporary staff	59,800
State's 125 <sup>th</sup> celebration planning	50,000
Database migration	30,900
Business analysis	10,000
<b>Total</b>	<b>\$915,700</b>

**Status/Result**

The State Historical Society anticipates filling the exhibit specialist position in July 2012.

The following is a summary of the status of the State Historical Society's one-time funding:

Extraordinary repairs and small capital projects - \$475,000	Projects include the stabilization of the river bank at Fort Abercrombie (\$350,000) and repair projects at several historic sites (\$125,000). The projects are anticipated to be completed throughout the 2011-13 biennium.
North Dakota 8 <sup>th</sup> grade curriculum - \$125,000	The curriculum is anticipated to be completed by the end of the 2011-13 biennium.
New exhibit development - \$90,000	New exhibits at historic sites are anticipated to be completed in the spring of 2013.
Marketing - \$75,000	As of January 31, 2012, the agency has spent \$32,746 on marketing and anticipates spending the remaining funding over the remainder of the biennium.
Temporary staff - \$59,800	As of January 31, 2012, the agency has spent \$24,259 for additional security during the Heritage Center expansion project and anticipates spending the remaining funding over the remainder of the biennium.

State's 125 <sup>th</sup> celebration planning - \$50,000	The agency has begun planning with the Governor's office for the state's 125 <sup>th</sup> celebration and anticipates spending the funding beginning in the summer of 2012.
Database migration - \$30,900	A work request has been submitted to the Information Technology Department for the database migration project. The project is anticipated to be completed by the end of the 2011-13 biennium.
Business analysis - \$10,000	The agency has determined the amount provided for a business analysis is not sufficient to complete the analysis; therefore, the project will not be completed at this time.

**Capital projects** - The Legislative Assembly appropriated a total of \$1,396,000 for capital projects as follows:

Project	General Fund	Other Funds	Total
Historic site repairs	\$181,000		\$181,000
Historic site repairs*	125,000		125,000
Fort Abercrombie bank stabilization*	350,000	\$650,000	1,000,000
Historic site exhibits*	90,000		90,000
Total capital assets	\$746,000	\$650,000	\$1,396,000

\*These items are included in the **One-time funding** section above.

**Heritage Center expansion project** - House Bill No. 1481 (2009) provided one-time funding of \$39.7 million from the general fund and \$12 million from other funds for the Heritage Center expansion project. Section 2 of the bill provided that construction may not begin until the State Historical Society certifies to the Office of Management and Budget that of the federal or special funds required to complete the project, cash or pledges with a discounted cash value of at least \$6 million has been received by the State Historical Society. Section 4 of the bill required the director of the Facility Management Division of the Office of Management and Budget to serve as the project construction manager. Section 5 of the bill provided that the State Historical Society is to seek federal funds under the American Recovery and Reinvestment Act of 2009 for the Heritage Center expansion and any funds received are appropriated for the project.

The following is a summary of the status of the State Historical Society's capital projects:

Historic site repairs	Historic site repair projects are anticipated to be completed throughout the 2011-13 biennium.
Fort Abercrombie bank stabilization	The bank stabilization project is anticipated to be completed by the winter of 2012.
Historic site exhibits	New exhibits at historic sites are anticipated to be completed in the spring of 2013.

The State Historical Society awarded the following bids for the project:

Contractor	Base Bid	Alternate Bids <sup>1</sup>	Total Bid Award
Comstock Construction (general contractor)	\$20,198,700	\$1,959,000	\$22,157,700
Scott's Electric	3,341,600	1,375,851	4,717,451
Central Mechanical	4,198,000		4,198,000
Total	\$27,738,300	\$3,334,851	\$31,073,151

<sup>1</sup>Because the awarded bids for the project were lower than anticipated, bids were accepted for alternate projects, including compact shelving, landscaping, building signs, motorized window shades, and audio visual equipment.

Other costs for the project include \$3.7 million for architects and consultants and \$13.2 million for exhibits and project soft costs.

As of December 31, 2012, the State Historical Society has received approximately \$9.75 million of special funds for the project. As of March 31, 2012, the agency has spent \$13.3 million of total funds on the project. The State

Historical Society did not receive federal funds under the American Recovery and Reinvestment Act of 2009 for the Heritage Center expansion project. The agency anticipates the expansion project to be completed in the spring of 2013 with exhibits being completed by the fall of 2014.



**Council on the Arts**  
**Budget 709**  
**House Bill No. 1010**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	5.00	\$1,363,602	\$1,854,860	\$3,218,462
2009-11 legislative appropriation	5.00	1,368,734	1,735,486	3,104,220
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	(\$5,132)	\$119,374	\$114,242

**Item Description**

There are no items to report for this agency.

**Status/Result**

**Game and Fish Department  
Budget 720  
Senate Bill No. 2017**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	157.00	\$300,000 <sup>1</sup>	\$65,687,742	\$65,987,742
2009-11 legislative appropriation	157.00	0	59,663,938 <sup>2</sup>	59,663,938
2011-13 appropriation increase (decrease) to 2009-11 appropriation	0.00	\$300,000	\$6,023,804	\$6,323,804

<sup>1</sup>This amount reflects a \$300,000 transfer from the general fund to the game and fish fund.

<sup>2</sup>This amount reflects a 2009-11 biennium deficiency appropriation of \$200,000 from the game and fish fund to be transferred to the Agriculture Commissioner for the Wildlife Services program.

**Item Description**

**Capital projects** - The Legislative Assembly appropriated \$2,448,500 from the game and fish fund and \$1,834,670 of federal funds for the following capital projects for the 2011-13 biennium:

<b>Project</b>	<b>Other Funds</b>
Extraordinary repairs	\$300,000
Wildlife management area improvements	290,170
Fishing area projects	875,000
Land acquisition	800,000
Equipment replacement	791,000
Payment in lieu of taxes	1,000,000
District office storage buildings	200,000
Information technology equipment	27,000
<b>Total</b>	<b>\$4,283,170</b>

**Funding for Wildlife Services** - The Legislative Assembly provided a 2009-11 biennium deficiency appropriation of \$200,000 from the game and fish fund to be transferred to the Agriculture Commissioner for the Wildlife Services program. The Legislative Assembly provided a 2011-13 biennium appropriation of \$868,000 from the game and fish fund to be transferred to the Agriculture Commissioner for the Wildlife Services program.

**Funding for Parks and Recreation Department** - The Legislative Assembly appropriated \$122,000 from the game and fish fund for a grant to the Parks and Recreation Department for state park boat ramp maintenance and improvements. The Legislative Assembly also appropriated \$400,000 from the game and fish fund for a grant to the Parks and Recreation Department to cost-share in the Grahams Island State Park road raise project.

**Status/Result**

The Game and Fish Department anticipates spending the capital project funding by the end of the 2011-13 biennium. The department received Budget Section approval in March 2012 to spend an additional \$2.5 million of federal grant funds for public boat ramp and parking lot repairs related to Missouri River flooding during the summer of 2011.

The Game and Fish Department transferred the \$200,000 deficiency appropriation to the Agriculture Commissioner in June 2011. The department has not yet made any transfers of funding for the 2011-13 biennium.

The Game and Fish Department anticipates providing all grant funding to the Parks and Recreation Department by the end of the 2011-13 biennium for state park boat ramp maintenance and the Grahams Island State Park road raise project.

**Missouri River law enforcement** - The Legislative Assembly appropriated \$200,000 from the game and fish fund for salaries and operating expenses of Game and Fish Department employees coordinating or performing Missouri River law enforcement activities and for grants to local law enforcement agencies performing Missouri River law enforcement activities. Section 5 of 2011 Senate Bill No. 2017 provides that the department may not use any of these funds for the purchase of equipment with a cost of \$3,000 or more.

**Big game depredation** - Senate Bill No. 2227 (2011) provides for the Game and Fish Department to develop a winter management program to alleviate depredation caused by big game and requires the department to make \$1 million available from its existing appropriations for the big game depredation efforts, including \$100,000 for food plots on private property.

**Private land open to sportsmen (PLOTS) program** - The Legislative Assembly provided approximately \$10.1 million of funding from the game and fish fund for PLOTS funding for the 2011-13 biennium.

**General fund transfer to game and fish fund** - The 62<sup>nd</sup> Legislative Assembly approved a \$300,000 transfer from the general fund to the game and fish fund in Section 3 of 2011 Senate Bill No. 2017. The transfer relates to a portion of funding provided from the game and fish fund to the Agriculture Commissioner for the Wildlife Services program and operations of the State Board of Animal Health.

Due to Missouri River flooding during the summer of 2011, the Game and Fish Department provided fewer grants to local law enforcement agencies than estimated for Missouri River law enforcement activities. The department anticipates using all remaining Missouri River law enforcement funds by the end of the 2011-13 biennium for grants to local law enforcement agencies and related department expenses. From July 2011 through April 2012, the department has spent \$82,912 of the funding.

The Game and Fish Department reported the following activities related to the big game depredation program:

- From July 2011 through April 2012, the department has spent \$636,334 of the \$1 million available for deerproof hay yards, miscellaneous big game depredation tools, and related department salaries and administrative costs.
- From July 2011 through April 2012, the department paid \$13,160 to producers for food plots on 95 acres. The department anticipates more funding will be used for food plots during the 2012-13 winter.

The Game and Fish Department has established various PLOTS programs, including working lands, conservation reserve program (CRP) cost-sharing, coverlocks, wetlands reserve, tree planting cost-sharing, food plot, and private forest conservation.

The following table summarizes the total annual PLOTS acreage available for public access:

Year	Acres
2001	154,147
2002	227,734
2003	374,245
2004	745,979
2005	853,954
2006	978,735
2007	1,027,088
2008	1,041,611
2009	1,010,384
2010	1,007,999
2011	969,834

The Office of Management and Budget made the transfer in April 2012.

**Parks and Recreation Department  
Budget 750  
House Bill No. 1019**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	54.00	\$16,623,556 <sup>1</sup>	\$12,669,532	\$29,293,088
2009-11 legislative appropriation	53.00	15,833,959	12,948,054	28,782,013
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	\$789,597	(\$278,522)	\$511,075

<sup>1</sup>This amount includes \$4,749,210 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$11,874,346.

**Item Description**

**One-time funding** - The Legislative Assembly identified \$4,749,210 from the general fund as one-time funding for parks capital projects and deferred maintenance (\$4,299,210), parks equipment (\$58,000), Little Missouri State Park trail leases (\$85,000), state comprehensive outdoor recreation plan (\$40,000), and International Peace Garden capital projects and deferred maintenance (\$267,000). This amount is not to be considered part of the agency's base budget for preparing the 2011-13 executive budget, and the Parks and Recreation Department is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

**Status/Result**

The following is a summary of the status of the Parks and Recreation Department's one-time funding:

Parks capital projects and deferred maintenance	The department anticipates all projects to be completed by the end of the 2011-13 biennium. See the <b>Capital projects</b> section below for more information.
Equipment	The department has spent \$58,000 to purchase three Bobcat skid steer loaders.
Little Missouri State Park trail leases	The department is currently negotiating with landowners for trail leases.
State comprehensive outdoor recreation plan	The department and the North Dakota Recreation and Parks Association are in the process of developing a state comprehensive outdoor recreation plan. The department anticipates the plan will be completed by the end of the 2011-13 biennium.
International Peace Garden capital projects and deferred maintenance	See the <b>International Peace Garden</b> section below for more information.

**FTE changes** - The 2011-13 biennium appropriation includes funding for 54 FTE positions, an increase of 1 FTE position from the 2009-11 authorized level of 53 FTE positions. The legislative action did not change the executive recommendation to convert a long-term temporary employee to a 1 FTE grants administration position.

The temporary employee was converted to a 1 FTE grants administrator position in July 2011.

**Capital projects** - The Legislative Assembly appropriated a total of \$6,264,610 for the following capital projects:

All projects are anticipated to be completed during the 2011-13 biennium.

Project	General Fund	Other Funds	Total
Amphitheater rehabilitation at various sites	\$60,000		\$60,000
Boundary fences at various sites	39,500		39,500
Sewer lift repairs at various sites	25,000		25,000
Statewide multiuse trail rehabilitation	30,000		30,000
Beaver Lake State Park repair and maintenance projects	78,500		78,500
Cross Ranch State Park repair and maintenance projects	69,500		69,500
Fort Abraham Lincoln State Park repair and maintenance projects	75,000		75,000
Fort Ransom State Park repair and maintenance projects	88,000		88,000
Fort Stevenson State Park repair and maintenance projects	47,800		47,800
Icelandic State Park repair and maintenance projects	35,100		35,100
Little Missouri State Park repair and maintenance projects	30,000		30,000
Lake Metigoshe State Park repair and maintenance projects	49,000		49,000
Lake Sakakawea State Park repair and maintenance projects	85,000		85,000
Turtle River State Park repair and maintenance projects	41,000		41,000
Garrison Bay marina dock purchase	240,000		240,000
Garrison Bay marina electrical and water systems	175,000		175,000
Grahams Island access road five-foot grade raise	2,484,800	\$400,000	2,884,800
Grahams Island campground expansion	350,000	350,000	700,000
Lewis and Clark State Park campground renovations	240,000		240,000
Lewis and Clark State Park road repairs	565,000		565,000
Little Missouri Bay showerhouse	90,000		90,000
Multiuse trail development	55,000	220,000	275,000
Information technology Ethernet installation at various parks	99,410		99,410
International Peace Garden - Conservatory expansion	242,000		242,000
<b>Total</b>	<b>\$5,294,610</b>	<b>\$970,000</b>	<b>\$6,264,610</b>

**International Peace Garden** - The 2011-13 biennium appropriation includes \$1,040,699 from the general fund for the International Peace Garden, a decrease of \$1,687,755 from the 2009-11 biennium appropriation amount of \$2,728,454 and an increase of \$267,000 from the 2011-13 executive recommendation. The Legislative Assembly did not change the executive recommendation to provide \$773,699 for the operating grant for the International Peace Garden, an increase of \$36,845 from the 2009-11 biennium level of \$736,854. The Legislative Assembly provided one-time funding of \$267,000 from the general fund for an addition to the conservatory at the International Peace Garden to house a cactus collection (\$242,000) and for a memorial at the International Peace Garden for victims of the September 11, 2001, terrorist attack on the World Trade Center (\$25,000).

**Mineral lease revenue** - In a letter opinion dated October 18, 2011, the Attorney General's stated the Parks and Recreation Department may deposit revenue from mineral lease bonus payments and lease royalties from lands under the management and control of the Parks and Recreation Department in the state park fund.

The department transferred \$653,850 to the International Peace Garden on July 1, 2011, for an addition to the conservatory to house a cactus collection (\$242,000), a memorial for victims of the September 11, 2001, terrorist attack on the World Trade Center (\$25,000), and operating grant (\$386,850). The remaining \$386,849 for the operating grant will be transferred to the International Peace Garden on July 1, 2012.

The Parks and Recreation Department began earning mineral lease bonus and royalty revenue in March 2011 and began depositing the revenue in the state park fund in October 2011. From March 2011 through April 2012 the department has received \$3.2 million in mineral lease bonus and royalty payment which has been deposited in the state park fund. The department anticipates spending approximately \$2 million of mineral lease bonus and royalty revenue during the 2011-13 biennium on the following projects:

Park/Project	Cost
Fort Stevenson State park	
Garrison Bay Marina pier work	\$239,000
De Trobriand and Breakwater cable repair	45,000
Replace potable water reservoir and controls	180,000
Lewis and Clark State Park	
Repair and chip seal roads	241,500
Electrical work at dock and concession	165,000
15 primitive campsites with water	55,000
Graham's Island	
Road project matching funds	85,200
Campground work	450,000
Little Missouri State Park	
Showers	30,000
Landslide and trail repair	165,000
Fort Lincoln State Park	
Granary repair and paint	30,000
Trolley line repair	30,000
Purchase of eight FEMA trailers	48,000
FEMA 2012 disaster matching funds	200,000
Projects to be determined	36,300
Total	\$2,000,000

**State Water Commission  
Budget 770  
Senate Bill Nos. 2020, 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation (including special session appropriations)	87.00	\$14,995,199	\$494,420,221	\$509,415,420
2009-11 legislative appropriation	<u>86.00</u>	<u>14,123,899</u>	<u>312,085,809</u>	<u>326,209,708</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	1.00	\$871,300	\$182,334,412	\$183,205,712

**Item Description**

**FTE position changes** - The Legislative Assembly authorized the State Water Commission a total of 87 FTE positions, an increase of 1 FTE position from the 2009-11 authorized level of 86 FTE positions. The Legislative Assembly added 1 FTE Water Development Division director position funded from the resources trust fund (\$231,899).

**One-time funding** - In Section 2 of 2011 Senate Bill No. 2020, the Legislative Assembly identified \$7,771,773 of one-time funding from special funds, of which \$7,271,773 is a continuation of federal fiscal stimulus funding provided for the Southwest Pipeline Project's water treatment plant during the 2009-11 biennium.

The Legislative Assembly in 2009 House Bill No. 1305 provided \$2,792,000 from the permanent oil tax trust fund for water project grants, including \$864,000 to assist in the local cost-share of the Ray and Tioga Water Supply Project; \$985,000 to assist in the local cost-share of the Burke, Divide, and Williams Water District Water Supply Project; \$593,000 to assist in the local cost-share of the Wildrose Water Supply Project; and \$350,000 to assist in the repayment of outstanding bonds associated with the Stanley water pipeline construction project. The Legislative Assembly in 2011 identified \$500,000 of one-time funding from special funds to complete these projects during the 2011-13 biennium and provided the Office of Management and Budget transfer any unexpended funds appropriated from the permanent oil tax trust fund for these projects to the State Water Commission fund at the end of the 2009-11 biennium.

**Sovereign lands enforcement grant** - Section 3 of 2011 Senate Bill No. 2020 directs the State Water Commission to provide a grant of \$200,000 from the general fund to the Game and Fish Department for law enforcement activities on sovereign lands in the state, the same amount as provided for the 2009-11 biennium.

**Wildlife Services and Nelson County projects** - Section 8 of 2011 Senate Bill No. 2020 requires the State Water Commission to provide funding for a grant to Wildlife Services for animal control (\$250,000) and

**Status/Result**

The State Water Commission filled the Water Development Division director position in June 2011.

Southwest Pipeline Project's water treatment plant - The plant is under construction with an estimated completion date of June 2012. The estimated total cost of the plant is \$17.1 million, of which \$11.9 million is from federal fiscal stimulus funding and the remaining \$5.2 million is from the resources trust fund.

Permanent oil tax trust fund water project grants - At the close of the 2009-11 biennium, \$465,222 of the permanent oil tax trust fund appropriation remained unspent, of which \$84,445 related to the repayment of outstanding bonds associated with the Stanley water pipeline construction project. The Stanley water pipeline construction project funds were not continued as they were in excess of the funding needed for the bond repayment. As a result, \$380,777 is available for the remaining water projects during the 2011-13 biennium. Through March 2012 the State Water Commission has spent \$258,128 on the remaining projects. The State Water Commission plans to use any funds remaining after the completion of these water projects for other State Water Commission projects.

During the 2009-11 biennium, the State Water Commission reimbursed the Game and Fish Department \$45,183 for law enforcement activities on sovereign lands of the state. Through March 2012 the commission has not received a request for reimbursement from the Game and Fish Department for law enforcement activities on sovereign lands during the 2011-13 biennium.

The State Water Commission is sharing the cost of animal control with the Game and Fish Department and Agriculture Commissioner on a pro rata basis. There have been no funds provided for animal control through March 2012;

flood-related water projects in the Nelson County Water Resource District (\$250,000) during the 2011-13 biennium.

**Western Area Water Supply Authority** - House Bill No. 1206 (2011) establishes the Western Area Water Supply Authority to treat, store, and distribute water to western North Dakota and to provide for the supply and distribution of water to the people of western North Dakota for domestic, rural water, municipal, livestock, industrial, oil and gas development, and other purposes. The authority may acquire, construct, improve, develop, and own water supply infrastructure and may enter water supply contracts with member cities; water districts; and private users, such as oil and gas producers, for the sale of water for use within or outside the authority boundaries or the state. The authority consists of participating political subdivisions located within McKenzie, Williams, Burke, Divide, and Mountrail Counties which enter a water supply contract with the authority. The bill provides that the Bank of North Dakota provide a loan of \$50 million to the authority for the construction of the project. The State Water Commission is required to make available from funding appropriated to the commission \$25 million as a zero interest loan to the authority. The bill also appropriates \$25 million from the general fund to the Bank to provide a loan to the authority for a maximum term of eight years from the completion of the \$50 million loan from the Bank at 5 percent interest per year. The bill appropriates \$10 million from the resources trust fund to the Bank for the purpose of providing a loan to the authority for a maximum term of two years from the completion of the \$25 million loan from the general fund at 5 percent interest per year. The bill provides that this funding must be structured so that funding is provided, as needed, first from the \$25 million zero interest loan from the State Water Commission, second from the \$50 million loan from the Bank, third from the \$25 million loan from the general fund, and last from the \$10 million loan from the resources trust fund. Repayment of loans must be structured in the following order:

1. The \$50 million loan from the Bank;
2. The \$25 million loan from the general fund with deposit of the principal in the general fund and interest in the resources trust fund;
3. The \$10 million loan from the resources trust fund for deposit in the resources trust fund; and
4. The \$25 million zero interest loan from the State Water Commission for deposit in the resources trust fund.

The authority is required to repay the loans from revenues from the project. Upon repayment of the State Water Commission zero interest loan,

however, the State Water Commission anticipates all of the funding will be spent by the end of the 2011-13 biennium.

The State Water Commission has provided \$86,260 for flood-related costs incurred by the Nelson County Water Resource District through March 2012. The State Water Commission anticipates the remaining \$163,740 of funding identified for flood-related water projects in the Nelson County Water Resource District will be spent by the end of the 2011-13 biennium.

Through March 2012, the State Water Commission has provided \$16,161,033 of the funds made available under the \$25 million zero interest State Water Commission loan, the first funding source identified by the Legislative Assembly.



the authority is required to provide 5 percent of the net profits to the State Water Commission for deposit by the State Treasurer in the resources trust fund until June 30, 2040. At the request of the authority, the State Water Commission is required to consider a loan of \$40 million from the resources trust fund for inclusion in the State Water Commission's budget for second phase funding.

**Fargo flood control project** - Section 7 of 2011 Senate Bill No. 2020 provides that of the funds appropriated to the State Water Commission for grants and projects for the 2011-13 biennium, \$30 million is for Fargo flood control projects. The section also provides that any funds not spent by June 30, 2013, are not subject to North Dakota Century Code Section 54-44.1-11 and must be continued into the next or subsequent bienniums and may be expended only for Fargo flood control projects. These funds may be used only for land purchases and construction, including right-of-way acquisition costs, and may not be used for the purchase of dwellings. No more than 10 percent of the funds may be used for engineering, legal, planning, or other similar purposes. The city of Fargo, Cass County, and the Cass County Joint Water Resource District must approve any expenditures made under this section. Costs incurred by nonstate entities for dwellings or other real property that are not paid by state funds are eligible for application by the nonstate entity for cost-sharing with the state. This funding is in addition to \$45 million provided for Fargo flood control by the Legislative Assembly in 2009 for a total of \$75 million.

**Floodway property acquisition and construction funding** - Section 19 of 2011 Senate Bill No. 2371 approved during the November 2011 special legislative session provides \$50 million from the resources trust fund for additional State Water Commission expenses. As provided in Section 4 of 2011 Senate Bill No. 2020, any expenditure of these funds requires Budget Section approval. In addition, Section 18 of Senate Bill No. 2371 provides the State Water Commission in its future plans place a high priority on providing funding for floodway property acquisitions and construction. The funding must be used to supplement federal hazard mitigation grant funds or other federal funds for acquiring property and for the construction of flood control projects in qualifying political subdivisions, including necessary funding for any state or local match requirements. Qualifying political subdivisions are cities or counties that are eligible for Federal Emergency Management Agency (FEMA) hazard mitigation grant funding or other comparable federal programs for flood mitigation and have received, or are located within counties that have received, an individual assistance designation by FEMA as a result of a flood event occurring during 2011.

During the 2009-11 biennium, the State Water Commission spent \$8.53 million for Fargo flood control. Through February 2012 the State Water Commission has spent an additional \$12.65 million to reimburse the city of Fargo for eligible flood control project costs for a total of \$21.18 million spent on the project of the \$75 million authorized.

In December 2011 and March 2012, the Budget Section approved the State Water Commission's requests pursuant to 2011 Senate Bill No. 2371 and Section 4 of 2011 Senate Bill No. 2020 to spend \$37,264,000 of additional funding available in the resources trust fund for Minot and communities along the Mouse River (\$2.5 million), the Souris River Joint Water Resource District disaster relief projects (\$50,000), and for property acquisitions (\$34,714,000). The State Water Commission anticipates using the \$34,714,000 of the additional funding approved for the acquisition of 219 properties as follows:

Project	Property Acquisitions	Amount
City of Burlington	11	\$1,039,000
Burleigh County	4	1,425,000
Valley City	31	3,000,000
Ward County	56	11,500,000
City of Minot	117	17,750,000
Total	219	\$34,714,000

**Department of Transportation**  
**Budget 801**  
**House Bill No. 1012; Senate Bill Nos. 2015, 2371**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 legislative appropriation	1,063.50	\$376,550,000 <sup>1</sup>	\$1,749,054,459	\$2,125,604,459
2009-11 legislative appropriation	<u>1,054.50</u>	<u>4,600,000</u>	<u>1,247,015,588</u>	<u>1,251,615,588</u>
2011-13 appropriation increase (decrease) to 2009-11 appropriation	9.00	\$371,950,000	\$502,038,871	\$873,988,871

<sup>1</sup>Reflects a \$370.6 million one-time transfer from the general fund to the highway fund, a \$100,000 one-time transfer from the general fund to the public transportation fund, and a one-time \$5.85 million general fund appropriation for Devils Lake area road projects.

**Item Description**

**Emergency relief borrowing authority** - The Legislative Assembly authorized the Department of Transportation to borrow up to \$200 million from the Bank of North Dakota for state highway emergency relief projects during the 2011-13 biennium. Any federal funds received for the emergency relief projects are to be used to repay the loan from the Bank.

**Highway tax distribution fund** - The Department of Transportation estimated \$412.5 million would be distributed from collections of motor vehicle fuel taxes and registration fees deposited in the highway tax distribution fund to the state highway fund, counties, cities, the township highway aid fund, and the public transportation fund during the 2011-13 biennium.

**Roadway projects in areas affected by oil and gas development** - The Legislative Assembly appropriated \$370.6 million from the highway fund for state highway projects (\$228.6 million) and county and township roadway projects (\$142 million) in areas affected by oil and gas development. House Bill No. 1012 (2011) provides the funding may be used for engineering and design costs incurred on projects as of January 1, 2011. The bill also provides that the local funding is to be distributed based on an Upper Great Plains Transportation Institute report, and each county is to submit a plan detailing the projects to the Department of Transportation for approval. The funds for local projects may be used for up to 90 percent of the cost of the project.

**Fargo district office building** - Section 12 of 2011 House Bill No. 1012 provides that \$800,000 of funding appropriated to the Department of Transportation from the highway fund for an equipment storage facility at the Fargo district office location is contingent upon the department offering the current district office location for sale. The department is to offer the Fargo

**Status/Result**

The Department of Transportation received Budget Section approval in March 2012 to receive and expend \$344,700,000 of federal emergency relief funding and \$45,600,000 of required state matching funds. The department anticipates requesting borrowing authority for the required state matching funds. The Budget Section encouraged the department, to the extent possible, to use highway fund revenues available during the 2011-13 biennium, to repay any funds borrowed. To the extent highway fund revenues are not available, the department plans to request a general fund deficiency appropriation from the 2013 Legislative Assembly to repay any remaining amounts outstanding.

Through January 2012, \$162.9 million was available to be distributed from the highway tax distribution fund to the state highway fund, counties, cities, the township highway aid fund, and the public transportation fund. This represents an increase of \$42.6 million, or 35.4 percent, from the original estimate for revenue available for distribution during the same time period.

The Department of Transportation used \$84.5 million of the \$228.6 million during the 2011 construction season for state highway projects. The department distributed \$19.5 million of the \$142 million during the 2011 construction season to counties for county and township road projects. The department anticipates using all remaining funds during the 2012 construction season.

The Department of Transportation advertised the Fargo district office location for sale in newspapers and on the department's website. The department did not receive any offers to purchase the office location. The department plans to construct the equipment storage facility at the Fargo district office location during the summer of 2012.

district office land and facilities for sale in exchange for a new location and facilities for the Fargo district office. The new location is to be of suitable size and condition, be accessible to the interstate system, and be located within the interstate storm gates in the cities of Fargo and West Fargo. The director of the department has the authority to determine if any offers for a new location and facilities for the Fargo district office are adequate for operations. The department may proceed with the construction of the equipment storage facility at the current location if an offer is not accepted by the department by May 1, 2012.

**Federal fiscal stimulus funding** - The Legislative Assembly appropriated \$24.1 million of federal fiscal stimulus funds to the Department of Transportation for transportation infrastructure projects (\$5.2 million), grants for rural transit programs (\$4.8 million), and to construct the North Central Regional Economic Growth Intermodal Port Connector project in Minot (\$14.1 million).

**Driver's license renewals** - House Bill No. 1109 (2011) increased the fee for driver's license renewals from \$10 to \$15 and extended the renewal period from four years to six years for Class D operator's licenses.

**Increases in FTE positions** - The Legislative Assembly in 2011 increased the authorized number of Department of Transportation FTE positions by nine compared to the number of positions authorized for the 2009-11 biennium. The new positions include four FTE driver's license examiner positions, two FTE motor vehicle licensing specialist positions, and three FTE transportation technician positions.

**One-time funding** - The Legislative Assembly appropriated \$5.85 million of one-time funding from the general fund to the Department of Transportation for road projects in the Devils Lake area for the 2011-13 biennium.

**Highway-rail grade crossing safety fund** - The Legislative Assembly in 2009 deposited \$1.6 million of special fuels tax collections related to diesel fuel sales to railroads in the highway-rail grade crossing safety fund. The Legislative Assembly in 2011 appropriated \$1.431 million from the fund to the Department of Transportation for projects approved during the 2009-11 biennium but for which funding was not distributed (\$1,201,000) and for new projects during the 2011-13 biennium (\$230,000). Grant funding for new projects may be used for railroad quiet zones, installing or upgrading active warning devices, resurfacing crossings, building grade separations, or any other cost associated with eligible improvements. Grant funds awarded during the 2011-13 biennium may not exceed \$80,000 per city.

Through April 2012, the Department of Transportation has spent \$11.1 million of the federal fiscal stimulus funding. The department anticipates spending the remaining funds by the end of the 2011-13 biennium.

The Department of Transportation began issuing driver's licenses with the extended renewal period and increased fee amount on August 1, 2011.

The Department of Transportation has allocated the positions to various districts in the state. Of the nine new FTE positions, four positions were located in Bismarck, two were located in Minot, and one new position was located each in Williston, Dickinson, and Fargo.

The Department of Transportation anticipates using all one-time funding for roadway projects in the Devils Lake area.

The Department of Transportation has not received any requests for new grants during the 2011-13 biennium related to the \$230,000 appropriated for new projects.

**Temporary motor vehicle registrations** - Senate Bill No. 2207 (2011) imposes certain registration requirements for nonresidents operating motor vehicles in the state.

The Department of Transportation has begun efforts to increase awareness of temporary motor vehicle registration requirements through billboard advertising, department personnel participating in press conferences and speaking to various groups, and by working with other agencies to develop checklists for new contractors that include information on temporary motor vehicle registrations.

From July 2011 through April 2012, the department has processed 6,667 temporary motor vehicle registrations and collected \$2,033,580 of fees.