

# SUMMARY OF KEY RECOMMENDATIONS

## GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2001	\$50,515,628 <sup>1</sup>
Add estimated 2001-03 general fund revenues	1,670,453,663 <sup>2</sup>
<b>Total resources available</b>	<b>\$1,720,969,291</b>
Less recommended 2001-03 general fund appropriations	1,706,299,108
<b>Estimated general fund balance - June 30, 2003</b>	<b>\$14,670,183</b>

<sup>1</sup> This amount includes the effect of recommended general fund deficiency appropriations of \$19,177,108 and estimated agency general fund turnback of \$9,662,410.

<sup>2</sup> The executive budget allows the director of the Office of Management and Budget to direct the Industrial Commission to transfer additional funds from the Bank of North Dakota to the general fund if actual 1999-2001 revenues are less than projected. The transfers may not exceed the lesser of the amount of the revenue shortfall or \$25 million; however, the transfers may not reduce the Bank's capital to less than \$100 million.

## TOTAL APPROPRIATIONS SUMMARY

	1999-2001 Legislative Appropriations <sup>1</sup>	Increase (Decrease)	2001-03 Executive Budget
General fund	\$1,594,038,538	\$112,260,570	\$1,706,299,108
Estimated income	3,215,299,301	(245,206,949)	2,970,092,352 <sup>2</sup>
<b>Total all funds</b>	<b>\$4,809,337,839</b>	<b>(\$132,946,379)</b>	<b>\$4,676,391,460<sup>2</sup></b>

<sup>1</sup> The 1999-2001 biennium appropriation amounts include contingent appropriations of \$4,262,410 from the general fund for service payments for elderly and disabled (SPED) and \$200,000, \$60,000 of which is from the general fund for a traumatic brain-injured facility in western North Dakota. Neither of these contingent appropriations are expected to be spent during the 1999-2001 biennium.

<sup>2</sup> The 2001-03 executive budget recommends excluding \$755,859,048 of estimated income (tuition) and local funds at the institutions of higher education from the appropriation process. In addition, the amount shown reflects an adjustment to the special funds appropriation for the Children's Services Coordinating Committee of (\$3,950) and special fund appropriations of \$1 million for ethanol production incentives and \$575,192 for the Quality Schools Commission which were not reflected in the Office of Management and Budget's total 2001-03 executive budget summary all funds recommendation amounts but were included in the bills introduced by the Office of Management and Budget.

### 2001-03 GENERAL FUND REVENUES

1. Includes general fund revenues of \$1.67 billion, \$116.9 million more than the 1999-2001 biennium revenues as projected at the close of the 1999 Legislative Assembly.
2. Major areas of revenue growth include:
  - a. Individual income tax increasing by \$64.8 million or 17.0 percent.
  - b. Sales and use tax increasing by \$27.3 million or 4.3 percent.
  - c. Oil taxes increasing by \$25.3 million or 68.9 percent. In addition, an estimated \$7.2 million of oil tax collections is projected to be transferred to the permanent oil tax trust fund in accordance with the provisions of North Dakota Century Code (NDCC) Section 57-51.1-07.2.

3. Assumes **revenue growth** of 2.6 percent for each year of the 2001-03 biennium.
4. Assumes a decline in **oil prices** to \$21 to \$22 per barrel during the first year of the biennium and to \$19 to \$20 per barrel during the second year of the biennium. The average November 2000 price for North Dakota crude oil was \$29.68 per barrel.
5. Transfers \$50 million from the **Bank of North Dakota**, the same amount authorized for the 1999-2001 biennium.
6. Transfers \$6 million from the **Mill and Elevator**, \$3 million more than the amount authorized for the 1999-2001 biennium.
7. Projects state agency **general fund turnback** of \$9.7 million at the end of the 1999-2001 biennium.
8. Appropriates \$19.2 million from the general fund for 1999-2001 biennium **deficiency appropriations**.
9. Includes general fund revenue of \$2.7 million resulting from the sale of **developmental disability facility loans** to the Bank of North Dakota.
10. Transfers an estimated \$9.7 million from the general fund to the **permanent oil tax trust fund** on June 30, 2001, and an estimated \$7.2 million on June 30, 2003, in accordance with provisions of NDCC Section 57-51.1-07.2. Moneys in the fund may be spent only upon a two-thirds vote of the Legislative Assembly.
11. Authorizes the director of the Office of Management and Budget to request **additional Bank of North Dakota transfers** of up to \$25 million if revised revenue projections during the 2001-03 biennium indicate that general fund revenues will be less than the estimates approved by the 2001 Legislative Assembly. The transfers may not exceed the actual amount that revenues are less than estimated, and the transfers may not reduce the Bank's capital structure below \$100 million.
12. Reflects the reduction of general fund revenues by \$2.45 million relating to the increasing share of federal **mineral royalties** that counties and school districts receive under NDCC Section 15-40.1-13. These political subdivisions will receive 30 percent in 2002 and 40 percent in 2003 compared to the 10 percent and 20 percent received in 2000 and 2001, respectively.

### 2001-03 GENERAL FUND APPROPRIATIONS

1. Includes general fund appropriations of \$1.71 billion, \$112.3 million more than the 1999-2001 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
  - a. Information Technology Department - \$35.4 million.

- b. Higher education - \$33.5 million, including \$13.3 million for recommended salary increases.
- c. State employee salary and health insurance - \$25 million, excluding higher education salary increase funding of \$13.3 million.
- d. Corrections - \$20.2 million.
- e. Judicial branch - \$12.2 million.
- f. Department of Human Services - (\$13.5 million).
- g. Industrial Commission - (\$13.5 million).

### 2001-03 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of \$2.97 billion, \$245.2 million less than the 1999-2001 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
  - a. Federal funds - \$218.2 million.
  - b. Department of Human Services - \$43.5 million.
  - c. Department of Transportation - \$43.3 million.
  - d. Industrial Commission - \$21.8 million.
  - e. Information Technology Department - \$21.8 million.
  - f. Higher education estimated income (tuition) and local funds - (\$683.4 million).

### 2001-03 FUNDING SOURCE CHANGES

1. Excludes \$755.9 million of estimated income (**tuition**) and **local funds** at the institutions of higher education from the appropriation process.
2. Uses **health care trust fund** (intergovernmental transfer program) moneys for:
  - a. Replacing general fund moneys (state matching) in medical assistance of the Department of Human Services - \$25,000,000.
  - b. Matching federal funds for the Health Insurance Portability and Accountability Act (HIPAA) computer project in the Department of Human Services - \$3,870,794.
  - c. Closing the State Hospital landfill - \$413,255.
3. Increases general fund support for the **Highway Patrol** by \$2.8 million compared to the 1999-2001 legislative appropriation.
4. Provides \$9.8 million of funding for **Water Commission** operating costs from the water development trust fund rather than the general fund.
5. Appropriates \$15,786,906 from the general fund for **capital construction lease payments** in the specific agency's budget that

the bonds were originally issued for rather than in the Industrial Commission budget. The agencies affected include the North Dakota University System, the Department of Human Services, the Department of Corrections and Rehabilitation, and the Adjutant General.

### HIGHER EDUCATION

1. Increases **general fund** support for higher education by \$38,312,185 compared to the 1999-2001 legislative appropriations.
2. Removes \$177,746,228 of **tuition and other income** from the appropriation process (\$159,495,220 was appropriated for the 1999-2001 biennium).
3. Removes \$578,112,820 of **local funds** from the appropriation process (\$523,858,540 was appropriated for the 1999-2001 biennium).
4. Consolidates the University System office budget from 18 line items to five (system governance, student grant programs, campus-based programs, contingencies and board initiatives, and capital bond payments), and the line items for institutions into two--operations and capital assets. The campus-based programs line item includes:
  - a. An **equity and special needs pool** of \$19,445,765 for:
    - (1) Critical needs in campus operations (\$2.5 million).
    - (2) One-time funding for innovation initiatives (\$2.5 million).
    - (3) Equity salary adjustments (\$1,069,596).
    - (4) Recommended compensation plan salary increases (\$13,261,034) equal to three percent of salaries for the first year of the biennium and two percent for the second year (salary increase funding is not included in the individual institutions' budgets).
    - (5) Other equity and special needs (\$115,135).
  - b. A **technology pool** of \$6,012,494 for:
    - (1) University System equipment (\$217,020).
    - (2) Increased system technology and network costs (\$1,200,000).
    - (3) Costs associated with the implementation of the statewide information technology network (\$4,595,474).
  - c. Funding of \$22,225,925 for the Interactive Video Network (IVN), On-line Dakota Information Network (ODIN), and Higher Education Computer Network (HECN).
  - d. Funding of \$3,471,100 for **competitive research** matching funding which is a \$1.5 million increase from the previous biennium, \$534,000 for the Title II program, \$216,676 for

information technology management needs, and \$51,560 for disabled student services.

### ELEMENTARY EDUCATION

1. Provides a general fund appropriation of \$485.5 million for **foundation aid**, an increase of \$6.5 million, or 1.4 percent, from the 1999-2001 appropriation of \$479 million. The recommended **per student payment amounts** are \$2,323 during the first year of the biennium, an increase of \$93 (4.2 percent) from the 2000-01 payment of \$2,230 and \$2,420 for the second year, an increase of \$97 (4.2 percent) from the first-year payment.
2. Anticipates **tuition fund distributions** of \$67.2 million, an increase of \$13.7 million, or 25.6 percent, from the 1999-2001 appropriation of \$53.5 million. The recommended appropriation will provide payments of approximately \$300 per census unit, an increase of \$50, or 20 percent, from the currently estimated 2000-01 payment of \$250. The executive recommendation is an increase of \$80, or 36 percent, from the 2000-01 appropriated payment of \$220. The executive recommendation amount is based on the assumption that the Board of University and School Lands will distribute all income available relating to tobacco settlement moneys which have been or will be deposited in the common schools trust fund.
3. Provides \$51.26 million for general fund **special education grants**, an increase of \$4.66 million, or 10 percent, from the 1999-2001 appropriation of \$46.6 million.
4. Appropriates \$3.5 million from the general fund to the Information Technology Department for **Educational Telecommunications Council grants**. Previously, the Legislative Assembly appropriated funding for these grants to the Department of Public Instruction which for the 1999-2001 biennium totaled \$6 million from the general fund.
5. Appropriates \$1.97 million from the general fund to the Information Technology Department rather than the Department of Public Instruction for **SENDIT**. The recommended amount is a general fund increase of \$1.48 million from the 1999-2001 biennium appropriation provided to the Department of Public Instruction.
6. Provides \$575,192 from the general fund to the Department of Public Instruction for a grant to the **Quality Schools Commission** for expenses of the commission in implementing a quality assessment process for North Dakota elementary and secondary schools.
7. Provides \$412,500 from the general fund to the Department of Public Instruction for the development of a **student data base**.

- Provides \$836,000 from the general fund to the Department of Public Instruction for the design and implementation of a **standards-based assessment program** for reading and mathematics for students in grades 4, 8, and 12.

### HUMAN SERVICES

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

Grants and loans	\$4,020,226
Health Insurance Portability and Accountability Act (HIPAA) state matching funds	3,870,794
Medical assistance state matching funds	25,000,000
Statewide long-term care needs assessment	241,006
Service payments for elderly and disabled (SPED)	4,262,410
State Hospital landfill closure	413,255
Administrative costs	71,158
<b>Total</b>	<b>\$37,878,849</b>

- Increases funding provided from “**retained**” funds by \$2,494,569 to a total of \$31,940,419. “Retained” funds are federal funds received by the state for administrative costs incurred by the counties that the state retains pursuant to the “swap” agreement with the counties.
- Increases funding by \$995,559, \$582,206 of which is from the general fund for **Indian county allocation** pursuant to Section 9 of 1999 Senate Bill No. 2012. The executive budget recommends a total of \$2,771,979 for this allocation.
- Requires the department to seek a Medicaid **personal care waiver** to allow Medicaid funds to be used for a portion of basic

care costs. This change results in a funding source change from the general fund to federal funds of \$5,391,869.

- Provides \$562.4 million, \$129.8 million of which is from the general fund and \$25 million from the health care trust fund for the **medical assistance program**, excluding the intergovernmental transfer program. Compared to the 1999-2001 biennium appropriation, the executive budget recommends an increase of \$48.1 million. Although the general fund share is reduced by \$15.7 million, \$25 million is provided from the health care trust fund. Without the health care trust fund moneys, the general fund increase would be \$9.3 million. Major funding increases within medical assistance relate to **prescription drugs** that are estimated to increase by \$28.7 million, or 57 percent, and funding for **nursing facilities** which is increasing by \$12.2 million or 4.8 percent.
- Increases funding for **Healthy Steps** (children’s health insurance program) by \$5 million, \$1.1 million of which is from the general fund. The executive recommendation provides funding for continuing eligibility requirements at 140 percent of poverty, an average caseload of 2,885 children each month, and an annual inflation rate on the insurance premiums of 16.4 percent. Total funding for Healthy Steps is \$8.9 million, \$1.9 million of which is from the general fund.
- Increases funding for **developmental disabilities grants** by \$7.9 million, \$2.1 million of which is from the general fund to provide a total of \$156.9 million, \$51.4 million of which is from the general fund. The major funding increase for developmental disabilities grants is funding for community intermediate care facilities for the mentally retarded (ICF/MR) care which is increasing by \$4.4 million, or 7.7 percent.
- Increases funding for the **senior citizen mill levy match** by \$400,000 from the general fund to a total of \$1,662,945.
- Increases funding for **SPED** by \$1,153,005, \$649,931 of which is from the general fund. The executive budget recommends a total of \$13,967,295 for SPED, \$8,561,099 of which is from the general fund, \$4,262,410 from the health care trust fund, \$445,432 of federal funds, and \$698,354 from the counties.
- Increases funding for **expanded SPED** by \$523,036, providing a total of \$1,421,080 from the general fund for expanded SPED.
- Reduces **partnership program** funding at the human service centers by \$2,035,184. General fund support for the program is increasing by \$337,515 and federal funding is decreasing by \$2,372,699. The executive budget recommends a total of

\$5,796,110, \$2,139,990 of which is from the general fund for the partnership program at the human service centers.

13. Provides that special funds of \$2,139,284 be received from the Department of Corrections and Rehabilitation for driving under the influence (**DUI**) **offender treatment services** provided to corrections inmates at the State Hospital. With this special funds increase, the general fund support is reduced by \$2,139,284.

### CAPITAL CONSTRUCTION

1. Includes a total of \$664,108,401 for the following capital projects:
  - a. \$78,049,464 for major capital projects.
  - b. \$27,495,437 for extraordinary repairs.
  - c. \$558,563,500 for other projects (including \$451,162,687 for the Department of Transportation and \$85,033,764 for the State Water Commission).

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

	General Fund	Special Funds
Major capital projects	\$9,974,884	\$68,074,580
Extraordinary repairs and other projects	25,447,004	560,611,933
<b>Total</b>	<b>\$35,421,888</b>	<b>\$628,686,513</b>

2. Continues State Water Commission authority to issue \$62.3 million in bonds for **water and flood control projects** originally authorized by the 1999 Legislative Assembly (Senate Bill No. 2188). The \$62.3 million in bond proceeds are designated for water and flood control projects in the following cities:
  - a. Grand Forks - \$34 million.
  - b. Devils Lake - \$20 million.
  - c. Grafton - \$4.8 million.
  - d. Wahpeton - \$3.5 million.
3. Authorizes the following major capital construction projects to be financed by **bonding**:

Minot State University - Old Main renovation	\$5,076,000
State Department of Health - East Laboratory addition	2,700,000
Job Service - Bismarck office	2,302,000
<b>Total</b>	<b>\$10,078,000</b>

### STATE EMPLOYEES

1. Provides funding for state employee **salary increases** equal to three percent of salaries for the first year of the biennium and two percent for the second year of the biennium. Agencies may provide an additional one percent salary increase for the second year of the biennium to the extent the increase can be paid with existing agency resources. Annual increases are to be at a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. Funding provided for these increases totals \$39.5 million, \$28.4 million of which is from the general fund. This total includes the \$13.3 million from the general fund pooled in the University System office to be allocated by the State Board of Higher Education to the campuses.
2. Provides \$5.4 million, \$2.7 million of which is from the general fund for **market equity compensation adjustments** for classified state employees, the same amount as provided for the 1999-2001 biennium.
3. Provides \$278,459, \$230,383 of which is from the general fund for salary equity adjustments for **elected and appointed officials** effective January 1, 2002. In addition, the executive budget recommends salary increases of three percent for the first year and two percent for the second year of the biennium for these officials.
4. Provides funding to the judicial branch for increasing **judges' salaries** by approximately 11 percent for the first year of the biennium and two percent for the second year of the biennium.
5. Increases funding in a number of agency budgets to provide **salary or market equity compensation increases** in addition to the three percent and two percent recommended compensation package provided for the first and second year of the biennium respectively. Major amounts are provided to the following agencies:
  - a. University System - \$1.1 million from the general fund.
  - b. Department of Corrections and Rehabilitation - \$638,903 from the general fund.
  - c. Department of Transportation - \$1.2 million from the highway fund.
6. Continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$409.09 per month for employee health insurance (an increase of \$59.37 compared to the 1999-2001 premium). A health insurance plan with benefits similar to the plan provided during the 1999-2001 biennium is estimated to require monthly premium payments of \$427 per month; however, because additional out-of-pocket expenses are being

required of state employees relating to deductibles, copayments, and coinsurance, the executive budget anticipates premiums of \$409 per month.

- Includes a total of 11,631.08 FTE positions, 95.16 FTE positions more than the 1999-2001 authorized level. The recommendation includes the addition of 192.00 new FTE positions and the deletion of 96.84 FTE positions. The cost of the 192.00 new FTE positions totals \$16,185,197, \$7,504,215 of which is from the general fund.

### CORRECTIONS

- Adds \$1,505,461 from the general fund for the establishment of a **prerelease center**. The center will be operated on a contract basis and will house up to 50 inmates who are within six months of release. The center will provide counseling, job skills training, cognitive restructuring, and alcohol and drug abuse treatment services.
- Provides \$2,139,284 from the general fund for contracting with the State Hospital for the operation of a **DUI treatment program**. The program will provide treatment services to DUI offenders with three or more offenses and will have a maximum occupancy of 25 inmates.
- Provides \$1,369,655, of which \$1,009,655 is from the general fund, for the operation of the **Tompkins Rehabilitation and Corrections Unit**, an increase of \$288,455 from the amount appropriated for the 1999-2001 biennium. The 1999 Legislative Assembly authorized the program to allow the department to contract with the Stutsman County jail for inmate cells and with the State Hospital for treatment services.
- Provides \$452,000, of which \$313,760 is from the general fund, for the **Last Chance program**, an increase of \$260,000 from the amount appropriated for the 1999-2001 biennium. The 1999 Legislative Assembly authorized the program, which is an eight-bed residential facility providing cognitive restructuring, treatment, and other services to offenders in the Fargo area who would otherwise face revocation of parole or probation status and return to a Department of Corrections and Rehabilitation facility.
- Adds 1 FTE position and \$239,283 from supervision fees collected by the department for the establishment of a **South Central Judicial District drug court**.
- Provides \$6.9 million, of which \$5.31 million is from the general fund, for **capital projects**, a general fund increase of \$3.37 million

from the amount appropriated for the 1999-2001 biennium. The 2001-03 recommendation includes funding for construction of a **food service/multipurpose building** at the Missouri River Correctional Center at a cost of \$1.98 million from the general fund and construction of a **women's unit** at the James River Correctional Center at a cost of \$3.72 million, of which \$2.32 million is from the general fund.

- Provides \$3,013,599, of which \$807,180 is from the general fund, for institutional medical fees and medical, dental, and optical costs due to increased medical costs for the treatment of inmate medical needs.
- Adds \$1,041,067 from the general fund and 22.5 FTE positions for operating the proposed **James River Correctional Center women's unit** for the last nine months of the 2001-03 biennium.
- Adds \$2,437,797 from the general fund and 28 FTE positions for operating the proposed **seriously mentally ill (SMI) unit** at the James River Correctional Center.
- Provides \$2,452,275 from the general fund for housing state inmates at county or out-of-state correctional facilities, an increase of \$639,784 from the amount appropriated for the 1999-2001 biennium.
- Provides \$2.5 million of special funds to be received from the Department of Transportation for producing new license plates for the general issuance recommended in the executive budget for the 2001-03 biennium.

### TECHNOLOGY

- Provides \$35.8 million from the general fund to the Information Technology Department for:

Statewide information technology network	\$11,000,000
Enterprise resource planning system	20,000,000
Prairie Public Television	1,400,000
Geographic information system	1,100,000
Other	2,300,000
<b>Total</b>	<b>\$35,800,000</b>

2. Provides funding for information technology projects and activities in other agencies. Major items include:

		<b>General</b>	<b>Special</b>	<b>Total</b>
Secretary of State	Information technology services and projects	\$350,300		\$350,300
Attorney General	Rewrite of the uniform crime reporting computer system	100,000		100,000
Department of Public Instruction	Development of a student data base	412,500		412,500
North Dakota University System	Technology funding pool for University System equipment, increased technology and network costs, and costs associated with the implementation of the statewide information technology network	6,012,494		6,012,494
Department of Human Services	Health Insurance Portability and Accountability Act (HIPAA) computer system project (includes \$3,870,794 of health care trust funds)		\$8,926,141	8,926,141
	ATM network costs	412,225		412,225
	Computer system enhancements	1,287,681	1,874,033	3,161,714
	Converting to Windows 2000 operating system	249,326	203,994	453,320
	Child support computer system changes	481,589	934,851	1,416,440
	Development of an electronic documents management system	137,024	112,976	250,000
	Integration of the remaining children and family services systems into the comprehensive child welfare information and payment system (CCWIPS)	750,000	750,000	1,500,000
	Subtotal - Department of Human Services	\$3,317,845	\$12,801,995	\$16,119,840
Bank of North Dakota	Development of student loan software		\$1,350,000	\$1,350,000
Department of Economic Development and Finance	Funding relating to an electronic data management system (EDMS) and a geographic information systems (GIS)	\$1,706,244		1,706,244 <sup>1</sup>
Department of Transportation	ATM network costs		129,050	129,050
	Establishment of an electronic document management system (EDMS)		478,865	478,865
	Development of e-commerce applications		182,883	182,883
	Replacement of existing construction automated records system (CARS)		404,400	404,400
	Expansion of highway project development tools		253,760	253,760
	Funding for increased renewal rates for the digital driver's license systems		144,000	144,000
	Replacement of automated driver's license testing system		450,000	450,000
	Subtotal - Department of Transportation		\$2,042,958	\$2,042,958
<b>Total</b>		<b>\$11,899,383</b>	<b>\$16,194,953</b>	<b>\$28,094,336</b>

<sup>1</sup> Estimate based on optional adjustment request - The Office of Management and Budget did not specifically recommend funding for each of these projects but provided \$3.7 million from the general fund for a number of enhancements, including an electronic document management system (EDMS) and a geographic information systems (GIS).

**ECONOMIC DEVELOPMENT -  
GROWING NORTH DAKOTA**

1. Provides a total of \$26.2 million from the general fund for economic development/Growing North Dakota activities, an increase of \$7 million from the 1999-2001 biennium.
2. Major funding increases associated with economic development relate to:
  - a. Increasing funding for the **Department of Economic Development and Finance** by \$6.2 million from the general fund for:
    - (1) Eight new FTE positions (\$951,819).
    - (2) Marketing, electronic data management system (EDMS), geographic information systems (GIS), and research and analysis (\$3,710,515).
    - (3) Manufacturing, extension partnership (\$924,485).
    - (4) Agricultural Products Utilization Commission (\$426,403).
  - b. Increasing funding for Job Service North Dakota by \$750,000 from the general fund for **Work Force 2000**. Total funding of approximately \$2 million is provided for Work Force 2000.

**TRANSPORTATION**

1. Increases **motor vehicle registration fees** by \$15 per vehicle per year. This increase is estimated to generate \$20.4 million for the 2001-03 biennium, \$12.9 million of which is deposited in the state highway fund and \$7.5 million of which is distributed to cities and counties.
2. Increases **motor vehicle registration fees** by an additional \$5 for one year with all the proceeds being deposited in the highway fund to provide funding for the cost of a new general license plate issue. This increase is estimated to generate an additional \$3.75 million for the 2001-03 biennium.
3. Includes \$2.5 million of funding received from the asbestos settlement for partial remodeling of the highway building due to the presence of asbestos. The total project is estimated to cost \$8.5 million.
4. Adds \$3.2 million of special funds for a **new license plate issue**.
5. Reduces funding from the highway fund by \$703,422 for anticipated vacancies and to reduce overtime.

6. Increases funding by \$4.5 million of special funds for motor pool rate increases.
7. Increases funding for **highway construction** by \$78.5 million, \$21.9 million of which is from the highway fund. The executive budget provides \$451.2 million for highway construction, \$363.2 million of which is from federal funds and \$88 million from the highway fund.
8. Authorizes the department to obtain a Bank of North Dakota loan for matching **federal emergency relief funds** and to repay the loan by the end of the biennium by requesting a deficiency appropriation.

**OTHER**

1. Increases funding by \$10 million from the general fund for the judicial branch for **clerk of court unification** costs.
2. Repeals NDCC Section 57-06-17.2 which would have required the State Treasurer to make payments in lieu of taxes to counties providing a property tax exemption on carbon dioxide pipeline property. These payments were estimated to total \$900,000 for the 1999-2001 biennium and \$2.2 million for the 2001-03 biennium. The bill (House Bill No. 1121), as introduced, does not appear to address the March 2001 payment.
3. Appropriates \$5 million from the **community health trust fund** for the following programs in the State Department of Health:

Healthy schools	\$2,000,000
Healthy families	2,000,000
Healthy communities	1,000,000
<b>Total</b>	<b>\$5,000,000</b>

4. Increases funding for **ethanol incentives** by \$1 million from the highway tax distribution fund, from \$1.5 million to \$2.5 million.
5. Provides \$2 million from the general fund to the Agricultural Experiment Station, NDSU Extension Service, and Northern Crops Institute for core programs.
6. Appropriates \$3 million from the general fund for **Lewis and Clark Bicentennial** related funding in the budgets of the State Historical Society, the Council on the Arts, Tourism Department, and the Parks and Recreation Department. The 1999 Legislative Assembly appropriated \$1.5 million for Lewis and Clark Bicentennial related funding.



## MAJOR GENERAL FUND REVENUE CHANGES - 2001-03 EXECUTIVE BUDGET REVENUE FORECAST COMPARED TO 1999-2001 ORIGINAL AND REVISED REVENUE FORECASTS

General Fund Revenue Sources and Beginning Balance	1999-2001 Original Legislative Revenue Forecast	Increase (Decrease) 1999-2001 Revised Forecast Compared to 1999-2001 Original Forecast	1999-2001 Revised Revenue Forecast	Increase (Decrease) 2001-03 Executive Budget Forecast Compared to 1999-2001 Revised Forecast	2001-03 Executive Budget Revenue Forecast	Total Increase (Decrease) 2001-03 Executive Budget Forecast Compared to 1999-2001 Original Forecast
Beginning balance	\$51,768,619 <sup>1</sup>	\$9,345,806	\$61,114,425 <sup>2</sup>	(\$10,598,797)	<b>\$50,515,628</b> <sup>3</sup>	(\$1,252,991)
Sales and use tax	638,197,500	(7,766,453)	630,431,047	35,016,953	<b>665,448,000</b>	27,250,500
Motor vehicle excise tax	104,194,400	1,330,558	105,524,958	(400,958)	<b>105,124,000</b>	929,600
Individual income tax	382,212,520	16,997,804	399,210,324	47,843,676	<b>447,054,000</b>	64,841,480
Corporate income tax	108,223,000	(14,002,999)	94,220,001	8,614,999	<b>102,835,000</b>	(5,388,000)
Insurance premium tax	35,830,000	3,064,000	38,894,000	1,106,000	<b>40,000,000</b>	4,170,000
Cigarette and tobacco tax	42,544,000	(645,266)	41,898,734	(2,720,734)	<b>39,178,000</b>	(3,366,000)
Oil and gas production tax	22,817,000	15,397,430	38,214,430 <sup>4</sup>	74,570 <sup>4</sup>	<b>38,289,000</b> <sup>4</sup>	15,472,000 <sup>4</sup>
Oil extraction tax	13,885,000	9,900,570	23,785,570 <sup>4</sup>	(74,570) <sup>4</sup>	<b>23,711,000</b> <sup>4</sup>	9,826,000 <sup>4</sup>
Coal severance tax	22,346,000	288,459	22,634,459	68,541	<b>22,703,000</b>	357,000
Coal conversion tax	24,555,000	450,737	25,005,737	243,263	<b>25,249,000</b>	694,000
Departmental collections	39,102,394	939,000	40,041,394	(6,124,394)	<b>33,917,000</b>	(5,185,394)
Transfer - Bank of North Dakota	50,000,000		50,000,000		<b>50,000,000</b>	
Other	69,681,961	8,959,759	78,641,720	(1,696,057)	<b>76,945,663</b> <sup>5</sup>	7,263,702
<b>Total general fund revenues and beginning balance</b>	<b><u>\$1,605,357,394</u></b>	<b><u>\$44,259,405</u></b>	<b><u>\$1,649,616,799</u></b>	<b><u>\$71,352,492</u></b>	<b><u>\$1,720,969,291</u></b>	<b><u>\$115,611,897</u></b>

<sup>1</sup> Original estimate for the July 1, 1999, balance.

<sup>2</sup> Actual July 1, 1999, balance.

<sup>3</sup> Estimated July 1, 2001, balance - The executive budget recommendation assumes a July 1, 2001, beginning general fund balance of \$50.5 million, based on adjusted 1999-2001 appropriation authority of \$1,599,101,171 (legislative appropriations of \$1,594,038,538, less emergency appropriations of \$4,452,065 spent during the 1997-99 biennium, less estimated state agency turnback of \$9,662,410, plus recommended deficiency appropriations of \$19,177,108) and the revised 1999-2001 general fund revenue forecast of \$1,649,616,799.

<sup>4</sup> North Dakota Century Code Section 57-51.1-07.2 provides that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceed \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. Moneys in the permanent oil tax trust fund may only be spent upon approval of two-thirds of the members elect of each house of the Legislative Assembly.

Total oil and gas tax collections are estimated to be \$71.7 million during the 1999-2001 biennium, resulting in \$9.7 million being transferred to the permanent oil tax trust fund. Total oil and gas tax collections are estimated to be \$69.2 million during the 2001-03 biennium, resulting in \$7.2 million being transferred to the permanent oil tax trust fund at the end of that biennium.

<sup>15</sup> The 2001-03 biennium executive budget recommendation includes transfers of \$6 million from the Mill and Elevator, \$3 million more than authorized for the 1999-2001 biennium; \$3,545,102 from the lands and minerals trust fund, \$545,102 more than authorized for the 1999-2001 biennium; \$300,000 from the financial institutions regulatory fund, \$100,000 more than authorized for the 1999-2001 biennium; and \$2.7 million from the sale of loans in the developmental disabilities revolving loan fund.

The 1999 Legislative Assembly authorized the sale of loans from the developmental disabilities revolving loan fund as may be necessary to achieve the end of biennium general fund balance of \$11.3 million estimated by the Legislative Assembly. Current projections included in the 2001-03 executive budget recommendation provide for a June 30, 2001, balance of \$50.5 million. Consequently, no loans are anticipated to be sold during the 1999-2001 biennium.

## GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2001-03 executive budget to the 1999-2001 appropriations approved by the 1999 Legislative Assembly and lists major changes:

	1999-2001 Legislative Appropriations	Increase (Decrease) From 1999-2001	2001-03 Executive Budget
General fund appropriations	<u>\$1,594,038,538</u> <sup>1</sup>	<u>\$112,260,570</u>	<u>\$1,706,299,108</u>
Major changes include:			
Recommended salary and health insurance increase		\$24,964,695	
Information Technology Department		35,393,354	
Higher Education		33,507,927	
Department of Corrections and Rehabilitation		20,222,788	
Judicial branch		12,232,663	
Department of Economic Development and Finance		6,031,866	
Department of Public Instruction		3,646,959	
Highway Patrol		2,424,122	
Experiment Station/Extension Service		2,159,479	
Lewis and Clark bicentennial		1,477,056	
State Water Commission		(9,208,348)	
Department of Human Services		(13,537,205)	
Industrial Commission		(13,545,651)	
Other net changes		6,490,865	
Total		<u>\$112,260,570</u>	

<sup>1</sup> Includes contingent appropriations of \$4,262,410 for service payments for elderly and disabled (SPED) and \$60,000 for a traumatic brain-injured (TBI) facility in western North Dakota. These are not expected to be spent.

Key recommendations affecting 2001-03 general fund appropriations include:

1. The executive budget recommends funding for state employee salary increases equal to three percent of salaries for the first year of the biennium and two percent of salaries for the second year. Annual increases are to be at a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. The general fund portion of the executive budget salary package is \$15.1 million. See "State Employees" section for additional information on state employee salary increases.
2. The executive budget recommends funding for state employee health insurance increases. The general fund portion of the health insurance increase is \$9.9 million. See "State Employees" section for additional information on state employee health insurance.

3. In the Information Technology Department, \$20 million is added for the purchase and implementation of an enterprise resource planning (ERP) system which will support all financial and administrative functions of state government, higher education, and public education, and \$11 million is added for implementation of the statewide information technology network, including \$3.5 million for Educational Telecommunications Council grants previously appropriated to the Department of Public Instruction.
4. For higher education, the executive budget recommends \$19.4 million for equity and special needs, including \$13.3 million for the recommended compensation plan salary increases, \$6 million for technology enhancements, and \$11.3 million for capital construction bond payments (previously funded in the Industrial Commission). See "Higher Education" section for additional information.
5. For the Department of Corrections and Rehabilitation, the executive budget recommends funding to construct (\$2.32 million) and operate (\$1.04 million) a women's unit at James River Correctional Center (JRCC), establish and operate a seriously mentally ill unit at JRCC (\$2.44 million), contract with the State Hospital for operation of a DUI treatment program (\$2.1 million), construct a food service building at Missouri River Correctional Center (\$1.98 million), and operate a "prerelease center" (\$1.5 million).
6. The judicial branch budget recommendation includes \$10.7 million for the costs associated with clerk of district court functions.
7. In the Department of Economic Development and Finance, the executive budget recommends \$4.85 million for eight new FTEs and increases in operating and equipment, and \$950,000 for the manufacturing extension partnership.
8. For the Department of Public Instruction, the executive budget recommends increasing the funding for foundation aid by \$6.5 million, increasing the funding for special education aid by \$4.66 million, and decreasing the funding for technology grants distributed by the Educational Telecommunications Council from \$6 million to \$3.5 million and transferring the appropriation to the Information Technology Department.
9. The executive budget provides for an increase of \$2.8 million in the portion of the funding for the Highway Patrol from the general fund rather than the highway fund.
10. The executive budget recommends funding of \$2 million to the Agricultural Experiment Station and NDSU Extension Service for core programs.
11. The executive budget recommends funding related to the Lewis and Clark bicentennial of \$2,995,096. This is an increase of \$1,477,056 from the 1999-2001 biennium, including increases for the State Historical Society (\$467,499), Council on the Arts (\$149,948), Tourism Department (\$531,868), and Parks and Recreation Department (\$327,741).
12. For the State Water Commission, the agency's general fund appropriation for current operations of \$9.3 million is replaced with funding from the water development trust fund.
13. For the Department of Human Services, the executive budget provides funding of \$25 million from the health care trust fund to replace funding from the general fund for medical assistance state matching funds.

14. The executive budget recommends funding of \$15.8 million for general fund lease payments in individual agency budgets rather than the Industrial Commission's budget.

## SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2001-03 executive budget to the 1999-2001 appropriations approved by the 1999 Legislative Assembly and lists major special funds sources and changes:

	<b>1999-2001 Legislative Appropriations</b>	<b>Increase (Decrease) From 1999-2001</b>	<b>2001-03 Executive Budget</b>
All funds appropriations	\$4,809,337,839	(\$132,946,379)	\$4,676,391,460 <sup>1</sup>
Less general fund appropriations	<u>1,594,038,538</u>	<u>112,260,570</u>	<u>1,706,299,108</u>
Total special funds appropriations	<u><u>\$3,215,299,301</u></u>	<u><u>(\$245,206,949)</u></u>	<u><u>\$2,970,092,352</u></u> <sup>1</sup>
Major special funds sources and changes include:			
Federal funds	\$1,677,096,129 <sup>2</sup>	\$218,177,824	\$1,895,273,953
Higher education tuition income	159,495,220	(159,495,220)	0
Higher education local funds	523,858,540	(523,858,540)	0
Department of Human Services	87,067,107	43,495,594	130,562,701
Department of Transportation	267,959,820	43,269,606	311,229,426
Industrial Commission	13,568,643	21,811,347	35,379,990
Information Technology Department	49,409,557	21,775,530	71,185,087
Department of Public Instruction	58,197,007	14,675,252	72,872,259
State Department of Health	5,056,976	7,971,864	13,028,840
State Water Commission	109,266,556	4,093,328	113,359,884
Game and Fish Department	17,808,813	3,908,012	21,716,825
Bank of North Dakota	27,334,753	3,446,114	30,780,867
Other	219,180,180	55,522,340	274,702,520
Total	<u><u>\$3,215,299,301</u></u>	<u><u>(\$245,206,949)</u></u>	<u><u>\$2,970,092,352</u></u>

<sup>1</sup> The amount shown reflects an adjustment to the special fund appropriation for the Children's Services Coordinating Committee of (\$3,950) and special fund appropriations of \$1 million for ethanol production incentives and \$575,192 for the Quality Schools Commission which were not reflected in the Office of Management and Budget's total 2001-03 executive budget summary all funds recommendation amounts but were included in bills introduced by the Office of Management and Budget.

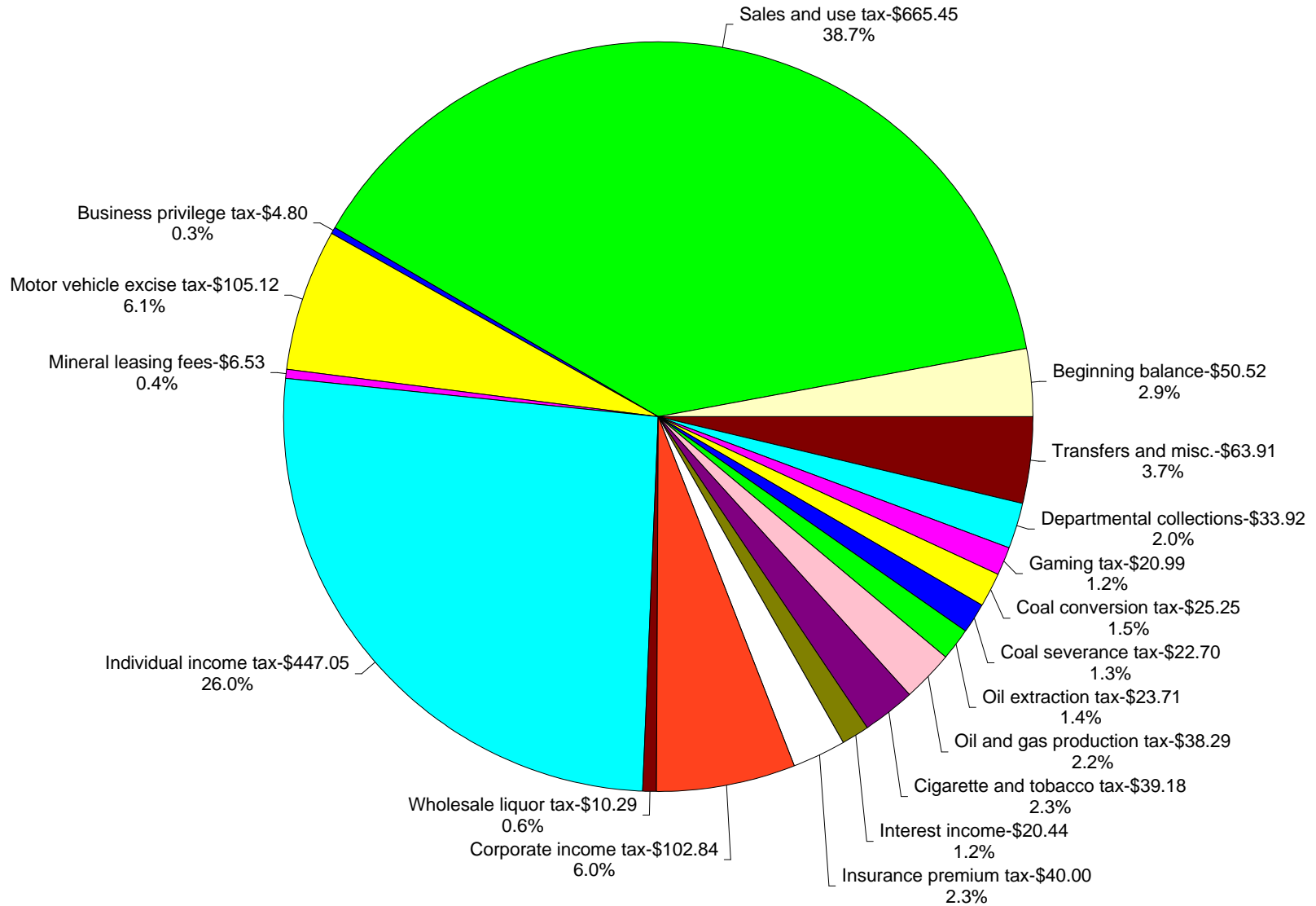
<sup>2</sup> The amount shown is the total federal funds appropriated by the Legislative Assembly as reported by state agencies on a survey for the Budget Section completed in October 2000.

Key recommendations affecting 2001-03 special funds appropriations include:

1. The executive budget recommends a federal fund increase of \$218.2 million, including an increase of \$81.8 million for the Department of Human Services and \$38.1 million for the Department of Transportation.
2. For higher education, the 2001-03 executive budget recommends removing tuition income and local funds from the appropriation process. The total amount of tuition income and local funds appropriated for the 1999-2001 biennium was \$159,495,220 and \$523,858,540, respectively.
3. The executive budget recommends \$37.9 million from the health care trust fund to the Department of Human Services for medical services programs, the service payments for elderly and disabled (SPED) program, implementation of the Health Insurance Portability and Accountability Act (HIPAA), nursing facility grants and loans, closing of the State Hospital landfill, a long-term care needs assessment, and administrative costs.
4. At the State Hospital, the executive budget recommends \$2.1 million of collections from the Department of Corrections and Rehabilitation for DUI offender treatment services provided to corrections inmates at the State Hospital.
5. In the Department of Transportation, the executive budget recommends:
  - \$3.2 million from the highway fund for a new license plate issue.
  - An additional \$21.9 million from the highway fund for matching additional federal highway construction funds.
  - An additional \$4.5 million from the Fleet Services fund for Fleet Services.
6. For the Industrial Commission, the executive budget recommends increasing funding for lignite research grants by \$6 million and changing the funding source for Building Authority lease payments from the general fund to special funds to reflect revenue received from agencies (\$16 million). The general fund appropriation is included in the agency appropriations.
7. For the Information Technology Department, the executive budget recommends funding of \$6.7 million for support and development of systems for the Department of Human Services, Tax Department, and the Department of Transportation, \$5 million for implementation of the statewide information technology network, \$3.8 million to allow the department to pay technology-related billings with passthrough dollars from other agencies, and \$2.8 million for contract programming.
8. The executive budget recommends increasing the Department of Public Instruction's appropriation from the state tuition fund by \$13.7 million from \$53.5 million to \$67.2 million.
9. The executive budget recommendation for the State Department of Health includes funding of \$5 million from the community health trust fund for Healthy Schools, Healthy Families, and Healthy Communities programs and \$2.7 million of bond proceeds for an addition to East Laboratory.
10. For the State Water Commission, the executive budget recommends the agency's general fund appropriation of \$9.3 million be replaced with a special fund appropriation of \$9.3 million from the water development trust fund.
11. For the Game and Fish Department, the executive budget recommends funding of \$1.2 million for a new wildlife habitat initiative (coverlocks program), \$950,000 for an aquatic habitat improvement initiative, and \$650,000 to enhance the department's private land habitat programs.
12. For the Bank of North Dakota, the executive budget recommends increasing funding for contingencies by \$1.35 million for internal development of student loan software and operating by \$1 million for software purchases and providing e-commerce and web site access to customers.

# 2001-03 ESTIMATED GENERAL FUND REVENUES

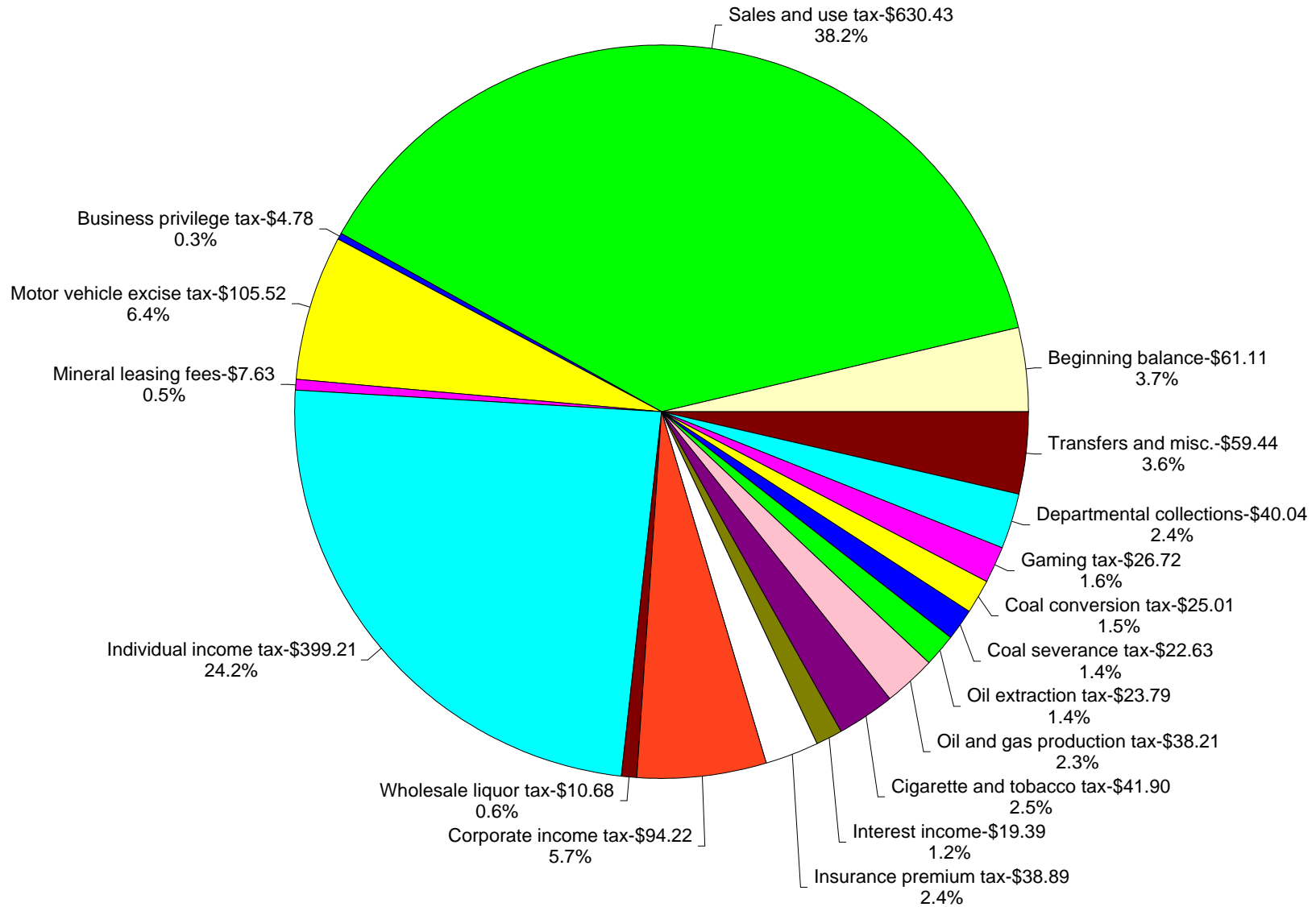
Total 2001-03 Estimated General Fund Revenues - \$1,720.97  
(Amounts shown in millions)





# REVISED 1999-2001 ESTIMATED GENERAL FUND REVENUES

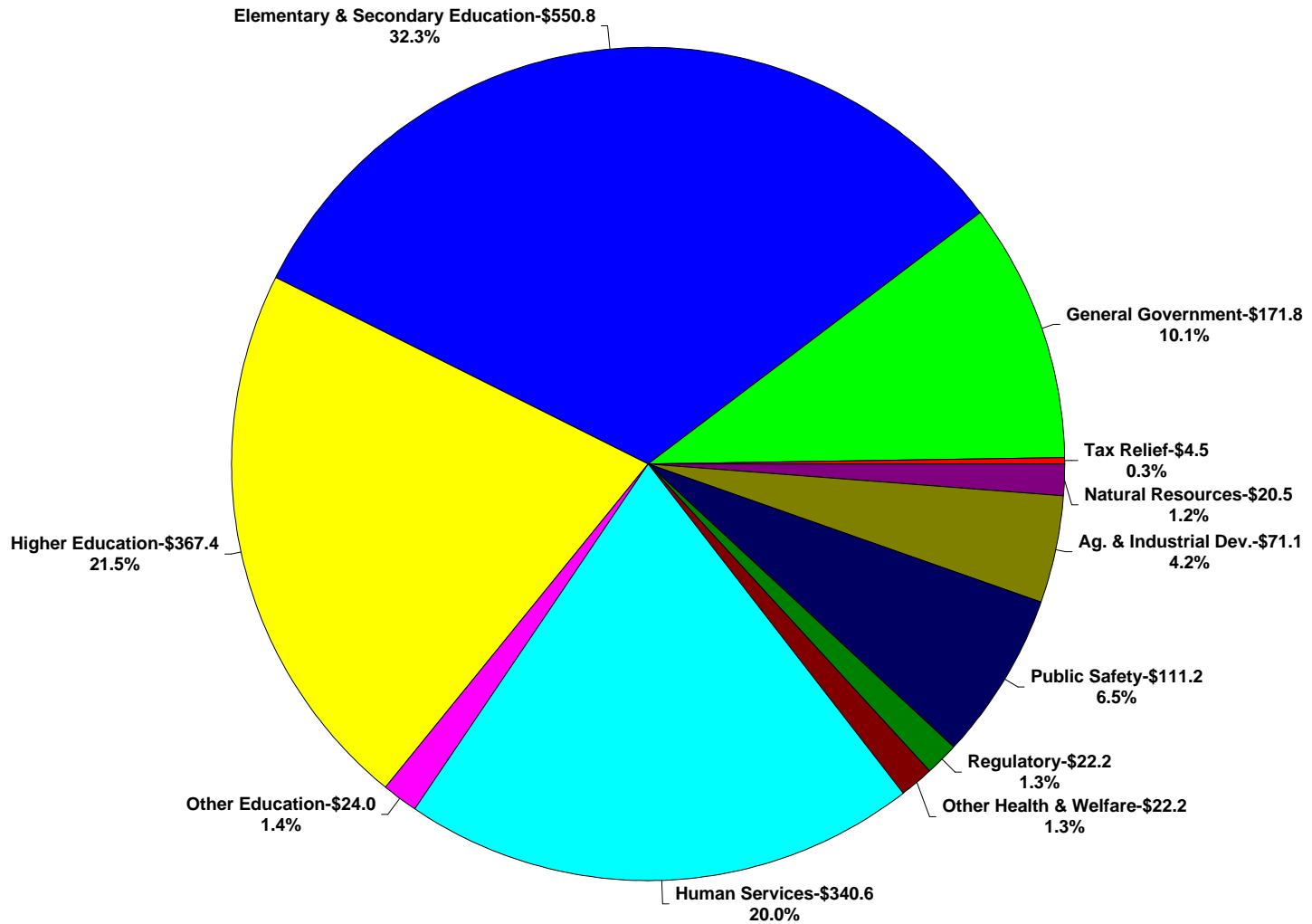
Total Revised 1999-2001 Estimated General Fund Revenues - \$1,649.62  
(Amounts shown in millions)



# 2001-03 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Amounts shown in millions

Total 2001-03 Executive Budget General Fund Recommendation - \$1,706.3

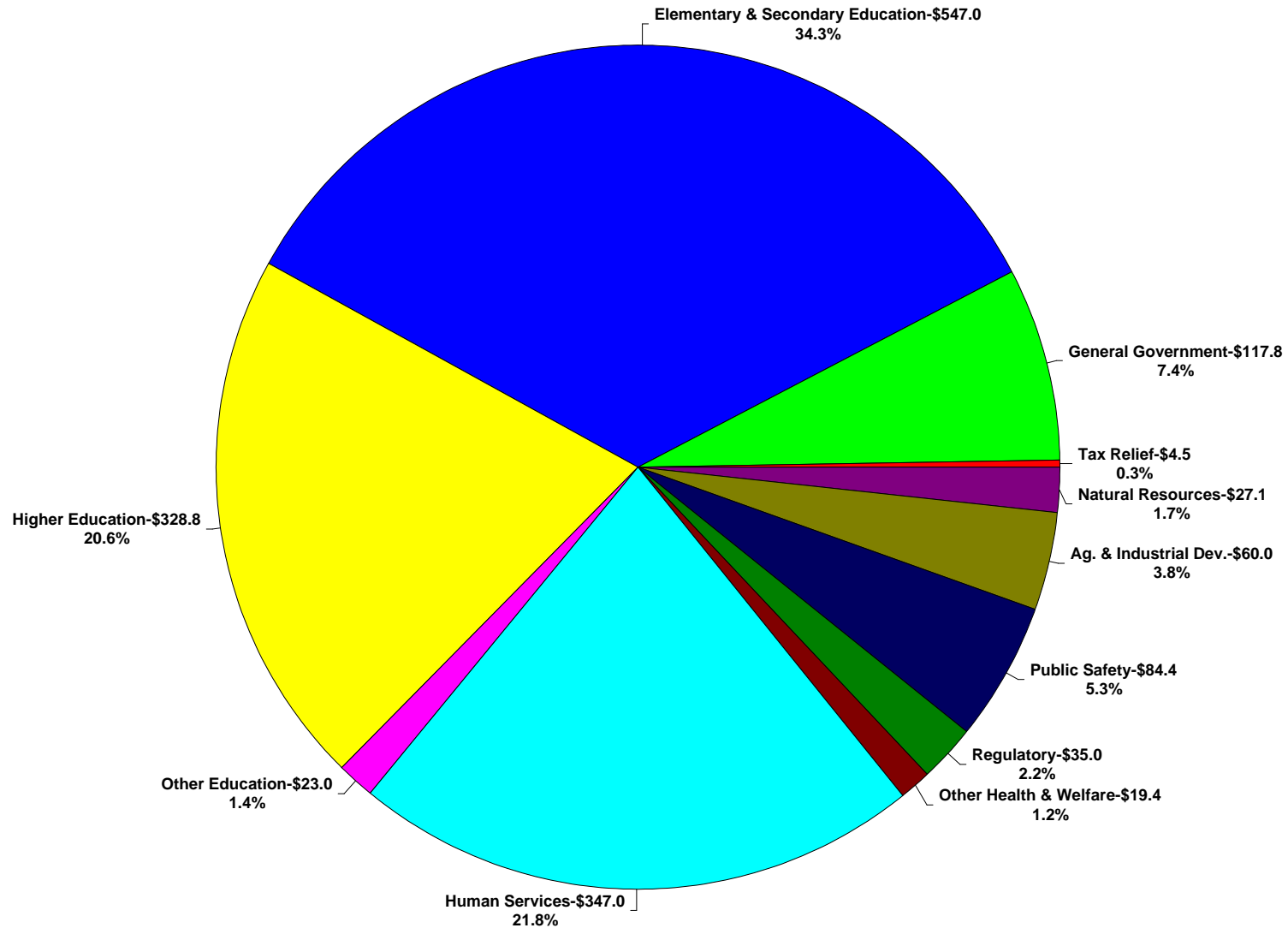


NOTE: The 2001-03 executive budget general fund recommendation includes an appropriation of \$15,786,906 for capital construction lease payments for higher education (\$11,261,502), human services (\$1,659,859), and public welfare (\$2,865,545). In previous bienniums, funding for capital construction lease payments was included in the appropriation for regulatory agencies.

# 1999-2001 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts shown in millions

Total 1999-2001 General Fund Appropriations - \$1,594.0

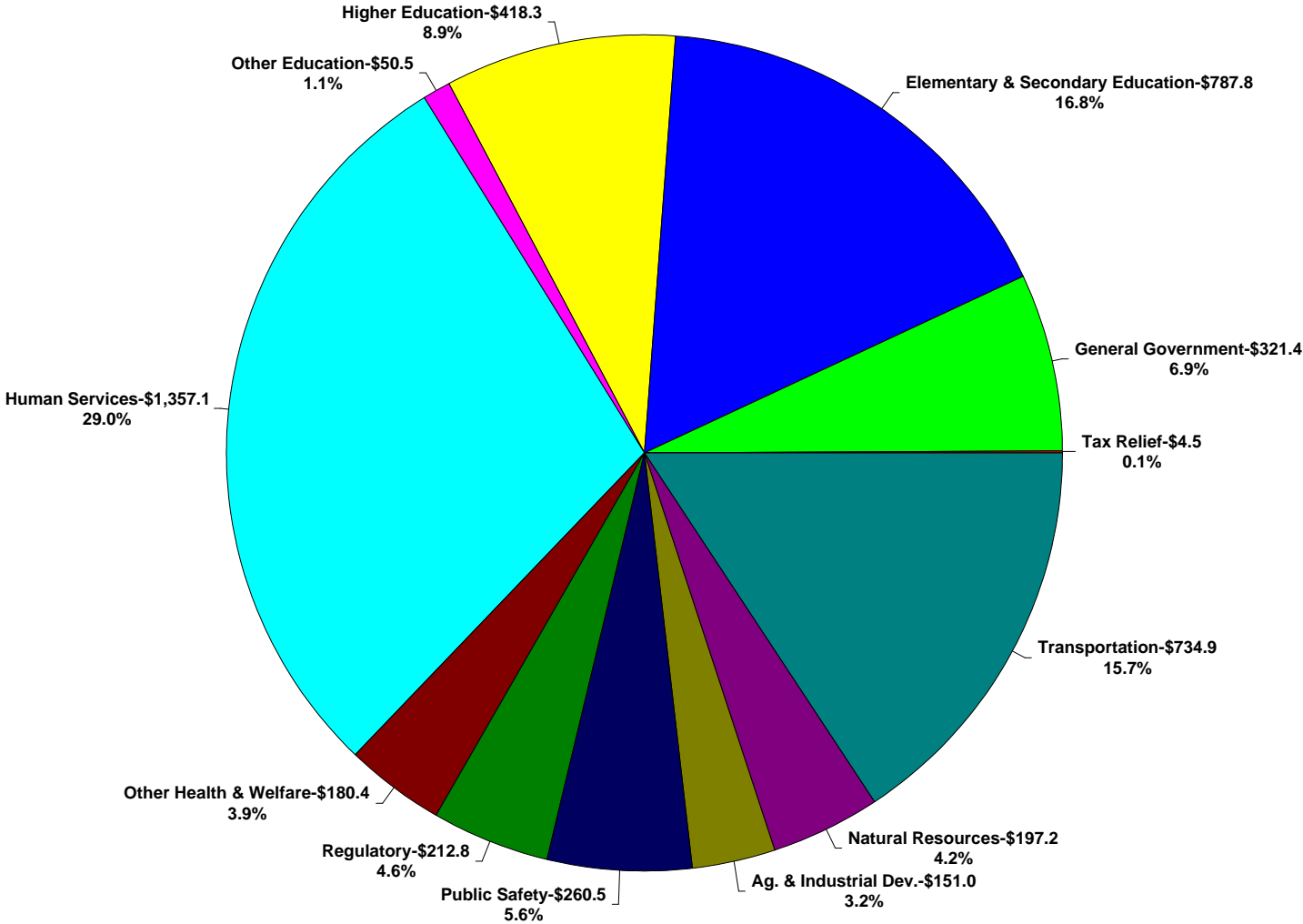


NOTE: The above appropriations include contingent general fund appropriations of \$4,262,410 for service payments to the elderly and disabled and \$60,000 for a traumatic brain-injured facility in western North Dakota. The contingent appropriations are not expected to be spent.

# 2001-03 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Amounts shown in millions

Total 2001-03 Executive Budget All Funds Recommendation - \$4,676.4 \1



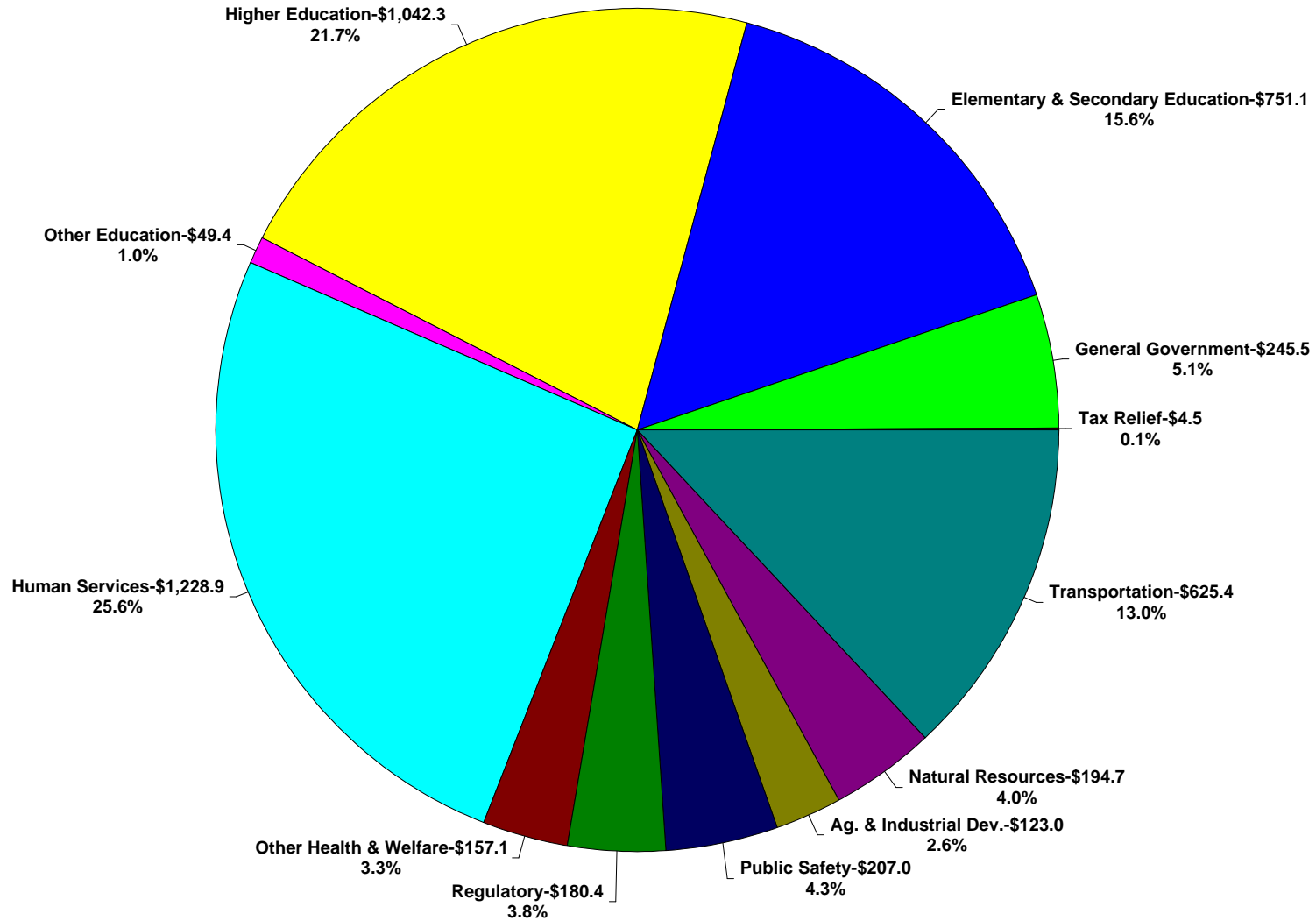
NOTE: The 2001-03 executive budget all funds recommendation of \$418.3 million for higher education excludes \$177.7 million of estimated income and \$578.1 million of local funds that are not recommended to be appropriated for the 2001-03 biennium.

\1 The amount shown includes special fund appropriations of \$1 million for ethanol production incentives and \$575,192 for the Quality Schools Commission which were not reflected in the Office of Management and Budget's total 2001-03 executive budget all funds recommendation amounts but were included in bills introduced by the Office of Management and Budget.

# 1999-2001 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts shown in millions

Total 1999-2001 All Funds Appropriations - \$4,809.3



NOTE: The amounts shown include \$160.3 million of estimated income (tuition) and \$523.9 million of local funds appropriated to the institutions of higher education for the 1999-2001 biennium. These funds are not specifically appropriated in the executive budget recommendation for the 2001-03 biennium.

## EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations, elected officials salary increases, and capital construction bonding proposals, the following recommendations included in the executive budget require legislation by the 2001 Legislative Assembly:

### FUNDING TRANSFERS

1. Provides for transfers from Bank of North Dakota profits to the general fund of \$50 million, the same amount projected to be transferred for the 1999-2001 biennium. The transfers may not reduce the Bank's capital structure below \$100 million (Section 11 of 2001 House Bill No. 1015). The Bank's capital at the end of the 2001-03 biennium after the \$50 million transfer is made is projected to be \$182.5 million.
2. Provides for transfers from Bank of North Dakota profits to the general fund in addition to the transfer discussed in No. 1 above, of up to \$25 million if revised revenue projections during the 2001-03 biennium indicate that general fund revenues will be less than the estimates approved by the 2001 Legislative Assembly. The transfers may not exceed the actual amount that revenues are less than estimated and the transfers may not reduce the Bank's capital structure below \$100 million (Section 12 of 2001 House Bill No. 1015). The 1999 Legislative Assembly provided for additional contingent transfers from the Bank of up to \$40 million or the revenue shortfall of actual collections compared to the original legislative forecast. That contingent transfer could not be made before July 1, 2000, and may only be made to the extent that the transfer is needed to achieve a projected June 30, 2001, general fund balance of \$10 million.
3. Provides for transfers from Mill and Elevator profits to the general fund of \$6 million, \$3 million more than the \$3 million transfer authorized for the 1999-2001 biennium (Section 9 of 2001 Senate Bill No. 2015).
4. Requires the Department of Human Services, at the request of the director of the Office of Management and Budget, to sell loans in the developmental disabilities revolving loan fund No. 1 established under North Dakota Century Code ( NDCC) Chapter 6-09.6 to the Bank of North Dakota in order to generate general fund revenues of up to \$2.7 million (Section 9 of 2001 House Bill No. 1015). These

revenues are included in the 2001-03 executive budget revenue forecast. The 1999 Legislative Assembly authorized the Office of Management and Budget to direct the Department of Human Services to sell these loans to the Bank of North Dakota during the last six months of the 1999-2001 biennium to the extent necessary to maintain the projected ending general fund balance of \$11.3 million. The sale was estimated to generate \$2,150,000. These loans are not expected to be sold during the 1999-2001 biennium.

5. Provides for a transfer of \$3,545,102, \$545,102 more than the transfer authorized for the 1999-2001 biennium, from the lands and minerals trust fund to the general fund (Section 8 of 2001 House Bill No. 1015).
6. Provides for a transfer of \$300,000, \$100,000 more than the transfer authorized for the 1999-2001 biennium, from the financial institutions regulatory fund to the general fund (Section 8 of 2001 House Bill No. 1015).

### ELEMENTARY EDUCATION

1. Increases per student payments from \$2,230 being provided for the second year of the 1999-2001 biennium to \$2,323 for the first year of the 2001-03 biennium and \$2,420 for the second year of the 2001-03 biennium (2001 House Bill No. 1146).
2. Adjusts the weighting factors for calculating per student state aid payments to school districts from the current level of 75 percent of the five-year average to 85 percent for the first year of the 2001-03 biennium and to 100 percent for the second year of the 2001-03 biennium (2001 House Bill No. 1145).
3. Establishes a quality schools commission for studying the provision of education in public schools and appropriates \$575,192 of special funds for operating costs of the commission (2001 House Bill No. 1157). 2001 House Bill No. 1013 includes an appropriation to the Department of Public Instruction of \$575,192 from the general fund to provide as a grant to this commission.
4. Requires the Board of University and School Lands to distribute all investment income relating to the tobacco settlement proceeds deposited in the common schools trust fund during the 2001-03 biennium. (The appropriation in 2001 House Bill No. 1013 reflects

this recommendation, but no other provisions are included to direct the board to take this action.)

5. Removes funding for membership dues for the Education Commission on the States (2001 House Bill No. 1013). The executive budget is not, however, recommending that the related statute (NDCC Chapter 15.1-04) be removed or that the state withdraw from the commission.

### **HIGHER EDUCATION**

1. Eliminates specific appropriations for tuition (\$177.7 million) and local funds (\$578.1 million) at the institutions of higher education (2001 Senate Bill No. 2003).
2. Appropriates funding for each higher education institution in two line items--operations and capital assets (2001 Senate Bill No. 2003).

### **HUMAN SERVICES**

1. Continues the intergovernmental transfer program established by 1999 Senate Bill No. 2168 that allows the Department of Human Services to make government nursing facility funding pool payments to access additional federal Medicaid funding that is deposited in the health care trust fund (2001 House Bill No. 1179).

### **POLITICAL SUBDIVISIONS**

1. Repeals NDCC Section 57-06-17.2, which would have required the State Treasurer to make payments in lieu of taxes to counties that are providing a property tax exemption on carbon dioxide pipeline property under NDCC Section 57-06-17.1 (2001 House Bill No. 1121). Without this change, the State Treasurer would have paid to these counties an estimated \$900,000 by March 2001 and \$2.2 million during the 2001-03 biennium. House Bill No. 1121, as introduced, does not appear to address the March 2001 payment.

### **WATER COMMISSION**

1. Continues authorization of bonding included in 1999 Senate Bill No. 2188 and authorizes an additional \$30.8 million of bonding for flood control and water development projects (2001 House Bill No. 1023). The bill limits the total amount that may be bonded during the 2001-03 biennium to \$62.3 million. In addition, the bill allows the State Water Commission to either sell bonds or use funds available in the water development trust fund of up to \$28.6 million for the flood control or water development projects.

2. Allows moneys in the water development trust fund to be used for defraying the expenses of the State Water Commission (Section 9 of 2001 House Bill No. 1023).
3. Authorizes the State Water Commission to sell its maintenance shop property in Bismarck and use the proceeds to purchase land and construct a new maintenance shop (Sections 7 and 9 of 2001 House Bill No. 1023).

### **HIGHWAY FUNDING**

1. Increases motor vehicle registration fees by \$15 per vehicle per year (2001 Senate Bill No. 2159). This increase is estimated to generate \$20.4 million, \$12.9 million of which is deposited in the state highway fund and \$7.5 million of which is distributed to cities and counties.
2. Increases motor vehicle registration fees by \$5 per vehicle for one year to provide funding necessary for a new license plate issue. This increase is estimated to generate \$3,750,000 for the 2001-03 biennium. (As of December 21, 2000, a bill to make this change has not been introduced.)
3. Authorizes the Department of Transportation to borrow funds from the Bank of North Dakota to match federal emergency relief funds that may become available for highway projects (2001 Senate Bill No. 2112).

### **ETHANOL**

1. Extends by two years, the one-cent motor vehicle fuel tax refund reduction used to generate a portion of the revenues designated for ethanol incentive payments from December 31, 2001, to December 31, 2003 (Section 9 of 2001 Senate Bill No. 2019).
2. Extends the number of years an ethanol plant may receive a production incentive from the state from 12 to 14 years. After 2009, the state may not provide production incentives to any ethanol plant (Section 11 of 2001 Senate Bill No. 2019).
3. Provides that an ethanol plant that was in operation before July 1, 1995, and has a production capacity of fewer than 15 million gallons of ethanol may receive up to \$850,000 of production incentives each year and an ethanol plant that was in operation before July 1, 1995, and has a production capacity of 15 million gallons or more and any ethanol plant that begins operation after June 30, 1995, may equally share in up to \$400,000 of production incentives each year.

## FEDERAL FUNDS

### COMPARISON OF 1999-2001 ESTIMATES AND 2001-03 EXECUTIVE RECOMMENDATION

Agency	1999-2001 Appropriation <sup>1</sup>	1999-2001 Current Estimate <sup>1</sup>	2001-03 Executive Budget	2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Current Estimate	2001-03 Executive Budget Percent Increase (Decrease) Compared to 1999-2001 Current Estimate
Office of Management and Budget	\$36,236,396	\$34,707,085	\$34,530,541	(\$176,544)	(0.5%)
Attorney General	12,852,255	12,926,838	13,706,238	779,400	6.0%
Department of Public Instruction	145,940,864	149,603,827	164,145,196	14,541,369 <sup>12</sup>	9.7% <sup>12</sup>
State Board for Vocational and Technical Education	15,519,651	15,271,159	14,764,961	(506,198)	(3.3%)
State Department of Health	65,734,625	67,192,725	71,175,118	3,982,393 <sup>13</sup>	5.9% <sup>13</sup>
Department of Human Services	797,880,778	804,147,279	885,991,962	81,844,683 <sup>14</sup>	10.2% <sup>14</sup>
Job Service North Dakota	51,094,430	66,492,053	55,423,184	(11,068,869) <sup>15</sup>	(16.6%) <sup>15</sup>
Aeronautics Commission	11,318,700	1,131,700	11,395,000	10,263,300 <sup>16</sup>	906.9% <sup>16</sup>
Housing Finance Agency	18,465,611	20,129,648	34,376,441	14,246,793 <sup>17</sup>	70.8% <sup>17</sup>
Division of Emergency Management	57,945,798	98,044,260	60,005,584	(38,038,676) <sup>18</sup>	(38.8%) <sup>18</sup>
Department of Corrections and Rehabilitation	10,358,424	12,416,898	12,776,659	359,761	2.9%
Adjutant General	17,869,052	18,369,052	30,682,485	12,313,433 <sup>19</sup>	67.0% <sup>19</sup>
Game and Fish Department	12,724,639	12,724,639	13,002,816	278,177	2.2%
State Water Commission	20,969,365	2,085,713	14,285,124	12,199,411 <sup>10</sup>	584.9% <sup>10</sup>
Department of Transportation	359,188,000	385,630,865	423,695,028	38,064,163 <sup>11</sup>	9.9% <sup>11</sup>
All other agencies and institutions	42,997,541	46,214,191	55,317,616	9,103,425	19.7%
<b>Total</b>	<u>\$1,677,096,129</u>	<u>\$1,747,087,932</u>	<u>\$1,895,273,953</u>	<u>\$148,186,021</u>	<u>8.5%</u>

<sup>1</sup> 1999-2001 appropriation and 1999-2001 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in October 2000 for the Budget Section of the Legislative Council.

<sup>12</sup> **Department of Public Instruction - \$14,541,369 increase**

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

Reading excellence (from a new grant program anticipated to be available)	\$3,775,000
Science assessment (from a new grant program anticipated to be available)	\$1,709,982
Special education - State improvement grant (from \$500,000 in 1999-2001 to \$1,000,000 in 2001-03)	\$500,000
Special education grants to states (from \$18,550,000 in 1999-2001 to \$24,108,106 in 2001-03)	\$5,558,106
Arts in education (from a new program anticipated to be available)	\$692,900



Adult education (from \$2,247,863 in 1999-2001 to \$2,911,234 in 2001-03)	\$663,371
<b><sup>13</sup> State Department of Health - \$3,982,393 increase</b>	
The increase is primarily attributable to anticipated increases in the following programs:	
Leaking underground tanks program (from \$1,888,690 in 1999-2001 to \$2,500,000 in 2001-03)	\$611,310
Drinking water state revolving fund (from \$400,000 in 1999-2001 to \$992,000 in 2001-03)	\$592,000
Nonpoint source implementation grant (from \$5,360,000 in 1999-2001 to \$8,000,000 in 2001-03)	\$2,640,000
<b><sup>14</sup> Department of Human Services - \$81,844,683 increase</b>	
The increase is primarily attributable to anticipated changes in funding for the following programs:	
Medical assistance (from \$563,220,215 in 1999-2001 to \$586,504,422 in 2001-03)	\$23,284,207
Food stamps (from \$49,848,000 in 1999-2001 to \$63,238,832 in 2001-03)	\$13,390,832
Temporary assistance for needy families (TANF) (from \$46,118,244 in 1999-2001 to \$52,199,409 in 2001-03)	\$6,081,165
Children's health insurance program/Healthy Steps (from \$3,069,048 in 1999-2001 to \$7,031,005 in 2001-03)	\$3,961,957
Children's mental health/Partnership project (from \$3,660,596 in 1999-2001 to \$0 in 2001-03)	(\$3,660,596)
Vocational rehabilitation (from \$16,938,849 in 1999-2001 to \$20,275,230 in 2001-03)	\$3,336,381
Low-income home energy assistance (LIHEAP) (from \$12,604,467 in 1999-2001 to \$14,540,937 in 2001-03)	\$1,936,470
Child care and development (from \$8,290,340 in 1999-2001 to \$10,105,089 in 2001-03)	\$1,814,749
<b><sup>15</sup> Job Service North Dakota - \$11,068,869 decrease</b>	
The decrease is primarily attributable to anticipated changes in the following programs:	
Unemployment insurance (from \$27,017,340 in 1999-2001 to \$18,321,407 in 2001-03)	(\$8,695,933)
Employment service (from \$15,059,429 in 1999-2001 to \$11,365,282 in 2001-03)	(\$3,694,147)
Welfare-to-work (from \$2,761,875 in 1999-2001 to \$0 in 2001-03)	(\$2,761,875)
<b><sup>16</sup> Aeronautics Commission - \$10,263,300 increase</b>	
The increase is primarily attributable to the following new program:	
Airport improvement - Block grant (funding delayed in 1999-2001 but anticipated for 2001-03)	\$10,600,000
<b><sup>17</sup> Housing Finance Agency - \$14,246,793 increase</b>	
The increase is primarily attributable to the following new program:	
Rent supplements for low-income families (from \$15,670,908 in 1999-2001 to \$29,941,459 in 2001-03)	\$14,270,551
<b><sup>18</sup> Division of Emergency Management - \$38,038,676 decrease</b>	
The decrease is primarily attributable to the following program:	
Disaster assistance - Public assistance (from \$92,944,258 in 1999-2001 to \$56,210,172 in 2001-03)	(\$36,734,086)
<b><sup>19</sup> Adjutant General - \$12,313,433 increase</b>	
The increase is primarily attributable to the following program:	
Air and Army Guard contracts (from \$17,169,052 in 1999-2001 to \$30,289,202 in 2001-03)	\$13,120,150

<sup>10</sup> **State Water Commission - \$12,199,411 increase**

The increase is primarily attributable to the following program:

Municipal, rural, and industrial water supply (from \$370,749 in 1999-2001 to \$11,804,519 in 2001-03) \$11,433,770

<sup>11</sup> **Department of Transportation - \$38,064,163 increase**

The increase is primarily attributable to anticipated changes in funding for the following programs:

Highway planning and construction (increase from \$348.1 million in 1999-2001 to \$400.8 million in 2001-03) \$52,700,000

Emergency relief funding (decrease from \$26.4 million in 1999-2001 to \$0 in 2001-03) (\$26,400,000)

## GROWING NORTH DAKOTA GENERAL FUND APPROPRIATION

	1999-2001 Appropriation	2001-03 Executive Recommendation	Increase (Decrease)
Department of Economic Development and Finance - SB 2019			
Operating costs	\$4,211,876	\$10,157,297	\$5,945,421
Grants	1,868,061	1,673,292	(194,769)
North Dakota Development Fund	750,000	750,000	0
Agricultural Products Utilization	983,865	1,433,900	450,035
Total	<u>\$7,813,802</u>	<u>\$14,014,489</u>	<u>\$6,200,687</u>
Agriculture Department - HB 1009			
Pride of Dakota	\$151,516	\$155,064	\$3,548
Agricultural Mediation	173,623	173,623	0
Total	<u>\$325,139</u>	<u>\$328,687</u>	<u>\$3,548</u>
Board for Vocational and Technical Education - SB 2020			
Farm management program	\$525,760	\$525,760	\$0
Work force training contracts	875,000	875,000	0
Total	<u>\$1,400,760</u>	<u>\$1,400,760</u>	<u>\$0</u>
Job Service - SB 2017			
Work Force 2000	<u>\$1,250,000</u>	<u>\$2,000,356</u>	<u>\$750,356</u>
Bank of North Dakota - SB 2015			
PACE	\$6,000,000 *	\$6,000,000	\$0
Ag PACE	1,500,000	1,500,000	0
Beginning farmer loan program	1,000,000	1,000,000	0
Total	<u>\$8,500,000</u>	<u>\$8,500,000</u>	<u>\$0</u>
Total Growing North Dakota	<u><u>\$19,289,701</u></u>	<u><u>\$26,244,292</u></u>	<u><u>\$6,954,591</u></u>

\* Of the \$6 million appropriated for PACE, \$500,000 is designated for technology PACE.

## HISTORIC GENERAL FUND APPROPRIATIONS AND END-OF-BIENNIUM BALANCES

Biennium	General Fund Appropriations (In Millions)\1	End-of-Biennium General Fund Balance (In Millions)	General Fund Balance as a Percentage of Appropriations
1967-69	\$145.64	\$20.60 \2	14.1%
1969-71	\$183.69	\$25.90 \2	14.1%
1971-73	\$226.26	\$52.50 \2	23.2%
1973-75	\$297.82	\$150.50 \3	50.5%
1975-77	\$442.53	\$208.30 \3	47.1%
1977-79	\$575.07	\$151.00 \3	26.3%
1979-81	\$680.42	\$174.50 \3	25.6%
1981-83	\$910.25	\$43.40 \3	4.8%
1983-85	\$1,017.86	\$150.41 \3	14.8%
1985-87	\$1,134.18	\$18.66 \3	1.6%
1987-89	\$1,058.71	\$40.00 \3,4	3.8%
1989-91	\$1,061.51	\$105.67 \3	10.0%
1991-93	\$1,202.89	\$19.76 \3	1.6%
1993-95	\$1,251.93	\$31.15 \3	2.5%
1995-97	\$1,352.47	\$65.00 \3,5	4.8%
1997-99	\$1,510.75	\$61.11 \3	4.0%
1999-2001	\$1,613.22 \6	\$50.52 (Estimate)	3.1%
2001-03	\$1,706.30 \7	\$14.67 (Estimate)	0.9%

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

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

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

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

- <sup>15</sup> In addition to the amount shown, \$17.1 million was transferred to the budget stabilization fund pursuant to NDCC Section 54-27.2-02, which provided that any amount in excess of \$65 million in the general fund on June 30, 1997, be transferred to the budget stabilization fund. Subsequently, on July 1, 1997, that amount was transferred from the budget stabilization fund to the Bank of North Dakota.
- <sup>16</sup> The amount shown reflects original legislative appropriations of \$1,594.04 million increased by recommended deficiency appropriations of \$19.18 million. The amount shown includes contingent general fund appropriations of \$60,000 for the establishment of a traumatic brain-injured facility in western North Dakota and \$4.26 million for the service payments for elderly and disabled (SPED) program. These contingent appropriations are not anticipated to be spent during the 1999-2001 biennium.
- <sup>17</sup> The amount shown reflects recommended general fund appropriations for the 2001-03 biennium.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL  
SUBDIVISIONS COMPARISON OF 1999-2001 BIENNIUM APPROPRIATIONS AND ALLOCATIONS  
AND 2001-03 BIENNIUM EXECUTIVE RECOMMENDATIONS**

	<b>1999-2001 Appropriations/ Revenue Allocations</b>	<b>2001-03 Executive Recommendation</b>	<b>2001-03 Recommended Increase (Decrease) Compared 1999-2001 Appropriation</b>	<b>2001-03 Recommended Percentage Increase (Decrease) Compared 1999-2001 Appropriation</b>
<b>General fund appropriations</b>				
Foundation aid (including transportation aid)	\$479,006,259	\$485,542,761	\$6,536,502	1.4%
Educational Telecommunications Council grants	6,000,000	3,500,000	(2,500,000)	(41.7%)
Special education	46,600,000	51,260,000	4,660,000	10.0%
Supplemental payments to school districts	3,100,000	3,450,000	350,000	11.3%
Average daily membership and declining enrollment payments	3,500,000	0	(3,500,000)	(100.0%)
Vocational education	9,520,929	9,915,306	394,377	4.1%
School lunch program	1,080,000	1,080,000	0	0.0%
Adult education	900,000	900,000	0	0.0%
Grants to public libraries	888,745	888,745	0	0.0%
Homestead tax credit	4,540,813	4,540,813	0	0.0%
Aid to health districts	1,100,000	1,000,000	(100,000)	(9.1%)
Matching funds to counties and cities for senior citizen programs	1,982,945 <sup>1</sup>	2,382,945 <sup>1</sup>	400,000	20.2%
Indian welfare assistance to counties	121,766	703,972	582,206	478.1%
Boys and girls clubwork	53,000	53,000	0	0.0%
Gaming enforcement grants	221,877	419,591	197,714	89.1%
Soil conservation district grants	580,000	580,000	0	0.0%
Noxious weed control	288,341	184,141	(104,200)	(36.1%)
Grants to airports	550,000	550,000	0	0.0%
Statewide information technology network costs	0	4,148,765 <sup>2</sup>	4,148,765	100.0%
<b>Total general fund</b>	<b>\$560,034,675</b>	<b>\$571,100,039</b>	<b>\$11,065,364</b>	<b>2.0%</b>
Percentage of total general fund appropriations	35.1%	35.4%		
<b>Special fund appropriations and revenue allocations</b>				
State tuition fund distributions	\$53,528,217	\$67,239,025	\$13,710,808	25.6%
Grants for adult education programs (displaced homemaker fund)	237,500	240,000	2,500	1.1%
Noxious weed control	910,555	1,162,695	252,140	27.7%
State aid distribution funds to cities and counties	64,373,550	67,400,000	3,026,450	4.7%
Insurance tax to fire departments (insurance tax distribution fund)	5,200,000	5,200,000	0	0.0%

	1999-2001 Appropriations/ Revenue Allocations	2001-03 Executive Recommendation	2001-03 Recommended Increase (Decrease) Compared 1999-2001 Appropriation	2001-03 Recommended Percentage Increase (Decrease) Compared 1999-2001 Appropriation
Energy development impact grants (oil and gas impact grant fund)	4,888,100	4,888,100	0	0.0%
Grants to airports (Aeronautics Commission special fund collections)	1,570,000	1,820,000	250,000	15.9%
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,654,654	2,068,007	413,353	25.0%
Gas tax and motor vehicle tax allocations	102,967,109 <sup>3</sup>	104,218,421 <sup>5</sup>	1,251,312	1.2%
Coal severance tax allocations	15,663,611 <sup>4</sup>	15,912,388 <sup>5</sup>	248,777	1.6%
Coal conversion tax allocations	6,058,620 <sup>4</sup>	6,058,620 <sup>5</sup>	0	0.0%
Oil and gas gross production tax allocations	20,461,397 <sup>4</sup>	35,944,470 <sup>5</sup>	15,483,073	75.7%
Cigarette tax allocations	2,822,000 <sup>4</sup>	2,569,000 <sup>5</sup>	(253,000)	(9.0%)
<b>Total special fund appropriations and revenue allocations</b>	<u>\$280,335,313</u>	<u>\$314,720,726</u>	<u>\$34,385,413</u>	<u>12.3%</u>
<b>Total major direct assistance to political subdivisions</b>	<u>\$840,369,988</u>	<u>\$885,820,765</u>	<u>\$45,450,777</u>	<u>5.4%</u>

<sup>1</sup> Consists of \$720,000 of state funding to providers and \$1,262,945 for senior mill levy match for the 1999-2001 biennium and \$720,000 of state funding to providers and \$1,662,945 for senior mill levy match in the 2001-03 executive recommendation.

<sup>2</sup> Provides funding of \$4,148,765 for implementation of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of \$3.7 million.

<sup>3</sup> Revised 1999-2001 estimate.

<sup>4</sup> Amounts are based on the March 1999 legislative revenue forecast.

<sup>5</sup> Per 2001-03 executive forecast.

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

Revenue Source	Actual		Estimated		2001-03 Increase (Decrease) Compared to 1999-2001	2001-03 Percentage Increase (Decrease) Compared to 1999-2001
	1995-97 Biennium	1997-99 Biennium	1999-2001 Biennium <sup>1</sup>	2001-03 Biennium <sup>2</sup>		
Sales and use tax	\$517,328,106	\$569,501,827	\$630,431,047	\$665,448,000	\$35,016,953	5.6%
Motor vehicle excise tax	88,142,913	94,863,089	105,524,958	105,124,000	(400,958)	-0.4%
Individual income tax	315,516,252	358,287,825	399,210,324	447,054,000	47,843,676	12.0%
Corporate income tax	99,347,937	123,420,219	94,220,001	102,835,000	8,614,999	9.1%
Insurance premium tax	36,968,670	33,133,216	38,894,000	40,000,000	1,106,000	2.8%
Business privilege tax	3,854,132	6,494,162	4,782,211	4,800,000	17,789	0.4%
Cigarette and tobacco tax	45,030,090	44,091,170	41,898,734	39,178,000	(2,720,734)	-6.5%
Oil and gas production tax	33,042,320	26,973,613	38,214,430 <sup>3</sup>	38,289,000 <sup>3</sup>	74,570	0.2%
Oil extraction tax	21,987,655	16,703,114	23,785,570 <sup>3</sup>	23,711,000 <sup>3</sup>	(74,570)	-0.3%
Coal severance tax	22,245,267	22,596,137	22,634,459	22,703,000	68,541	0.3%
Coal conversion tax	24,064,781	23,786,790	25,005,737	25,249,000	243,263	1.0%
Gaming tax	22,848,486	22,801,868	26,720,000	20,990,000	(5,730,000)	-21.4%
Wholesale liquor tax	10,339,078	11,140,328	10,682,013	10,286,169	(395,844)	-3.7%
Mineral leasing fees	5,629,526	7,257,989	7,631,523	6,525,000	(1,106,523)	-14.5%
Interest income	15,554,914	19,013,889	19,389,000	20,436,000	1,047,000	5.4%
Departmental collections	28,737,207	32,997,069	40,041,394	33,917,000	(6,124,394)	-15.3%
Sale of DD loans				2,700,000 <sup>4</sup>	2,700,000	
Transfer - Bank of North Dakota	50,214,540	29,600,000	50,000,000	50,000,000 <sup>5</sup>		0.0%
Transfer - Mill and Elevator	1,000,000	3,000,000	3,000,000	6,000,000	3,000,000	100.0%
Transfer - Gas tax administration	1,071,878	1,128,872	1,380,608	1,363,392	(17,216)	-1.2%
Transfer - Lands and minerals fund	2,000,000	5,500,000	3,000,000	3,545,102	545,102	18.2%
Transfer - PERS life insurance fund			1,500,000		(1,500,000)	-100.0%
Transfer - Financial inst. reg. fund			200,000	300,000	100,000	50.0%
Transfer - State aid distribution fund	35,444,748	28,016,831				
Transfers - Other	1,000,476	3,197,042	356,365		(356,365)	-100.0%
<b>Total general fund revenues</b>	<b>\$1,381,368,976</b>	<b>\$1,483,505,050</b>	<b>\$1,588,502,374</b>	<b>\$1,670,453,663</b>	<b>\$81,951,289</b>	<b>5.2%</b>

<sup>1</sup> Revised 1999-2001 revenue forecast (December 2000).

<sup>2</sup> Executive budget revenue forecast for the 2001-03 biennium.

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

Total oil and gas tax collections are estimated to be \$71.7 million during the 1999-2001 biennium, resulting in \$9.7 million being transferred to the permanent oil tax trust fund.  
Total oil and gas tax collections are estimated to be \$69.2 million during the 2001-03 biennium, resulting in \$7.2 million being transferred to the permanent oil tax trust fund



at the end of that biennium. Interest on moneys in the fund are transferred to the general fund.

- <sup>14</sup> The 1999 Legislative Assembly authorized the sale of up to \$2.15 million of loans from the developmental disabilities (DD) revolving loan fund, if necessary to achieve an end of biennium general fund balance of \$11.3 million. Current projections included in the 2001-03 executive budget recommendation provide for a June 30, 2001, balance of \$50.5 million. Consequently, no loans are anticipated to be sold during the 1999-2001 biennium.

Section 9 of 2001 House Bill No. 1015, as introduced, provides that, at the request of the director of the Office of Management and Budget, up to \$2.7 million of loans from the DD revolving loan fund may be sold and the proceeds deposited in the general fund.

- <sup>15</sup> In addition to the \$50 million transfer from the Bank of North Dakota included in the executive revenue forecast, Section 12 of 2001 House Bill No. 1015 provides that if actual general fund revenues are less than projected for the 2001-03 biennium, an amount equal to the revenue shortfall, not to exceed \$25 million, may be transferred from the Bank of North Dakota. The transfer may not reduce the Bank's capital structure below \$100 million.

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

## **ECONOMIC ASSUMPTIONS AND CONDITIONS USED IN THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION**

1. **General fund revenue growth** - General fund revenues for the 2001-03 biennium are anticipated to increase 7.2 percent, or \$115.6 million, from the original legislative revenue forecast for the 1999-2001 biennium. This is an increase of 5.2 percent, or \$81.95 million, from the revised revenue forecast for the 1999-2001 biennium.
2. **Taxable sales and purchases** - Taxable sales and purchases are estimated to increase by 2.45 percent annually during the 2001-03 biennium, resulting in additional general fund revenue of \$34.6 million from sales and use tax and motor vehicle excise tax collections.
3. **Adjusted gross income** - Adjusted gross income is projected to grow by 8.13 percent during the first year of the biennium and by 5.91 percent during the second year of the biennium, resulting in additional general fund revenue of \$47.8 million from individual income tax collections.
4. **Oil and gas tax collections** - Oil and gas tax collections are expected to decline slightly from \$71.7 million in 1999-2001 to \$69.2 million in 2001-03. However, the amount deposited in the general fund is anticipated to remain at \$62 million for both the 1999-2001 and 2001-03 bienniums, pursuant to North Dakota Century Code Section 57-51.1-07.2. This section provides that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceeded \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund.
5. **Oil prices** - Oil prices are anticipated to average \$21.50 per barrel during the first year of the 2001-03 biennium and are anticipated to decline to an average price of \$19.50 per barrel during the second year of the biennium. The average oil price in November 2000 for North Dakota crude oil was \$29.68 per barrel.
6. **Oil production** - Oil production is anticipated to reach 95,000 barrels per day by the end of the 2001-03 biennium. Oil production for September 2000 averaged 88,793 barrels per day.

## NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

Period	Oil Production (In Barrels)	Market Price Per Barrel \1	
		Beginning of Period	End of Period
Actual production for fiscal year 1998	36,745,747	\$15.99	\$10.96
Actual production for fiscal year 1999	<u>34,236,776</u>	\$9.71	\$13.84
Total 1997-99 biennium	<u>70,982,523</u>		
Actual production for fiscal year 2000	32,891,923	\$13.88	\$24.47
Estimated production for fiscal year 2001	<u>32,731,554</u>	\$27.03	\$22.73
Total 1999-2001 biennium	<u>65,623,477</u>		
Estimated production for the 2001-03 biennium	<u>68,432,037</u>	\$22.73	\$18.25

The following are the estimated average posted field oil prices for the 2001-03 biennium for selected months:

	September 2001	December 2001	March 2002	June 2002	September 2002	December 2002	March 2003	May 2003
Estimated posted field oil prices	\$22.39	\$22.19	\$21.18	\$20.17	\$19.67	\$19.16	\$18.86	\$18.25

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

Posted field price is the price at which a crude oil purchaser will buy the oil of a certain quality from a particular field or area.

Spot price is the price for crude oil at which a one-time seller transaction is consummated.

Futures price is the price at which a contract for the future purchase or sale of oil is traded. The leading or benchmark price for crude oil futures is that paid for West Texas intermediate crude oil.

<sup>1</sup> The oil prices shown are the Amoco posted field prices for North Dakota sweet crude, which includes the Montana counties of Sheridan, Roosevelt, and Richland. The prices at the beginning and end of the periods are the monthly average actual or estimated posted prices.

**DISTRIBUTION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS PRODUCTION TAXES FOR THE 2001-03 BIENNIUM (AMOUNTS ARE SHOWN IN MILLIONS OF DOLLARS) \1**

<b>Tax</b>	<b>General Fund \2</b>	<b>Permanent Oil Tax Trust Fund \2</b>	<b>Common Schools Trust Fund \3</b>	<b>Foundation Aid Stabilization Fund \3</b>	<b>Resource Trust Fund</b>	<b>Oil Impact Grant Fund</b>	<b>Counties</b>	<b>Total</b>
Oil extraction tax \4	\$23.71	\$2.76	\$4.35	\$4.35	\$8.69			\$43.86
Oil and gas production tax \5	38.29	4.47				\$5.58	\$35.99	84.33
<b>Total</b>	<b>\$62.00</b>	<b>\$7.23</b>	<b>\$4.35</b>	<b>\$4.35</b>	<b>\$8.69</b>	<b>\$5.58</b>	<b>\$35.99</b>	<b>\$128.19</b>

<sup>\1</sup> The amounts shown are as included in the 2001-03 executive budget.

<sup>\2</sup> North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that at the end of each biennium beginning after June 30, 1997, all revenues deposited in the general fund during that biennium and derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$62 million are to be transferred by the State Treasurer to a special fund. The State Treasurer is to transfer the interest earnings on the fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

The revised revenue forecast for the 1999-2001 biennium projects oil and gas production tax and oil extraction tax revenues deposited into the general fund to exceed \$62 million by \$9,713,000. Therefore, there is a projected transfer of \$9,713,000 to the permanent oil tax trust fund at the end of the 1999-2001 biennium.

The revenue forecast for the 2001-03 biennium projects sufficient oil and gas production tax and oil extraction tax revenues to transfer \$7,230,000 into the permanent oil tax trust fund.

<sup>\3</sup> The 1993 Legislative Assembly passed Senate Concurrent Resolution No. 4011, which contained a constitutional amendment relating to the distribution of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election. The constitutional amendment provides that 20 percent of the oil extraction tax revenues are to be allocated as follows:

Fifty percent (of the 20 percent) to the common schools trust fund.

Fifty percent (of the 20 percent) to a foundation aid stabilization fund.

<sup>\4</sup> The oil extraction tax rate is 6.5 percent of the gross value at the well for wells drilled prior to April 27, 1987. For oil produced from wells drilled after April 27, 1987, there is no extraction tax levied for 15 months and thereafter the rate is four percent. The initial production of oil from a well drilled and completed after July 31, 1997, is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions: (1) is located within the boundaries of an Indian reservation; (2) is on lands held in trust for an Indian tribe or individual Indian; or (3) is on lands held by an Indian tribe as of August 1, 1997. For oil produced from any well drilled and completed as a horizontal well after March 31, 1995, there is no extraction tax levied for 24 months, and thereafter the rate is four percent. The oil extraction tax rate is four percent for qualifying secondary and tertiary recovery projects, and production from stripper wells and enhanced oil production methods is exempt. If the average price of a barrel of oil is \$33 or more for a five-month period, the oil extraction tax will become 6.5 percent. The tax rate reverts to four percent if the average price of a barrel of oil is less than \$33 for any consecutive five-month period.

The oil extraction tax is allocated 20 percent to the resources trust fund for water development, 10 percent to the common schools trust fund, 10 percent to the foundation aid stabilization fund, and 60 percent to the state general fund.

<sup>\5</sup> The gross production tax on oil is five percent of the gross value at the well on oil produced. The gross production tax on gas is four cents on all gas produced. Beginning July 1, 1992, the tax rate will be adjusted based on the gas fuels producer price index.

The oil and gas production tax is distributed per formula to the oil and gas impact fund (up to \$5 million per biennium), to the state general fund, and to political subdivisions within producing counties.

**DEFICIENCY APPROPRIATIONS FOR THE 1999-2001 BIENNIUM INCLUDED IN THE 2001-03 BIENNIUM EXECUTIVE RECOMMENDATION (HOUSE BILL NO. 1026)**

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
1. <b>Office of Administrative Hearings</b> - Estimated amount needed to cover a revenue shortfall resulting from actual costs exceeding the revenue received from state agencies for services provided by the Office of Administrative Hearings.	\$120,000		\$120,000
2. <b>University of North Dakota</b> - Estimated amount needed to pay the state share of repairs resulting from the 1997 flood disaster.	3,115,908		3,115,908
3. <b>North Dakota State University</b> - Estimated amount needed to pay the state share of repairs resulting from the 2000 flood disaster.	1,609,200		1,609,200
4. <b>Highway Patrol</b> - Estimated amount needed to pay additional motor pool costs through the end of the biennium. The additional motor pool costs relate to higher than anticipated gasoline prices.	200,000		200,000
5. <b>Division of Emergency Management</b> - Estimated amount needed to repay the principal and interest of Bank of North Dakota loans obtained to match federal disaster assistance funding.	14,000,000		14,000,000
6. <b>Parks and Recreation Department</b> - Estimated amount needed to pay costs incurred by the department for relocating a boat ramp at the Grahams Island State Park. The boat ramp was relocated due to flooding.	132,000		132,000
Total	\$19,177,108	\$0	\$19,177,108

## ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS INCLUDED IN THE 2001-03 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
<b>GENERAL GOVERNMENT</b>				
<b>101</b>	<b>Governor's Office</b>			
	• Adds 1 FTE policy position and related operating and equipment	\$158,136		\$158,136
<b>108</b>	<b>Secretary of State</b>			
	• Increases funding for information technology services and projects	\$350,300		\$350,300
<b>110</b>	<b>Office of Management and Budget</b>			
	• Provides funding of \$207,000 to replenish the preliminary planning revolving fund to \$300,000	\$207,000		\$207,000
	• Provides a statewide salary pool for equity increases for classified state employees, the same as the 1999-2001 biennium funding level	\$2,700,000	\$2,700,000	\$5,400,000
	• Consolidates the Central Services Division budget into the Office of Management and Budget. Previously, Central Services Division was provided a separate appropriation.			\$0
	• Adds 1 new FTE position in the Central Services Division	\$100,625		\$100,625
<b>112</b>	<b>Information Technology Department</b>			
	• Adds 4 new FTE positions and funding for the statewide information technology network, including \$3.5 million from the general fund for Educational Telecommunications Council grants (funding of \$6 million from the general fund was appropriated to the Department of Public Instruction for these grants for the 1999-2001 biennium	\$11,032,125	\$5,048,080	\$16,080,205
	• Adds 3 new FTE positions and funding for an enterprise resource planning (ERP) system	\$20,000,000	\$488,873	\$20,488,873
	• Adds 26 new FTE positions and funding for support and development of projects for the Department of Human Services, Tax Department, and the Department of Transportation		\$6,661,261	\$6,661,261
	• Provides funding for an innovation fund	\$500,000		\$500,000
	• Transfers funding for the Center for Innovation in Instruction, SENDIT, and Prairie Public Broadcasting from other budget areas	\$2,294,765		\$2,294,765
<b>117</b>	<b>State Auditor</b>			
	• Adds 1 FTE auditor II position for the local government audits division		\$74,384	\$74,384
	• Deletes 3 FTE partially funded positions	(\$21,201)		(\$21,201)
<b>125</b>	<b>Attorney General</b>			

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Increases funding for local gaming enforcement grants. Provides for grants totaling \$419,591 from the general fund.</li> </ul>	\$197,714		\$197,714
	<ul style="list-style-type: none"> <li>Increases federal funding for the high intensity drug trafficking area (HIDTA) program</li> </ul>		\$295,825	\$295,825
	<ul style="list-style-type: none"> <li>Provides funding to rewrite the uniform crime reporting computer system</li> </ul>	\$100,000		\$100,000
<b>127</b>	<b>Tax Commissioner</b>			
	<ul style="list-style-type: none"> <li>Removes 1 FTE account technician position</li> </ul>	(\$45,083)		(\$45,083)
	<ul style="list-style-type: none"> <li>Deletes 1 FTE auditor position</li> </ul>	(\$66,891)		(\$66,891)
	<ul style="list-style-type: none"> <li>Adds funding for temporary wages to retain tax season employees</li> </ul>	\$153,882		\$153,882
	<ul style="list-style-type: none"> <li>Removes funding for two years of Multistate Tax Commission audit program fees</li> </ul>	(\$270,450)		(\$270,450)
<b>140</b>	<b>Office of Administrative Hearings</b>			
	<ul style="list-style-type: none"> <li>Provides authorization for the Office of Administrative Hearings to borrow up to \$100,000 from the state general fund, to be repaid by June 30, 2003</li> </ul>			\$0
<b>150</b>	<b>Legislative Assembly</b>			
	<ul style="list-style-type: none"> <li>Adds funding to increase legislative session pay from \$111 to \$125 per day as recommended by the Legislative Compensation Commission</li> </ul>	\$250,344		\$250,344
	<ul style="list-style-type: none"> <li>Adds funding for a special legislative session to address redistricting</li> </ul>	\$154,264		\$154,264
	<ul style="list-style-type: none"> <li>Reduces information technology-related funding</li> </ul>	(\$376,435)		(\$376,435)
	<ul style="list-style-type: none"> <li>Adds funding for replacing personal computers for legislators and session staff</li> </ul>	\$435,800		\$435,800
<b>160</b>	<b>Legislative Council</b>			
	<ul style="list-style-type: none"> <li>Adds funding for increasing interim legislative per diem by \$25 per day, from \$75 to \$100, as recommended by the Legislative Compensation Commission</li> </ul>	\$138,146		\$138,146
	<ul style="list-style-type: none"> <li>Adds funding for increasing mileage reimbursement by 6 cents per mile, from 25 cents to 31 cents, as recommended by the Legislative Compensation Commission</li> </ul>	\$53,232		\$53,232
	<ul style="list-style-type: none"> <li>Adds 1 FTE computer services position and related operating expenses</li> </ul>	\$112,267		\$112,267
	<ul style="list-style-type: none"> <li>Adds funding for replacing information technology equipment</li> </ul>	\$169,300		\$169,300
	<ul style="list-style-type: none"> <li>Deletes 4 unfilled FTE technology positions and reduces technology services funding to \$240,000</li> </ul>	(\$242,939)		(\$242,939)
	<ul style="list-style-type: none"> <li>Eliminates funding for the Crop Harmonization Committee as a special line item</li> </ul>	(\$15,000)	(\$165,000)	(\$180,000)
<b>180</b>	<b>Judicial Branch</b>			
	<ul style="list-style-type: none"> <li>Provides funding for an 11 percent salary increase for the Supreme Court justices and district court judges for the first year of the biennium and a two percent increase for the second year</li> </ul>			
	Supreme Court	\$126,426		\$126,426

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	District court	\$992,579		\$992,579
	• Eliminates 1 FTE district court judgeship position (funding provided for 42 judgeships - the number of judges needed to be reduced to 42 by January 2, 2001)	(\$209,465)		(\$209,465)
	• Eliminates 10 FTE positions and increases funding for the clerk of district court unification	\$9,341,626	\$750,000	\$10,091,626
<b>190</b>	<b>Retirement and Investment Office</b>			
	• Adds 1 FTE accounting/budget specialist position for the investment program		\$71,176	\$71,176
<b>192</b>	<b>Public Employees Retirement System</b>			
	• Adds 1 FTE employee benefit programs specialist position and funding for related operating expenses and equipment to conduct member education programs		\$88,910	\$88,910
<b>EDUCATION</b>				
<b>201</b>	<b>Department of Public Instruction</b>			
	• Increases, from \$479,006,259 to \$485,542,761, funding for foundation aid (including transportation aid and payments for limited English proficient students)	\$6,536,502		\$6,536,502
	• Increases, from \$53,528,217 to \$67,239,025, spending authority for tuition fund payments to schools to reflect the executive recommendation that the Board of University and School Lands distribute all income relating to tobacco settlement proceeds deposited in the common schools trust fund		\$13,710,808	\$13,710,808
	• Increases, from \$3.1 million to \$3.45 million, funding for supplemental revenue payments to schools pursuant to North Dakota Century Code Section 15-40.1-07.8	\$350,000		\$350,000
	• Increases, from \$46.6 million to \$51.26 million, funding for special education grants	\$4,660,000		\$4,660,000
	• Removes funding for supplemental payments to certain districts with declining enrollment and to all districts on the basis of average daily membership (ADM) (1999 Senate Bill No. 2162)	(\$3,500,000)		(\$3,500,000)
	• Removes funding for grants to the SENDIT computer network (a general fund appropriation of \$1,973,669 is included in the recommended appropriation for the Information Technology Department)	(\$496,669)	(\$50,000)	(\$546,669)
	• Removes funding for grants distributed by the Educational Telecommunications Council (a general fund appropriation of \$3.5 million is included in the recommended appropriation for the Information Technology Department)	(\$6,000,000)		(\$6,000,000)
	• Provides funding for a grant to the Quality Schools Commission for the 2001-03 biennium for expenses of the commission in implementing a quality assessment process for North Dakota elementary and secondary schools	\$575,192		\$575,192
	• Increases, from \$135.3 million (adjusted appropriation amount) to \$146.5 million,		\$11,236,510	\$11,236,510



<b>Dept. No.</b>	<b>Agency/Item Description</b>	<b>General Fund Increase (Decrease)</b>	<b>Special Funds Increase (Decrease)</b>	<b>Total</b>
	federal funding for grants to reflect changes in various federal programs			
	• Removes funding for dues to the Education Commission of the States	(\$40,000)		(\$40,000)
	• Provides funding for the development of a student data base	\$412,500		\$412,500
	• Increases operating expenses for the school improvement division to reflect federal grants anticipated to be available to contract with teachers for the development of curriculum and instructional strategies, to provide professional development for teachers, and for other school improvement activities		\$5,498,776	\$5,498,776
	• Provides funding for the design and implementation of a standards-based assessment program for reading and mathematics for students in grades 4, 8, and 12, as required to allow the state to continue receiving federal Title I funding	\$836,000		\$836,000
<b>215</b>	<b>North Dakota University System Office</b>			
	• Provides an equity and special needs pool to address critical needs in campus operations, one-time funding of innovation initiatives, and University System salary adjustments, including funding for the recommended compensation increases (three percent for the first year and two percent for the second year)	\$19,445,765		\$19,445,765
	• Provides a technology funding pool for University System equipment, University System technology and network costs, and costs associated with the implementation of the statewide information technology network	\$6,012,494		\$6,012,494
	• Adds funding for capital construction lease payments	\$11,261,502	\$1,469,339	\$12,730,841
	• Removes funding for Prairie Public Broadcasting from the North Dakota University System's budget and transfers the funding to the Information Technology Department	(\$1,407,513)		(\$1,407,513)
<b>226</b>	<b>Land Department</b>			
	• Deletes .5 FTE administrative secretary III position		(\$36,490)	(\$36,490)
<b>227</b>	<b>Bismarck State College</b>			
	• Removes appropriations for tuition, continuing education, and other income		(\$8,729,476)	(\$8,729,476)
	• Removes appropriations for local funds		(\$11,450,000)	(\$11,450,000)
	• Deletes a .75 FTE unclassified position	(\$122,099)		(\$122,099)
<b>228</b>	<b>Lake Region State College</b>			
	• Removes appropriations for tuition, continuing education, and other income		(\$2,835,504)	(\$2,835,504)
	• Removes appropriations for local funds		(\$4,873,845)	(\$4,873,845)
<b>229</b>	<b>Williston State College</b>			
	• Removes appropriations for tuition, continuing education, and other income		(\$2,255,441)	(\$2,255,441)
	• Removes appropriations for local funds		(\$2,963,047)	(\$2,963,047)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
230	<b>University of North Dakota</b>			
	• Removes tuition, continuing education, and other income from the appropriation process		(\$57,073,076)	(\$57,073,076)
	• Removes local funds from the appropriation process		(\$291,215,617)	(\$291,215,617)
	• Provides capital project funding for the Carnegie Library renovation (\$3,000,000); Smith, Johnston, Fulton Hall renovation (\$2,650,000); Wilkerson Hall loading dock and generator (\$1,700,000); and the Rural Technology Center addition and canopy (\$3,860,000)		\$11,210,000	\$11,210,000
	• Provides funding for extraordinary repairs	\$2,362,136	\$3,990,785	\$6,352,921
	• Transfers the budget for the athletic training program (including 2.58 FTE positions) to the UND School of Medicine	(\$350,303)		(\$350,303)
	• Transfers tuition revenue for the clinical laboratory science program and the fourth year professional medical students to the UND School of Medicine and increases general fund support by the same amount	\$1,354,168	(\$1,354,168)	\$0
232	<b>University of North Dakota School of Medicine and Health Sciences</b>			
	• Removes tuition, continuing education, and other income from the appropriation process		(\$15,173,956)	(\$15,173,956)
	• Removes local funds from the appropriation process		(\$51,400,000)	(\$51,400,000)
	• Transfers the budget for the athletic training program (including 2.58 FTE positions) from the University of North Dakota budget	\$350,303		\$350,303
	• Transfers tuition revenue for the clinical laboratory science program and the fourth year professional medical students from the University of North Dakota to the School of Medicine and reduces general fund support by the same amount	(\$1,449,843)	\$1,449,843	\$0
235	<b>North Dakota State University</b>			
	• Removes tuition, continuing education, and other income from the appropriation process		(\$53,794,035)	(\$53,794,035)
	• Removes local funds from the appropriation process		(\$148,231,526)	(\$148,231,526)
	• Provides capital project funding for the College of Business Administration (\$20,000,000); Robinson Hall renovation (\$550,820); and increases funding for Sudro Hall renovation (\$1,200,000)		\$21,750,820	\$21,750,820
	• Provides funding for extraordinary repairs	\$1,737,531	\$296,348	\$2,033,879
238	<b>State College of Science</b>			

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Removes appropriations for tuition, continuing education, and other income</li> <li>Removes appropriations for local funds</li> <li>Provides \$3,883,500, of which \$2,883,500 is from the general fund, for capital projects, an increase of \$1,247,615 from the amount appropriated for the 1999-2001 biennium</li> </ul>	\$247,615	\$8,747,443 \$18,849,376 \$1,000,000	\$8,747,443 \$18,849,376 \$1,247,615
<b>239</b>	<b>Dickinson State University</b> <ul style="list-style-type: none"> <li>Removes tuition, continuing education, and other income from the appropriation process</li> <li>Removes local funds from the appropriation process</li> </ul>		(\$6,759,565) (\$13,034,607)	(\$6,759,565) (\$13,034,607)
<b>240</b>	<b>Mayville State University</b> <ul style="list-style-type: none"> <li>Removes tuition, continuing education, and other income from the appropriation process</li> <li>Removes local funds from the appropriation process</li> <li>Provides capital project funding for steamline replacement</li> </ul>	\$510,000	(\$2,901,916) (\$7,400,000)	(\$2,901,916) (\$7,400,000) \$510,000
<b>241</b>	<b>Minot State University</b> <ul style="list-style-type: none"> <li>Removes tuition, continuing education, and other income from the appropriation process</li> <li>Removes local funds from the appropriation process</li> <li>Provides capital project funding (\$5,076,000 of state bonding and \$2,774,000 of local funds) for the renovation of Old Main</li> </ul>		(\$13,860,871) (\$11,560,871) \$7,850,000	(\$13,860,871) (\$11,560,871) \$7,850,000
<b>242</b>	<b>Valley City State University</b> <ul style="list-style-type: none"> <li>Removes tuition, continuing education, and other income from the appropriation process</li> <li>Removes local funds from the appropriation process</li> <li>Deletes 4.31 FTE positions and associated funding for the Center for Innovation in Instruction. Funding for this center is included in the appropriation for the Information Technology Department.</li> <li>Provides capital project funding for boiler and steamline replacement</li> </ul>	(\$349,583) \$850,000	(\$4,070,066) (\$8,680,000)	(\$4,070,066) (\$8,680,000) (\$349,583) \$850,000
<b>243</b>	<b>Minot State University - Bottineau</b> <ul style="list-style-type: none"> <li>Removes tuition, continuing education, and other income from the appropriation process</li> <li>Removes local funds from the appropriation process</li> <li>Provides capital project funding for Thatcher Hall electrical system upgrade</li> </ul>	\$75,000	(\$1,544,879) (\$2,498,570)	(\$1,544,879) (\$2,498,570) \$75,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
<b>244</b>	<b>Forest Service</b>			
	• Removes local funds from the appropriation process		(\$2,516,232)	(\$2,516,232)
	• Provides capital project funding for a tree storage building (\$120,000) at the Towner nursery and an equipment storage building (\$20,000) at the Lisbon field office		\$140,000	\$140,000
<b>250</b>	<b>State Library</b>			
	• Deletes .25 FTE assistant director position to reflect the position currently being filled as a .75 FTE position	(\$11,365)		(\$11,365)
<b>252</b>	<b>School for the Deaf</b>			
	• Provides funding for salary adjustments, in addition to the executive budget compensation package, to increase teacher salaries pursuant to the salary schedule prepared by the Central Personnel Division	\$22,143	\$100,000	\$122,143
	• Deletes .83 FTE education programs coordinator position	(\$58,423)		(\$58,423)
<b>253</b>	<b>School for the Blind</b>			
	• Provides funding for salary adjustments, in addition to the executive budget compensation package, to increase teacher salaries pursuant to the salary schedule prepared by the Central Personnel Division	\$112,810		\$112,810
<b>270</b>	<b>State Board for Vocational and Technical Education</b>			
	• Adds 1 FTE position and related operating expenses for the activities of the Workforce Development Council (transferred from the budget for the Department of Economic Development and Finance)	\$104,159	\$104,156	\$208,315
	• Provides funding for grants to new and existing vocational technical education programs relating to certain growth industries	\$414,000		\$414,000
	• Decreases, from \$14.3 million to \$13.4 million, federal funding for grants to reflect anticipated decreases in various federal programs		(\$908,234)	(\$908,234)
<b>HEALTH AND HUMAN SERVICES</b>				
<b>301</b>	<b>State Department of Health</b>			
	• Adds funding for 9 FTE positions	\$156,573	\$559,071	\$715,644
	• Adds funding from the community health trust fund for community health grants		\$5,000,000	\$5,000,000
	• Provides capital project funding from state bonding proceeds for an addition to the East Laboratory		\$2,700,000	\$2,700,000
<b>313</b>	<b>Veterans Home</b>			
	• Adds 2.4 new FTE certified nursing assistants positions	\$133,627		\$133,627

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides salary increases for nurses and certified nursing assistants</li> </ul>	\$131,309		\$131,309
	<ul style="list-style-type: none"> <li>Increases general fund support due to less federal and special funds being available for the 2001-03 biennium</li> </ul>	\$781,883	(\$781,883)	\$0
<b>324</b>	<b>Children's Services Coordinating Committee</b>			
	<ul style="list-style-type: none"> <li>Increases the federal funding projected to be available from "refinancing" from \$7.5 million to \$8.3 million</li> </ul>		\$833,000	\$833,000
	<ul style="list-style-type: none"> <li>Increases funding for statewide grants for the mental health partnership project that provides services to children through the regional human service centers. A total of \$600,000, \$75,000 for each center will be provided.</li> </ul>		\$400,000	\$400,000
<b>325</b>	<b>Department of Human Services</b>			
	<ul style="list-style-type: none"> <li>Changes the source of funding for salaries and wages from the general fund to special funds (underfunds the pay plan)</li> </ul>	(\$2,048,921)	\$2,048,921	\$0
	<ul style="list-style-type: none"> <li>Uses health care trust fund moneys for the following:</li> </ul>	(\$25,000,000	\$37,878,849	\$12,878,849
	<ul style="list-style-type: none"> <li>Grants and loans</li> </ul>	\$4,020,226		
	<ul style="list-style-type: none"> <li>Health Insurance Portability and Accountability Act (HIPAA) state matching funds</li> </ul>	3,870,794		
	<ul style="list-style-type: none"> <li>Replace general fund medical assistance matching</li> </ul>	25,000,000		
	<ul style="list-style-type: none"> <li>Statewide long-term needs assessment</li> </ul>	241,006		
	<ul style="list-style-type: none"> <li>Service payments for elderly and disabled (SPED)</li> </ul>	4,262,410		
	<ul style="list-style-type: none"> <li>State Hospital landfill closure</li> </ul>	413,255		
	<ul style="list-style-type: none"> <li>Administrative costs</li> </ul>	71,158		
	<ul style="list-style-type: none"> <li>Total</li> </ul>	\$37,878,849		
	<ul style="list-style-type: none"> <li>Adds funding from federal funds (\$5,055,347) and the health care trust fund (\$3,870,794) for the Health Insurance Portability and Accountability Act (HIPAA) computer system project</li> </ul>		\$8,926,141	\$8,926,141
	<ul style="list-style-type: none"> <li>Replace special funds from the developmentally disabled facility loan fund No. 1 with general fund support due to the anticipated reduction in funding available from the loan fund during the 2001-03 biennium</li> </ul>	\$325,570	(\$325,570)	\$0
	<ul style="list-style-type: none"> <li>Adds funding for the ATM network</li> </ul>	\$412,225		\$412,225
	<ul style="list-style-type: none"> <li>Adds funding for computer system enhancements (OAR 205)</li> </ul>	\$1,287,681	\$1,874,033	\$3,161,714
	<ul style="list-style-type: none"> <li>Adds funding for converting to Windows 2000 operating system (OAR 209)</li> </ul>	\$249,326	\$203,994	\$453,320

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for child support computer system changes (OAR 210)	\$481,589	\$934,851	\$1,416,440
	• Adds funding for development of an electronic documents management system (OAR 224)	\$137,024	\$112,976	\$250,000
	• Adds funding for integrating the remaining children and family services systems into the comprehensive child welfare information and payment system (CCWIPS) (OAR 225)	\$750,000	\$750,000	\$1,500,000
	• Increases funding for Indian county allocation pursuant to Section 9 of 1999 Senate Bill No. 2012. A total of \$2,771,979 is provided, \$703,972 of which is from the general fund and \$2,068,007 from retained funds.	\$582,206	\$413,353	\$995,559
	• Adds 7 FTE positions in child support	\$176,629	\$126,923	\$303,552
	• Removes contingent funding provided by the 1999 Legislative Assembly for making medical assistance payments to the newly established traumatic brain-injured (TBI) facility in western North Dakota	(\$60,000)	(\$140,000)	(\$200,000)
	• Reduces funding for nursing facility alternative grants and loans from the health care trust fund. The executive budget provides for nursing facility grants and loans of \$4,020,226.		(\$4,695,053)	(\$4,695,053)
	• Reduces funding for making government nursing facility funding pool payments to Dunseith and McVille (the 1999-2001 amounts used for this comparison include the 1998 and 1999 pool payments). The executive budget includes total payments of \$26,480,813 for the 2001-03 biennium. Of this total, \$7,946,165 is the required state matching funds that will be provided from the health care trust fund. During the 1999-2001 biennium, the state matching funds were provided from the general fund and Bank of North Dakota loans.	(\$3,618,391)	(\$31,365,471)	(\$34,983,862)
	• Requires the department to seek a Medicaid personal care waiver to allow Medicaid to pay a portion of basic care costs	(\$5,391,869)	\$5,391,869	\$0
	• Provides \$562,365,199, \$129,815,101 of which is from the general fund, \$25 million from the health care trust fund, and the remainder from federal and other funds for medical assistance excluding the intergovernmental transfer program. Without the \$25 million provided from the health care trust fund, the general fund share would reflect an increase of \$9,310,352. Major funding increases within medical assistance relate to prescription drugs that are estimated to increase by \$28.7 million or 57 percent and funding for nursing facilities which is increasing by \$12.2 million or 4.8 percent.	(\$15,689,648 )	\$63,775,436	\$48,085,788
	• Increases funding for Healthy Steps (children's health insurance program). The executive recommendation provides funding for continuing eligibility requirements at 140 percent of poverty, an average caseload of 2,885 children each month, and an annual inflation rate on the insurance premiums of 16.4 percent. Funding totals \$8,917,719, \$1,886,714 of which is from the general fund.	\$1,068,924	\$3,961,957	\$5,030,881

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Increases funding for developmental disabilities grants. Total funding provided is \$156,870,722, \$51,383,465 of which is from the general fund. The major funding increase for developmental disabilities grants is funding for community intermediate care facilities for the mentally retarded (ICF/MR) care which is increasing by \$4.4 million or 7.7 percent.</li> </ul>	\$2,080,746	\$5,867,287	\$7,948,033
	<ul style="list-style-type: none"> <li>Increases funding for the senior citizen mill levy match. A total of \$1,662,945 is provided from the general fund.</li> </ul>	\$400,000		\$400,000
	<ul style="list-style-type: none"> <li>Increases funding for service payments for elderly and disabled (SPED). The executive budget provides a total of \$13,967,295 for SPED; \$8,561,099 of which is from the general fund; \$4,262,410 from the health care trust fund; \$445,432 of federal funds; and \$698,354 from the counties. The executive budget requires the department to include targeted case management for SPED in its state Medicaid plan which allows this service to receive federal Medicaid funding. This change results in the general fund being reduced by \$445,432 and federal funds increasing by \$445,432.</li> </ul>	\$649,931	\$503,074	\$1,153,005
	<ul style="list-style-type: none"> <li>Increases funding for expanded service payments for elderly and disabled (SPED). The executive budget provides a total of \$1,421,080 from the general fund for expanded SPED.</li> </ul>	\$523,036		\$523,036
	<ul style="list-style-type: none"> <li>Eliminates the contingent general fund appropriation provided by the 1999 Legislative Assembly for SPED to use if funding appropriated for SPED from the health care trust fund was not available</li> </ul>	(\$4,262,410)		(\$4,262,410)
	<ul style="list-style-type: none"> <li>Provides funding for a 2.2 percent annual inflation factor for foster care and adoption programs (OARs 254-257)</li> </ul>	\$329,194	\$1,153,027	\$1,482,221
	<ul style="list-style-type: none"> <li>Provides funding for increasing residential child care facility (RCCF) rates by \$50 per month (OAR 258)</li> </ul>	\$90,779	\$251,571	\$342,350
	<ul style="list-style-type: none"> <li>Increases funding from the general fund for independent living centers. The executive budget provides a total of \$1,221,699, \$643,992 of which is from the general fund.</li> </ul>	\$300,000		\$300,000
	<ul style="list-style-type: none"> <li>Reduces funding in vocational rehabilitation to the minimum maintenance-of-effort level</li> </ul>	(\$250,000)	(\$1,000,000)	(\$1,250,000)
	<ul style="list-style-type: none"> <li>Deletes 12.1 FTE positions at the State Hospital</li> </ul>	(\$1,127,356)		(\$1,127,356)
	<ul style="list-style-type: none"> <li>Adds funding for State Hospital capital construction lease payments - These funds will be paid to the Industrial Commission for payment on bonds issued on behalf of the State Hospital and were previously appropriated to the Industrial Commission.</li> </ul>	\$566,500		\$566,500
	<ul style="list-style-type: none"> <li>Reduces funding for capital improvements. 1999-2001 biennium funding of \$1,050,000 for the boiler replacement project is removed. The 2001-03 executive budget provides \$703,676 from the general fund for extraordinary repairs.</li> </ul>	(\$995,989)		(\$995,989)
	<ul style="list-style-type: none"> <li>Provides that funding be received from the Department of Corrections and</li> </ul>	(\$2,139,284)	\$2,139,284	\$0

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	Rehabilitation for driving under the influence (DUI) offender treatment services provided to corrections' inmates at the State Hospital			
	• Deletes 8.16 FTE positions at the Developmental Center	(\$233,012)	(\$543,694)	(\$776,706)
	• Adds funding for Developmental Center capital construction lease payments - These funds will be paid to the Industrial Commission for payment on bonds issued on behalf of the Developmental Center and were previously appropriated to the Industrial Commission.	\$649,234		\$649,234
	• Reduces partnership program funding at the human service centers to a total of \$5,796,110, \$2,139,990 of which is from the general fund. The executive budget replaced general fund support with special funds received from the Children's Services Coordinating Committee by \$600,000 for the mental health partnership program at the human service centers (\$75,000 at each center).	\$337,515	(\$2,372,699)	(\$2,035,184)
	• Eliminates the seriously mentally ill (SMI) Rhinelander programs at the North Central and Southeast Human Service Centers	(\$86,044)		(\$86,044)
	• The executive budget restored \$484,000 of the general fund budget reductions made by the Northeast Human Service Center to comply with the 1999 Legislative Assembly directive that the department identify budget savings totaling \$500,000 for the 2001-03 biennium relating to the efficiencies and the collocation of service delivery that has resulted from being located in the city/county building in Grand Forks.	(\$16,000)		(\$16,000)
	• Adds funding for Southeast Human Service Center capital construction lease payments. These funds will be paid to the Industrial Commission for payment on bonds issued on behalf of the Southeast Human Service Center and were previously appropriated to the Industrial Commission.	\$441,125		\$441,125
<b>380</b>	<b>Job Service North Dakota</b>			
	• Increases funding for Work Force 2000 to \$2,000,365	\$750,356	(\$676)	\$749,680
	• Provides capital project funding from state bonding proceeds for a new Bismarck service delivery office		\$2,302,000	\$2,302,000
	• Removes one-time disaster unemployment assistance funding received by the agency to assist in the recovery from the 1997 flood disaster		(\$13,905,638)	(\$13,905,638)
<b>REGULATORY</b>				
<b>401</b>	<b>Insurance Commissioner, including insurance tax payments to fire departments</b>			
	• Deletes 1 FTE position		(\$127,015)	(\$127,015)
<b>405</b>	<b>Industrial Commission</b>			
	• Changes funding source for lease payments to reflect lease payment revenue received	(\$13,952,899)	\$16,017,790	\$2,064,891



Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	from agencies. Includes an increase of \$1,856,554 from the general fund and \$208,337 of special funds for projects authorized by the 1999 Legislative Assembly. The general fund amounts are appropriated in the various agency budgets.			
	• Increases funding for lignite research grants from \$10.45 million to \$16.45 million		\$6,000,000	\$6,000,000
406	<b>Labor Commissioner</b>			
	• Adds 1 new FTE position for the Equal Employment Opportunity Division (EEO)	\$76,075		\$76,075
408	<b>Public Service Commission</b>			
	• Increases funding for hiring experts in utility cases from the utility valuation fund to a total of \$125,000		\$25,000	\$25,000
412	<b>Aeronautics Commission</b>			
	• Increases funding for general aviation grants to a total of \$1,820,000		\$250,000	\$250,000
413	<b>Department of Banking and Financial Institutions</b>			
	• Adds 1 FTE financial institution examiner I position and funding for related operating expenses and equipment for the examination of consumer finance companies		\$111,058	\$111,058
471	<b>Bank of North Dakota</b>			
	• Removes funding for administration of the beginning entrepreneur loan guarantee program and the North Dakota higher education savings plan	(\$67,000)		(\$67,000)
	• Increases contingency funding for internal development of student loan software from \$1.5 million to \$2.85 million		\$1,350,000	\$1,350,000
473	<b>Housing Finance Agency</b>			
	• Adds 5 new FTE positions and increases funding for operating, equipment, and grants due to growth in the rental housing for low-income families program		\$16,314,996	\$16,314,996
475	<b>Mill and Elevator Association</b>			
	• Deletes 3 FTE positions		(\$195,336)	(\$195,336)
	• Increases salaries and wages to account for salary increases for regular and union employees and for an employee profit-sharing plan		\$1,502,829	\$1,502,829
485	<b>Workers Compensation Bureau</b>			
	• Deletes 2 FTE positions in the Office of Independent Review		(\$147,777)	(\$147,777)
	• Adds 2 FTE positions in the Information Services Division		\$278,038	\$278,038
	• Decreases funding for information technology contracting services related to the addition of 2 new FTE positions		(\$1,112,640)	(\$1,112,640)
	• Reduces funding for building lease payments due to the completion of construction or purchase of a new office building in the second year of the biennium		(\$466,000)	(\$466,000)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
<b>PUBLIC SAFETY</b>				
<b>504</b>	<b>Highway Patrol</b>			
	• Increases funding for motor pool costs		\$975,000	\$975,000
	• Provides funding for salary equity adjustments for patrol officers		\$132,867	\$132,867
	• Provides funding for installing an additional 20 mobile data terminals in patrol vehicles		\$220,000	\$220,000
	• Increases federal funding for grants		\$2,521,000	\$2,521,000
	• Increases federal funding for equipment		\$250,000	\$250,000
	• Increases the general fund support for the Highway Patrol and decreases funding provided from the highway fund	\$2,777,565	(\$2,777,565)	\$0
<b>506</b>	<b>State Radio Communications</b>			
	• Provides funding for expansion of the mobile data terminal project	\$260,892		\$260,892
	• Provides funding for a statewide radio system engineering plan	\$400,000		\$400,000
<b>512</b>	<b>Division of Emergency Management</b>			
	• Decreases special funds due to the partial completion of the 1997, 1998, 1999, and 2000 disaster payments		(\$41,947,607)	(\$41,947,607)
<b>530</b>	<b>Department of Corrections and Rehabilitation</b>			
	Central Office:			
	• Provides funding for salary adjustments, in addition to the executive budget compensation package, to address equity and salary compression issues within the department	\$125,000		\$125,000
	• Adds 2 FTE positions and funding for related operating expenses and equipment for information technology support	\$179,942		\$179,942
	• Deletes 1 FTE human services program administrator V position, the department's director of treatment services, currently vacant	(\$115,200)		(\$115,200)
	Juvenile Services:			
	• Decreases, from \$2,049,500 to \$166,320, funding for capital projects at the Youth Correctional Center to reflect the completion of the Pine Cottage addition during the 1999-2001 biennium	\$91,820	(\$1,975,000)	(\$1,883,180)
	• Provides funding for lease payments for capital projects completed during previous bienniums (The lease payment amounts will be made to the Industrial Commission.)	\$541,427		\$541,427
	• Provides funding for salary equity adjustments, in addition to the executive budget compensation package, to increase teacher salaries pursuant to the salary schedule prepared by the Central Personnel Division	\$291,375		\$291,375
	Adult Services:			

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>• Adds 1 FTE position and funding for related operating expenses and equipment for the establishment of a pre-release center (The center will be operated on a contract basis and will house up to 50 inmates who are within six months of release. The center will provide counseling, job skills training, cognitive restructuring, and alcohol and drug abuse treatment services.)</li> </ul>	\$1,505,461		\$1,505,461
	<ul style="list-style-type: none"> <li>• Provides funding for operating expenses to allow the department to contract with the State Hospital for the operation of a DUI treatment program (The program will provide treatment services to DUI offenders with three or more offenses and will have a maximum occupancy of 25 inmates.)</li> </ul>	\$2,139,284		\$2,139,284
	<ul style="list-style-type: none"> <li>• Provides \$1,369,655, of which \$1,009,655 is from the general fund, for the operation of the Tompkins Rehabilitation and Corrections Unit, an increase of \$288,455 from the amount appropriated for the 1999-2001 biennium (The 1999 Legislative Assembly authorized the program to allow the department to contract with the Stutsman County jail for inmate cells and with the State Hospital for treatment services.)</li> </ul>	\$288,455		\$288,455
	<ul style="list-style-type: none"> <li>• Adds 4 FTE positions and funding for related operating expenses and equipment for additional parole and probation officers to serve the Devils Lake, Fargo, and Grand Forks areas</li> </ul>	\$389,764		\$389,764
	<ul style="list-style-type: none"> <li>• Provides \$452,000, of which \$313,760 is from the general fund, for the Last Chance program, an increase of \$260,000 from the amount appropriated for the 1999-2001 biennium (The 1999 Legislative Assembly authorized the program, which is an eight-bed residential facility providing cognitive restructuring, treatment, and other services to offenders in the Fargo area who would otherwise face revocation of parole or probation status and return to a Department of Corrections and Rehabilitation facility.)</li> </ul>	\$204,760	\$55,240	\$260,000
	<ul style="list-style-type: none"> <li>• Adds 1 FTE position and funding for related operating expenses for the establishment of a South Central Judicial District drug court, to be funded from supervision fees collected by the department</li> </ul>		\$239,283	\$239,283
	<ul style="list-style-type: none"> <li>• Provides \$6,960,388, of which \$5,310,388 is from the general fund, for capital projects, an increase of \$2,657,428 from the amount appropriated for the 1999-2001 biennium (The 2001-03 recommendation includes funding for construction of a food service/multipurpose building at the Missouri River Correctional Center at a cost of \$1.98 million from the general fund and construction of a women's unit at the James River Correctional Center at a cost of \$3.72 million, of which \$2.32 million is from the general fund.)</li> </ul>	\$3,370,959	(\$713,531)	\$2,657,428
	<ul style="list-style-type: none"> <li>• Provides funding for lease payments for capital projects completed during previous bienniums (The lease payment amounts will be made to the Industrial Commission.)</li> </ul>	\$2,250,168		\$2,250,168
	<ul style="list-style-type: none"> <li>• Increases, from \$2,206,419 to \$3,013,599, funding for institutional medical fees and</li> </ul>	\$807,180		\$807,180

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	medical, dental, and optical costs due to increased medical costs for the treatment of inmate medical needs			
	• Adds 22.5 FTE positions and funding for operating expenses and equipment for the operation of the proposed James River Correctional Center women's unit for the last nine months of the 2001-03 biennium	\$1,041,067		\$1,041,067
	• Adds 28 FTE positions and funding for operating expenses and equipment for the operation of the proposed seriously mentally ill (SMI) unit at the James River Correctional Center	\$2,437,797		\$2,437,797
	• Provides \$2,452,275 from the general fund for housing state inmates at county or out-of-state correctional facilities, an increase of \$639,784 from the amount appropriated for the 1999-2001 biennium	\$639,784		\$639,784
	• Provides funding for salary adjustments, in addition to the executive budget compensation package, for correctional officer positions	\$222,528		\$222,528
	• Provides funding for producing a general issue of license plates during the 2001-03 biennium		\$2,500,000	\$2,500,000
	• Provides funding for the expansion of work programs at the James River Correctional Center		\$500,000	\$500,000
	• Adds 3 FTE positions for the operation or expansion of inmate work programs		\$199,039	\$199,039
<b>540</b>	<b>Adjutant General/National Guard</b>			
	• Increases capital improvement funding for construction of a \$15.1 million Armed Forces Reserve Center in Wahpeton		\$10,200,000	\$10,200,000
	• Increases funding for the air guard (\$439,052) and the army guard (\$1,356,980) due to inflationary cost increases		\$1,796,032	\$1,796,032
<b>AGRICULTURE AND ECONOMIC DEVELOPMENT</b>				
<b>601</b>	<b>Department of Economic Development and Finance</b>			
	• Adds 8 new FTE positions	\$951,819		\$951,819
	• Increases funding for equipment relating to the new positions	\$200,000		\$200,000
	• Increases funding for operating expenses relating to marketing, electronic data management systems (EDMS), geographic information systems (GIS), and research and analysis	\$3,710,515		\$3,710,515
	• Provides funding for the manufacturing extension partnership (MEP)	\$924,485	\$1,848,970	\$2,773,455
	• Transfers 1 FTE work force development position (\$121,555) and related operating expenses (\$86,759) to the Board for Vocational and Technical Education	(\$104,157)	(\$104,157)	(\$208,314)
	• Removes funding from the agricultural fuel tax fund for obtaining assistance in resolving		(\$100,000)	(\$100,000)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	beef industry trade issues			
	<ul style="list-style-type: none"> <li>Removes funding relating to the contingent ethanol incentive appropriation from the highway tax distribution fund</li> </ul>		(\$300,000)	(\$300,000)
	<ul style="list-style-type: none"> <li>Increases funding for ethanol incentives from the highway tax distribution fund. The recommendation provides for a total of \$2.5 million for ethanol incentives. It is estimated that of this amount, the Alchem plant in Grafton will be eligible to receive up to \$1.7 million and the Archer Daniels Midland plant in Walhalla and any new plant that may begin operations during this biennium will be eligible to receive up to \$800,000.</li> </ul>		\$993,000	\$993,000
	<ul style="list-style-type: none"> <li>Increases general fund support for the Agricultural Products Utilization Commission to replace the anticipated reduction in special funds available in the agricultural fuel tax fund</li> </ul>	\$426,403	(\$304,954)	\$121,449
<b>602</b>	<b>Department of Agriculture</b>			
	<ul style="list-style-type: none"> <li>Provides funding for the state meat inspection program</li> </ul>	\$325,100	\$356,900	\$682,000
	<ul style="list-style-type: none"> <li>Provides funding from the Game and Fish Department for the waterbank program</li> </ul>		\$200,000	\$200,000
	<ul style="list-style-type: none"> <li>Replaces general fund support for noxious weeds (\$105,000); Board of Animal Health (\$23,000); and wildlife services (\$200,000) with special funds from the environment and rangeland protection fund (\$80,000); anhydrous ammonia fund (\$25,000); and the game and fish fund (\$223,000)</li> </ul>	(\$328,000)	\$328,000	\$0
	<ul style="list-style-type: none"> <li>Increases funding for Canada thistle control provided from the environment and rangeland protection fund</li> </ul>		\$170,000	\$170,000
<b>627</b>	<b>Upper Great Plains Transportation Institute</b>			
	<ul style="list-style-type: none"> <li>Adds 4.25 new FTE positions</li> </ul>		\$535,928	\$535,928
<b>628</b>	<b>Branch Research Centers</b>			
	<ul style="list-style-type: none"> <li>Provides funding for core programs, including research activities for each center, which is a State Board of Agriculture Research and Education priority</li> </ul>	\$302,896		\$302,896
	<ul style="list-style-type: none"> <li>Provides funding for constructing a learning facility at the Langdon Research Extension Center</li> </ul>	\$150,000	\$510,000	\$660,000
<b>630</b>	<b>NDSU Extension Service</b>			
	<ul style="list-style-type: none"> <li>Provides funding for core programs, including program enhancements and training, which is a State Board of Agriculture Research and Education priority</li> </ul>	\$574,094		\$574,094
	<ul style="list-style-type: none"> <li>Deletes 7 FTE research positions</li> </ul>		(\$738,272)	(\$738,272)
<b>638</b>	<b>Northern Crops Institute</b>			
	<ul style="list-style-type: none"> <li>Provides funding for core programs, including market development and maintaining services to the North Dakota livestock industry</li> </ul>	\$30,010		\$30,010

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
640	<b>NDSU Main Research Center</b> <ul style="list-style-type: none"> <li>Provides funding for core programs, including research and development, which is a State Board of Agriculture Research and Education priority</li> </ul>	\$1,112,987		\$1,112,987
649	<b>Agronomy Seed Farm</b> <ul style="list-style-type: none"> <li>Provides funding for the construction of 10 hopper-type bulk storage bins and leg equipment including concrete pads</li> </ul>		\$105,000	\$105,000
<b>NATURAL RESOURCES</b>				
701	<b>State Historical Society</b> <ul style="list-style-type: none"> <li>Increases funding for equipment to replace maintenance items at state historical sites</li> <li>Provides \$4,702,360 for capital improvements (excluding capital improvements relating to the Lewis and Clark Bicentennial), an increase of \$3,919,625 from the amount appropriated for the 1999-2001 biennium</li> <li>Adds 2 FTE positions and provides a general fund appropriation of \$1,398,844 for salaries and wages, operating expenses, and capital improvements relating to the Lewis and Clark Bicentennial, an increase of \$467,499 from the amount appropriated for the 1999-2001 biennium</li> </ul>	\$104,500 (\$453,535) \$467,499	(\$115) \$4,373,160	\$104,385 \$3,919,625 \$467,499
709	<b>Council on the Arts</b> <ul style="list-style-type: none"> <li>Provides a general fund appropriation of \$174,948 for grants and operating expenses relating to the Lewis and Clark Bicentennial, an increase of \$149,948 from the amount appropriated for the 1999-2001 biennium</li> </ul>	\$149,948		\$149,948
720	<b>Game and Fish Department</b> <ul style="list-style-type: none"> <li>Adds 1 FTE position and funding for related operating expenses and equipment for the department's proposed wildlife habitat and public access initiative, the coverlocks program (The proposed coverlocks program will provide landowner incentives to establish 20-acre blocks of winter habitat and provide a 30-year public easement on the quarter section containing the coverlock habitat.)</li> <li>Adds 1 FTE position and funding for related operating expenses and equipment to coordinate the department's use of geographic information systems technology</li> <li>Increases, from \$100,000 to \$200,000, the amount of indirect cost reimbursement paid by the department</li> <li>Adds 1 FTE position and funding for salaries and wages, operating expenses, equipment, capital improvements, and grants relating to the department's proposed aquatic habitat improvement initiative</li> <li>Adds 2 FTE game warden positions and funding for related operating expenses and</li> </ul>		\$1,204,071 \$91,295 \$100,000 \$951,229 \$224,452	\$1,204,071 \$91,295 \$100,000 \$951,229 \$224,452

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	equipment			
	<ul style="list-style-type: none"> <li>Increases funding for the department's private land habitat programs</li> </ul>		\$650,000	\$650,000
	<ul style="list-style-type: none"> <li>Provides \$1,299,486 from other funds for capital projects, a decrease of \$342,636 from the amount appropriated for the 1999-2001 biennium</li> </ul>		(\$342,636)	(\$342,636)
	<ul style="list-style-type: none"> <li>Provides funding for inflationary increases in operating expenses</li> </ul>		\$350,000	\$350,000
	<ul style="list-style-type: none"> <li>Increases, from \$100,000 to \$200,000, the department's wildlife services line item for a grant to the Department of Agriculture to replace \$200,000 of general fund appropriation authority previously provided for the Department of Agriculture's wildlife services line item (The Game and Fish Department's wildlife services line item was previously used to directly reimburse the United States Department of Agriculture - Wildlife Services Agency for animal control services and was not provided as a grant to the Department of Agriculture.)</li> </ul>		\$100,000	\$100,000
<b>740</b>	<b>Tourism Department</b>			
	<ul style="list-style-type: none"> <li>Provides 1 FTE position and \$655,863 from the general fund for salaries and wages and operating expenses relating to the Lewis and Clark Bicentennial, an increase of \$531,868 from the amount appropriated for the 1999-2001 biennium</li> </ul>	\$531,868		\$531,868
<b>750</b>	<b>Parks and Recreation Department</b>			
	<ul style="list-style-type: none"> <li>Provides funding for salary adjustments, in addition to the executive budget compensation package, to increase salaries of employees with significant years of service who are below the midpoint of their salary range</li> </ul>	\$103,750		\$103,750
	<ul style="list-style-type: none"> <li>Adds 1.5 FTE positions for additional maintenance staff at Lake Metigoshe and Turtle River State Parks</li> </ul>	\$97,536		\$97,536
	<ul style="list-style-type: none"> <li>Provides \$2,174,070, of which \$1,266,070 is from the general fund, for capital projects (excluding capital projects relating to the Lewis and Clark Bicentennial), an increase of \$980,570 from the amount appropriated for the 1999-2001 biennium</li> </ul>	\$329,320	\$651,250	\$980,570
	<ul style="list-style-type: none"> <li>Adds 1 FTE position and provides \$765,441 from the general fund for salaries and wages, operating expenses, and capital improvements relating to the Lewis and Clark Bicentennial, an increase of 1 FTE position and \$327,741 from the amount appropriated for the 1999-2001 biennium</li> </ul>	\$327,741		\$327,741
<b>770</b>	<b>State Water Commission</b>			
	<ul style="list-style-type: none"> <li>Authorizes water development project funding from state bonding proceeds</li> </ul>		\$62,300,000	\$62,300,000
	<ul style="list-style-type: none"> <li>Provides funding from the water development trust fund for State Water Commission operations</li> </ul>	(\$9,751,593)	\$9,751,593	\$0
	<ul style="list-style-type: none"> <li>Provides funding from the water development trust fund for bond payments</li> </ul>		\$8,636,398	\$8,636,398
	<ul style="list-style-type: none"> <li>Provides funding from the resources trust fund for various water development projects</li> </ul>		\$21,718,031	\$21,718,031

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides approval to sell acreage at the corner of 26th Street and Broadway Avenue in Bismarck and use the proceeds to build a maintenance facility at a new location for an equal value</li> </ul>		\$977,100	\$977,100
<b>TRANSPORTATION</b>				
<b>801</b>	<b>Department of Transportation</b>			
	<ul style="list-style-type: none"> <li>Adds funding from the highway fund for 1 FTE telecommunications technician II position (\$77,299) and related operating expenses (\$34,300) and equipment (\$10,000) to provide mobile data terminal maintenance services</li> </ul>		\$121,599	\$121,599
	<ul style="list-style-type: none"> <li>Adds funding from the highway fund to provide salary market adjustments for information technology staff</li> </ul>		\$240,000	\$240,000
	<ul style="list-style-type: none"> <li>Adds funding from the highway fund for ATM network costs</li> </ul>		\$129,050	\$129,050
	<ul style="list-style-type: none"> <li>Adds funding for new information technology activities in administration: <ul style="list-style-type: none"> <li>Establish an electronic document management system (\$478,865 from the highway fund)</li> <li>Develop e-commerce applications (\$76,825 from the highway fund)</li> <li>Replace existing construction automated records system (CARS) (\$213,570 from the highway fund and \$190,830 from federal funds)</li> <li>Expand highway project development tools (\$253,760 from the highway fund)</li> </ul> </li> </ul>		\$1,213,850	\$1,213,850
	<ul style="list-style-type: none"> <li>Includes funding received from the asbestos settlement for partial remodeling of the highway building due to the presence of asbestos. The total project is estimated to cost \$8.5 million.</li> </ul>		\$2,500,000	\$2,500,000
	<ul style="list-style-type: none"> <li>Includes funding from bond proceeds for a lighting retrofit project. Bonds will be repaid from energy cost savings.</li> </ul>		\$352,600	\$352,600
	<ul style="list-style-type: none"> <li>Adds funding for a new license plate issue</li> </ul>		\$3,200,000	\$3,200,000
	<ul style="list-style-type: none"> <li>Adds funding for developing e-commerce applications in the Motor Vehicle Division</li> </ul>		\$106,058	\$106,058
	<ul style="list-style-type: none"> <li>Adds funding from the highway fund for increased renewal rates for the digital driver's license system</li> </ul>		\$144,000	\$144,000
	<ul style="list-style-type: none"> <li>Adds funding for replacing the automated driver's license testing system (highway fund)</li> </ul>		\$450,000	\$450,000
	<ul style="list-style-type: none"> <li>Adds funding from the highway fund to provide salary market adjustments for</li> </ul>		\$960,000	\$960,000



Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	engineers. The 1999 Legislative Assembly provided \$800,000 for merit increases for engineers.			
	• Reduces funding from the highway fund for anticipated vacancies and to reduce overtime		(\$703,422)	(\$703,422)
	• Increases funding for motor pool rate increases		\$4,500,000	\$4,500,000
	• Increases funding for replacing section buildings. Funding of \$800,000 from the highway fund is provided for replacing an estimated three section buildings. The 1999 Legislative Assembly provided \$619,000 for replacing an estimated six section buildings.		\$181,000	\$181,000
	• Increases funding for highway construction. Highway construction funding of \$363,215,881 is provided from federal funds and \$87,946,806 from the highway fund.		\$78,513,576	\$78,513,576
	• Authorizes the department to obtain a Bank of North Dakota loan for matching federal emergency relief funds and to repay the loan by the end of the 2001-03 biennium by requesting a deficiency appropriation			\$0
	• Increases funding for fuel purchases in Fleet Services. Funding for fuel purchases is provided at \$5,740,413 for the 2001-03 biennium.		\$1,633,293	\$1,633,293
	• Increases funding for new vehicle purchases. Funding of \$21,600,100 from the Fleet Services fund is provided for replacing an estimated 440 vehicles each year of the 2001-03 biennium.		\$1,809,310	\$1,809,310

## HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

Compared to 1999-2001 legislative appropriations for higher education, the 2001-03 executive budget recommends:

- Increasing **general fund** support by \$38,312,185.
- Removing \$177,746,228 of **tuition and other income** from the appropriation process (\$159,495,220 was appropriated for the 1999-2001 biennium).
- Removing \$578,112,820 of **local funds** from the appropriation process (\$523,858,540 was appropriated for the 1999-2001 biennium).

Major changes include:

1. The **University System office** budget is consolidated from 18 line items to five (system governance, student grant programs, campus-based programs, contingencies and board initiatives, and capital bond payments), and the line items for institutions are consolidated to two--operations and capital assets.
2. The campus-based programs line item includes:

An **equity and special needs pool** of \$19,445,765 is included in the University System office budget for the State Board of Higher Education to allocate to campuses. The funding is for:

- Critical needs in campus operations (\$2.5 million).
- One-time funding for innovation initiatives (\$2.5 million).
- Equity salary adjustments (\$1,069,596).
- Recommended compensation plan salary increases (\$13,261,034) equal to three percent of salaries for the first year of the biennium and two percent for the second year (salary increase funding is not included in the individual institutions' budgets).
- Other equity and special needs (\$115,135).

A **technology pool** of \$6,012,494 is provided in the University System office budget for:

- University System equipment (\$217,020).
- Increased system technology and network costs (\$1,200,000).
- Costs associated with the implementation of the statewide information technology network (\$4,595,474).

Funding of \$22,225,925 for the Interactive Video Network (**IVN**), On-line Dakota Information Network (**ODIN**), and Higher Education Computer Network (**HECN**) is removed from the budgets of the University of North Dakota and North Dakota State University and pooled in the University System office budget for the State Board of Higher Education to allocate to campuses.

Funding of \$3,471,100 is provided for **competitive research** matching funding which is a \$1.5 million increase from the previous biennium, \$534,000 for the **Title II program**, \$216,676 for **information technology management** needs, and \$51,560 for **disabled student services**.

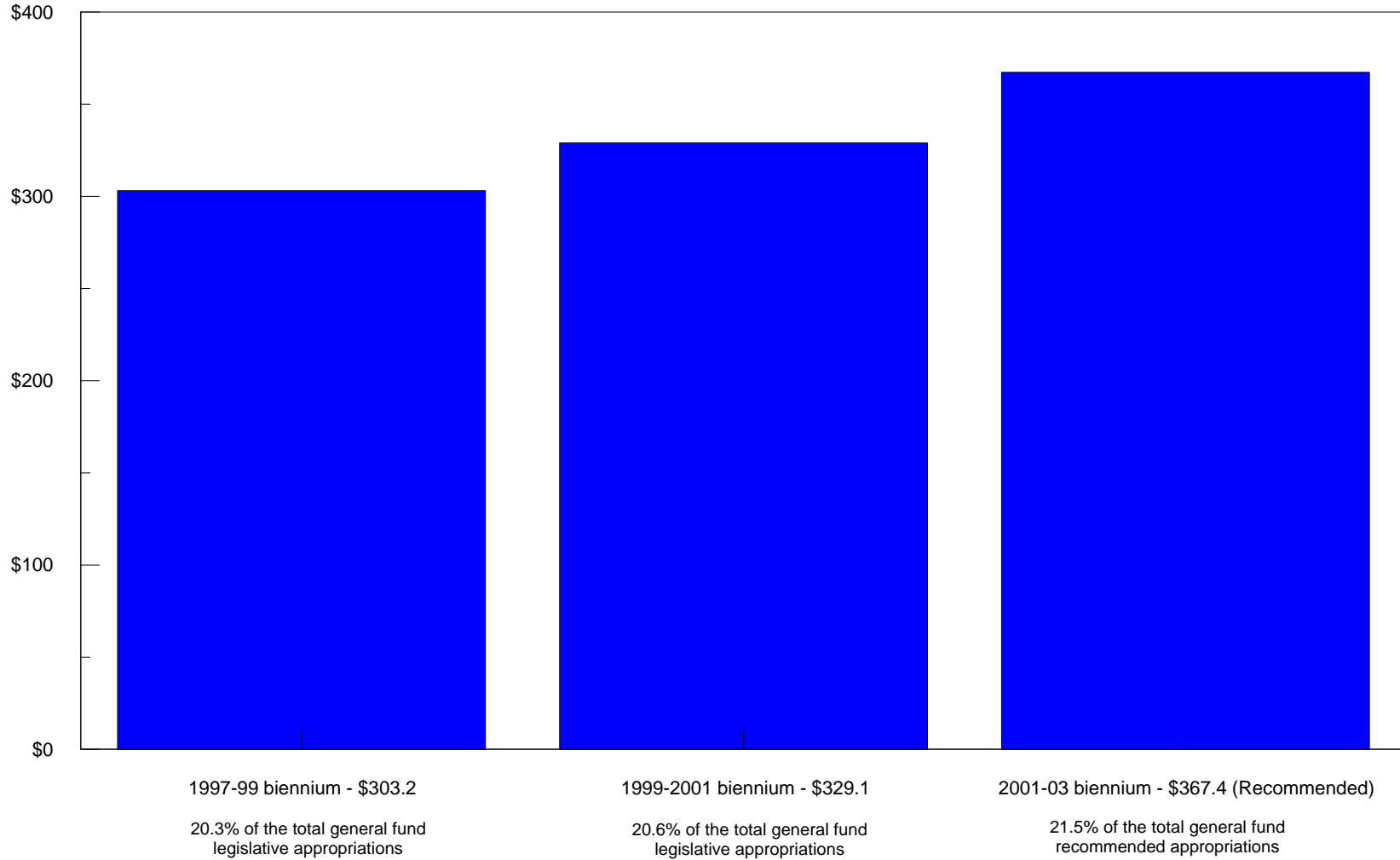
3. Funding of \$1,407,513 for **Prairie Public Broadcasting** is moved from the University System office budget to the Information Technology Department budget.
4. Funding of \$56,500,200 is provided for **capital improvements** including:
  - \$11,004,380 for extraordinary repairs.
  - \$45,495,820 for capital projects.

Of the \$56,500,200, \$10,262,247 is from the general fund, \$41,161,953 is from special and federal funds, and \$5,076,000 is from state bond proceeds. Please refer to the schedules under the "Capital Construction" section for additional information regarding capital improvements.

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

# HISTORY OF GENERAL FUND APPROPRIATIONS FOR HIGHER EDUCATION

Amounts shown in millions



Note: The 2001-03 executive budget recommendation includes funding of \$11.3 million for capital construction lease payments relating to bonds issued by the North Dakota Building Authority for capital improvement projects authorized by the Legislative Assembly. Previously, the appropriation for capital construction lease payments was provided to the Industrial Commission. The 2001-03 general fund recommendation for higher education less the \$11.3 million for capital construction lease payments is 20.9% of the total general fund recommended appropriations.

## HIGHER EDUCATION GENERAL FUND OPERATING COSTS PER STUDENT

<b>Total Systemwide General Fund Cost Per FTE Student *</b>	
2001-03 Executive Budget Recommendation	\$5,293
1999-2001 Appropriation	4,849
2001-03 Executive Budget Increase	\$444
Percentage Increase	9.2%

NOTE: The 2001-03 executive budget operating cost per FTE student amounts by institution shown below do not reflect the total amount of operating cost because funding for institutional salary increases and other critical needs was pooled and included in the North Dakota University System office budget in the 2001-03 executive budget recommendation.

<b>Institution</b>	<b>General Fund Operating Cost Per FTE Student*</b>		
	<b>1999-2001 Appropriation</b>	<b>2001-03 Executive Budget</b>	<b>2001-03 Executive Budget Increase (Decrease)</b>
University of North Dakota	\$4,879 <sup>1</sup>	\$4,233 <sup>1</sup>	(\$646)
North Dakota State University	\$4,321	\$3,602	(\$719)
State College of Science	\$5,006	\$5,312	\$306
Minot State University	\$4,814	\$5,102	\$288
Dickinson State University	\$4,266	\$4,192	(\$74)
Valley City State University	\$5,748	\$5,852	\$104
Mayville State University	\$6,066	\$6,177	\$111
MSU-Bottineau	\$4,789	\$5,126	\$337
Bismarck State College	\$3,233	\$3,045	(\$188)
Lake Region State College	\$4,626	\$5,212	\$586
Williston State College	\$4,133	\$4,245	\$112
North Dakota University System office	\$51 <sup>2</sup>	\$58 <sup>2</sup>	\$7
Systemwide salary pool	\$0	\$795 <sup>3</sup>	\$795
Systemwide items	\$202 <sup>2</sup>	\$226 <sup>2</sup>	\$24
Total systemwide average cost per student	\$4,849	\$5,293	\$444

\* Because the executive recommendation for the 2001-03 biennium does not include the appropriation of local funds and tuition income, the cost per FTE student amounts shown are based only on total institutional operating budgets (salaries and wages, operating expenses, and

equipment) financed from the state general fund. Capital improvements are not included in per student costs. The 1999-2001 cost per student is based on the general fund amount appropriated by the Legislative Assembly (adjusted for allocations from the critical salary pool, equity and special needs pool, technology pool, and the \$1.4 million funding appropriated to the Office of Management and Budget for assisting agencies in providing the \$35 per month minimum salary increases), compared to FTE enrollments. The 2001-03 cost per student is based on the amount in the executive budget compared to projected FTE enrollments.

- <sup>1</sup> Does not include student costs for medical students, physical therapy students, and off-campus and extension course students.
- <sup>2</sup> The cost per student for the North Dakota University System office reflects the operating costs of the office compared to the systemwide total FTE enrollment. The North Dakota University System office costs do not reflect systemwide items such as financial aid, computer network management, contingencies, and other systemwide items. The systemwide items are reflected as a separate line item and are also compared to the systemwide total FTE enrollment.

The 1999-2001 appropriation included \$11,911,851 for systemwide items. The cost per FTE amount is based on the \$11,911,851 divided by the total number of FTE students at all institutions of 58,956 for the two-year period.

The 2001-03 executive recommendation includes \$13,537,480 for systemwide items. The cost per FTE amount is based on the \$13,537,480 divided by the total estimated number of FTE students at all institutions of 59,980 for the two-year period.

- <sup>3</sup> The executive budget recommendation for the 2001-03 biennium includes an equity and special needs pool of \$19,445,765 for critical needs in campus operations, innovation initiatives, equity salary increases, and University System salary increases, a technology pool of \$6,012,494 for increased system technology and network costs, system equipment, and costs associated with the implementation of the statewide wide area network, and a funding pool of \$22,225,925 for costs associated with the Interactive Video Network, On-line Dakota Information Network, and Higher Education Computer Network.

## INSTITUTIONS OF HIGHER EDUCATION ANNUALIZED ENROLLMENT BY HEADCOUNT <sup>\1</sup>

Institution	Actual Enrollments			Projected Enrollments		
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
University of North Dakota <sup>\2</sup>	11,244	11,447	11,804	12,205	12,350	12,350
North Dakota State University	10,171	10,201	10,302	10,528	10,918	11,475
State College of Science	2,661	2,868	2,789	2,425	2,500	2,600
Minot State University	3,514	3,346	3,315	3,250	3,165	3,112
Dickinson State University	1,783	1,823	1,898	2,061	2,081	2,081
Valley City State University	1,160	1,208	1,207	1,205	1,205	1,205
Mayville State University	790	781	859	816	816	816
MSU-Bottineau	399	442	489	440	440	440
Bismarck State College	2,751	2,865	3,100	3,175	3,300	3,350
Lake Region State College	767	878	858	900	850	850
Williston State College	749	696	759	750	750	750
<b>Total</b>	<b>35,989</b>	<b>36,555</b>	<b>37,380</b>	<b>37,755</b>	<b>38,375</b>	<b>39,029</b>

<sup>\1</sup> The information in this schedule was provided by the North Dakota University System office.

<sup>\2</sup> Does not include 250 medical resident students.

**INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS <sup>1</sup>**

Institution	Actual Enrollments			Projected Enrollments		
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
University of North Dakota <sup>2</sup>	8,479	8,875	9,188	9,490	9,620	9,620
North Dakota State University	8,234	8,264	8,343	8,531	8,722	8,912
State College of Science	2,433	2,374	2,312	2,276	2,180	2,130
Minot State University	2,733	2,603	2,558	2,545	2,452	2,412
Dickinson State University	1,439	1,462	1,484	1,535	1,558	1,558
Valley City State University	902	932	917	920	920	920
Mayville State University	644	634	637	637	637	637
MSU-Bottineau	371	407	442	380	380	380
Bismarck State College	2,066	2,147	2,271	2,290	2,400	2,450
Lake Region State College	441	518	481	500	446	446
Williston State College	640	594	619	600	600	600
<b>Total</b>	<u>28,382</u>	<u>28,810</u>	<u>29,252</u>	<u>29,704</u>	<u>29,915</u>	<u>30,065</u>

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

<sup>2</sup> Does not include 250 medical resident students.

## HIGHER EDUCATION TUITION RATES

Institution	Current School Term		Board of Higher Education Budget Request Proposed Rates		Executive Budget Proposed Rates \1	
	1999-2000	2000-01	2001-02	2002-03	2001-02	2002-03
<b>University of North Dakota, North Dakota State University</b>						
Undergraduate						
Resident	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,904 5.4%	\$0	\$0
Minnesota resident	\$2,596 <sup>\2</sup> 3.4%	\$2,776 <sup>\2</sup> 6.9%	\$2,936 <sup>\2</sup> 5.8%	\$3,096 <sup>\2</sup> 5.4%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>
Contiguous state/province \3	\$3,720 5.0%	\$3,906 5.0%	\$4,131 5.8%	\$4,356 5.4%	\$0	\$0
Other nonresident	\$6,622 5.0%	\$6,953 5.0%	\$7,353 5.8%	\$7,754 5.5%	\$0	\$0
Graduate						
Resident	\$2,690 4.6%	\$2,814 4.6%	\$2,964 5.3%	\$3,114 5.1%	\$0	\$0
Minnesota resident	\$3,188 <sup>\2</sup> 3.8%	\$3,380 <sup>\2</sup> 6.0%	\$3,560 <sup>\2</sup> 5.3%	\$3,740 <sup>\2</sup> 5.1%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>
Contiguous state/province \3	\$4,035 4.6%	\$4,221 4.6%	\$4,446 5.3%	\$4,671 5.1%	\$0	\$0
Other nonresident	\$7,182 4.6%	\$7,513 4.6%	\$7,914 5.3%	\$8,314 5.1%	\$0	\$0
Physical therapy \4						
Resident	\$4,670 2.6%	\$4,794 2.7%	\$4,944 3.1%	\$5,094 3.0%	\$0	\$0
<b>UND Law School</b>						
Resident	\$2,900 4.2%	\$3,024 4.3%	\$3,174 5.0%	\$3,324 4.7%	\$0	\$0
Minnesota resident	\$3,188 <sup>\2</sup> 3.8%	\$3,380 <sup>\2</sup> 6.0%	\$3,560 <sup>\2</sup> 5.3%	\$3,740 <sup>\2</sup> 5.1%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>
Other nonresident	\$7,743	\$8,074	\$8,475	\$8,875	\$0	\$0



Institution	4.2%		4.3%		5.0%		4.7%	
	Current School Term		Board of Higher Education Budget Request Proposed Rates		Executive Budget Proposed Rates \1			
	1999-2000	2000-01	2001-02	2002-03	2001-02	2002-03		
<b>UND Medical School</b>								
Resident	\$10,955 9.0%	\$11,940 9.0%	\$11,940 0.0%	\$11,940 0.0%	\$0	\$0		
Minnesota resident	\$11,502 <sup>\2</sup> 8.0%	\$12,776 <sup>\2</sup> 11.1%	\$12,776 <sup>\2</sup> 0.0%	\$12,776 <sup>\2</sup> 0.0%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>		
Other nonresident	\$29,249 9.0%	\$31,880 9.0%	\$31,880 0.0%	\$31,880 0.0%	\$0	\$0		
<b>Minot State University</b>								
Undergraduate								
Resident	\$2,050 4.6%	\$2,144 4.6%	\$2,244 4.7%	\$2,344 4.5%	\$0	\$0		
Minnesota resident	\$2,152 <sup>\2</sup> 3.6%	\$2,294 <sup>\2</sup> 6.6%	\$2,401 <sup>\2</sup> 4.7%	\$2,508 <sup>\2</sup> 4.5%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>		
Contiguous state/province \3	\$2,563 4.6%	\$2,680 4.6%	\$2,805 4.7%	\$2,930 4.5%	\$0	\$0		
Other nonresident	\$5,474 4.6%	\$5,724 4.6%	\$5,991 4.7%	\$6,258 4.5%	\$0	\$0		
Graduate								
Resident	\$2,690 4.6%	\$2,814 4.6%	\$2,964 5.3%	\$3,114 5.1%	\$0	\$0		
Minnesota resident	\$3,188 <sup>\2</sup> 3.8%	\$3,380 <sup>\2</sup> 6.0%	\$3,560 <sup>\2</sup> 5.3%	\$3,740 <sup>\2</sup> 5.1%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>		
Contiguous state/province \3	\$4,035 4.6%	\$4,221 4.6%	\$4,446 5.3%	\$4,671 5.1%	\$0	\$0		
Other nonresident	\$7,182 4.6%	\$7,513 4.6%	\$7,914 5.3%	\$8,314 5.1%	\$0	\$0		

Institution	Current School Term		Board of Higher Education Budget Request Proposed Rates		Executive Budget Proposed Rates \1	
	1999-2000	2000-01	2001-02	2002-03	2001-02	2002-03
<b>Dickinson State University, Mayville State University, and Valley City State University</b>						
Undergraduate						
Resident	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,152 4.1%	\$0	\$0
Minnesota resident	\$2,000 <sup>\2</sup> 3.0%	\$2,120 <sup>\2</sup> 6.0%	\$2,211 <sup>\2</sup> 4.3%	\$2,302 <sup>\2</sup> 4.1%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>
Contiguous state/province \3	\$2,383 4.1%	\$2,478 4.0%	\$2,584 4.3%	\$2,690 4.1%	\$0	\$0
Other nonresident	\$5,089 4.0%	\$5,292 4.0%	\$5,519 4.3%	\$5,746 4.1%	\$0	\$0
<b>State College of Science, Minot State University - Bottineau, Lake Region State College, and Williston State College</b>						
Undergraduate						
Resident	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,732 3.0%	\$0	\$0
Minnesota resident	\$2,074 <sup>\2</sup> 3.7%	\$2,168 <sup>\2</sup> 4.5%	\$2,234 <sup>\2</sup> 3.0%	\$2,301 <sup>\2</sup> 3.0%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>
Contiguous state/province \3	\$1,990 2.6%	\$2,040 2.5%	\$2,103 3.1%	\$2,165 2.9%	\$0	\$0
Other nonresident	\$4,251 2.6%	\$4,357 2.5%	\$4,491 3.1%	\$4,624 3.0%	\$0	\$0

Institution	Board of Higher Education					
	Current School Term		Budget Request Proposed Rates		Executive Budget Proposed Rates \1	
	1999-2000	2000-01	2001-02	2002-03	2001-02	2002-03
<b>Bismarck State College \5</b>						
Undergraduate						
Resident	\$1,592 2.6%	\$1,649 3.6%	\$1,699 3.1%	\$1,750 3.0%	\$0	\$0
Minnesota resident	\$2,074 <sup>\2</sup> 3.7%	\$2,193 <sup>\2</sup> 5.7%	\$2,260 <sup>\2</sup> 3.1%	\$2,327 <sup>\2</sup> 3.0%	\$0 <sup>\2</sup>	\$0 <sup>\2</sup>
Contiguous state/province \3	\$1,990 2.6%	\$2,061 3.6%	\$2,124 3.1%	\$2,188 3.0%	\$0	\$0
Other nonresident	\$4,251 2.6%	\$4,403 3.6%	\$4,537 3.1%	\$4,673 3.0%	\$0	\$0

<sup>\1</sup> The 2001-03 executive budget removes tuition income from the appropriation process and therefore does not make a recommendation regarding tuition rates.

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

<sup>\3</sup> The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba. The contiguous state/province tuition rate is 1.5 times the resident rate for students attending the University of North Dakota, North Dakota State University, and graduate students at Minot State University. The contiguous state/province tuition rate is 1.25 times the resident rate for undergraduate students at Minot State University and at all remaining four- and two-year institutions.

<sup>\4</sup> Physical therapy students pay undergraduate tuition rates during the first two years. In the students' junior year, they enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

<sup>\5</sup> Bismarck State College implemented a per credit tuition model pilot program beginning in the 2000-01 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours except for the 14th and 15th credits, which are at no charge. The tuition rates shown are based on a credit load of 15 credit hours per semester, which is the number of credit hours taken by an average full-time student.

# ELEMENTARY AND SECONDARY EDUCATION SUMMARY

## FOUNDATION AID

The 2001-03 biennium executive budget recommendation provides a general fund appropriation of \$485.5 million for foundation aid, an increase of \$6.5 million, or 1.4 percent, from the 1999-2001 appropriation of \$479 million. The recommended per student payment amounts are \$2,323 during the first year of the biennium and \$2,420 for the second year, which compares to past payment levels as follows:

Fiscal Year	Per Student Payment	Increase From Prior Year	Percentage Increase From Prior Year
1997-98 (appropriation)	\$1,954	\$92	4.9%
1998-99 (appropriation)	\$2,032	\$78	4.0%
1999-2000 (appropriation)	\$2,145	\$113	5.6%
2000-01 (appropriation)	\$2,230	\$85	4.0%
2001-02 (recommendation)	\$2,323	\$93	4.2%
2002-03 (recommendation)	\$2,420	\$97	4.2%

## TUITION FUND

The executive budget recommendation includes tuition fund distributions of \$67.2 million, an increase of \$13.7 million, or 25.6 percent, from the 1999-2001 appropriation of \$53.5 million. The recommended appropriation will provide payments of approximately \$300 per census unit, an increase of \$50, or 20 percent, from the currently estimated 2000-01 payment of \$250. The executive recommendation is an increase of \$80, or 36 percent, from the 2000-01 appropriated payment of \$220. The executive recommendation amount is based on the assumption that the Board of University and School Lands will distribute all income available relating to tobacco settlement moneys which have been or will be deposited in the common schools trust fund.

## SPECIAL EDUCATION

The executive budget recommendation provides \$51.26 million for general fund special education grants, an increase of \$4.66 million, or 10 percent, from the 1999-2001 appropriation of \$46.6 million. Section 5 of 2001 House Bill No. 1013 provides legislative intent that the special education appropriation be distributed as follows:

1. \$12.665 million to reimburse school districts for special education contract costs (\$1.165 million more than the amount appropriated for the 1999-2001 biennium).
2. \$400,000 to reimburse school districts for gifted and talented programs (no change from the amount appropriated for the 1999-2001 biennium).
3. \$38.195 million distributed on the basis of average daily membership (ADM), pursuant to North Dakota Century Code (NDCC) Section 15-40.1-07.6 (\$3.495 million more than the amount appropriated for the 1999-2001 biennium).

## OTHER RECOMMENDATIONS

The executive budget recommendation also provides the following:

1. **Supplemental payments** - The executive budget includes **\$3.45 million** from the general fund for supplemental payments to school districts pursuant to NDCC Section 15-40.1-07.8, an increase of \$350,000.
2. **Average daily membership and declining enrollment payments - No appropriation** is provided for ADM or declining enrollment payments to school districts. The 1999 Legislative Assembly appropriated \$3.5 million for these payments for the 1999-2001 biennium.

3. **Educational Telecommunications Council grants - No appropriation** is provided to the Department of Public Instruction for general fund grants to be distributed by the Educational Telecommunications Council. However, the executive recommendation for the Information Technology Department includes \$3.5 million for these grants, a decrease of \$2.5 million from the 1999-2001 biennium appropriation provided to the Department of Public Instruction.
4. **SENDIT - No appropriation** is provided to the Department of Public Instruction for grants to SENDIT. However, the executive recommendation for the Information Technology Department includes \$1.97 million for SENDIT, a general fund increase of \$1.48 million from the 1999-2001 biennium appropriation provided to the Department of Public Instruction.
5. **Quality Schools Commission** - The executive budget includes a general fund appropriation of **\$575,192** for a grant to the Quality Schools Commission for expenses of the commission in implementing a quality assessment process for North Dakota elementary and secondary schools.
6. **Student data base** - The executive budget includes a general fund appropriation of **\$412,500** for the development of a student data base.
7. **Operating expenses for school improvement division** - The executive budget increases, by **\$5.5 million**, federal funds spending authority for operating expenses for the department's school improvement division to reflect federal grants anticipated to be available to contract with teachers for the development of curriculum and instructional strategies, to provide professional development for teachers, and for other school improvement activities.
8. **Reading and mathematics assessment** - The executive budget includes a general fund appropriation of **\$836,000** for the design and implementation of a standards-based assessment program for reading and mathematics for students in grades 4, 8, and 12.
9. **Contingent foundation aid distributions** - The executive budget does not include any recommendations regarding the distribution of foundation aid funds remaining unspent at the end of a biennium. Pursuant to 1999 Senate Bill No. 2162, any funds remaining unspent at the end of the 1999-2001 biennium will be distributed as follows:
  - a. The first \$1 million as supplemental payments on the basis of ADM.
  - b. The second \$1 million to assist school districts that have experienced declining enrollment.
  - c. The next \$2 million to school districts eligible to receive reorganization bonuses pursuant to Senate Bill No. 2441.
  - d. Any remaining amount as supplemental payments on the basis of ADM.

**FOUNDATION AID, OTHER GRANTS, DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION, AND DIVISION OF INDEPENDENT STUDY COMPARISON OF 2001-03 EXECUTIVE BUDGET TO 1999-2001 APPROPRIATION AND ESTIMATED EXPENDITURES**

	<b>1999-2001 Appropriation<sup>1</sup></b>	<b>1999-2001 Estimated Expenditures<sup>2</sup></b>	<b>2001-03 Executive Budget</b>	<b>2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Estimated Expenditures</b>	<b>2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Appropriation</b>
<b>Foundation aid</b>					
Statutory per student payments	\$520,678,909	\$516,406,104	\$532,704,091	\$16,297,987	\$12,025,182
Less mill deduct (32 mills) and excess fund balance deduct	78,072,650	78,069,217	83,611,330	5,542,113	5,538,680
General fund per student payments	<u>\$442,606,259</u>	<u>\$438,336,887</u>	<u>\$449,092,761</u>	<u>\$10,755,874</u>	<u>\$6,486,502</u>
Limited English proficient student payments	400,000	400,000	450,000	50,000	50,000
Transportation payments	<u>36,000,000</u>	<u>35,146,101</u>	<u>36,000,000</u>	<u>853,899</u>	
Total foundation aid regular distributions - General fund	<u>\$479,006,259</u>	<u>\$473,882,988</u>	<u>\$485,542,761</u>	<u>\$11,659,773</u>	<u>\$6,536,502</u>
Foundation aid contingent distributions		5,123,271 <sup>13</sup>		(5,123,271)	
Total foundation aid - General fund	<u>\$479,006,259</u>	<u>\$479,006,259</u>	<u>\$485,542,761</u>	<u>\$6,536,502</u>	<u>\$6,536,502</u>
<b>Other grants - General fund</b>					
Special education	\$46,600,000	\$46,600,000	\$51,260,000	\$4,660,000	\$4,660,000
ADM and declining enrollment payments (1999 SB 2162)	3,500,000	3,500,000		(3,500,000)	(3,500,000)
Supplemental payments	3,100,000	2,679,162 <sup>14</sup>	3,450,000	770,838	350,000
Teacher center network	210,000	210,000	210,000		
School food services	1,080,000	1,080,000	1,080,000		
Adult education grants	900,000	900,000	900,000		
Educational Telecommunications Council grants	6,000,000	6,000,000		(6,000,000) <sup>15</sup>	(6,000,000)
LEAD consortium	200,000	200,000	200,000		
Governor's school	145,000	145,000	205,000	60,000	60,000
Geographic education	50,000	50,000	50,000		
SENDIT computer network	496,669	496,669		(496,669) <sup>16</sup>	(496,669)
National board certification	20,000	20,000	33,000	13,000	13,000
Quality schools commission			575,192 <sup>17</sup>	575,192	575,192
FINDET	23,780	23,780	33,117	9,337	9,337
Total other grants - General fund	<u>\$62,325,449</u>	<u>\$61,904,611</u>	<u>\$57,996,309</u>	<u>(\$3,908,302)</u>	<u>(\$4,329,140)</u>
Total foundation aid and other grants - General fund	<u>\$541,331,708</u>	<u>\$540,910,870</u>	<u>\$543,539,070</u>	<u>\$2,628,200</u>	<u>\$2,207,362</u>
<b>Other grants - Other funds</b>					
Federal grants	\$134,530,636	\$135,290,636	\$146,527,146	\$11,236,510	\$11,996,510
State tuition fund	53,528,217	57,275,123	67,239,025 <sup>18</sup>	9,963,902	13,710,808
Displaced homemaker program	229,247	229,247	240,000	10,753	10,753
SENDIT computer network	<u>50,000</u>	<u>50,000</u>		(50,000)	(50,000)

	<b>1999-2001 Appropriation<sup>1</sup></b>	<b>1999-2001 Estimated Expenditures<sup>2</sup></b>	<b>2001-03 Executive Budget</b>	<b>2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Estimated Expenditures</b>	<b>2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Appropriation</b>
Total other grants - Other funds	\$188,338,100	\$192,845,006	\$214,006,171	\$21,161,165	\$25,668,071
Total other grants - All funds	\$250,663,549	\$254,749,617	\$272,002,480	\$17,252,863	\$21,338,931
Total foundation aid and other grants - All funds	\$729,669,808	\$733,755,876	\$757,545,241	\$23,789,365	\$27,875,433
<b>Agency administration (excluding Division of Independent Study)</b>					
Administration (salaries, operating, equipment) - General fund	\$4,860,228	\$5,114,771 <sup>12</sup>	\$6,487,498	\$1,372,727	\$1,627,270
Administration (salaries, operating, equipment) - Other funds	11,724,030	12,530,533 <sup>12</sup>	18,565,534	6,035,001	6,841,504
Total agency administration - All funds	\$16,584,258	\$17,645,304 <sup>12</sup>	\$25,053,032	\$7,407,728	\$8,468,774
<b>Division of Independent Study</b>					
Salaries, operating, equipment - General fund	\$861,973	\$677,830 <sup>12</sup>	\$767,916	\$90,086	(\$94,057)
Salaries, operating, equipment - Other funds	4,207,043	4,377,009 <sup>12</sup>	4,418,250	41,241	211,207
Capital projects - General fund			27,500	27,500	27,500
Capital projects - Other funds			27,500	27,500	27,500
Total Division of Independent Study - All funds <sup>19</sup>	\$5,069,016	\$5,054,839 <sup>12</sup>	\$5,241,166	\$186,327	\$172,150
<b>Total Department of Public Instruction - All funds</b>					
General fund	\$547,053,909	\$546,703,471	\$550,821,984	\$4,118,513	\$3,768,075
Other funds	204,269,173	209,752,548	237,017,455	27,264,907	32,748,282
Total	\$751,323,082	\$756,456,019	\$787,839,439	\$31,383,420	\$36,516,357
FTE	131.95	131.95	131.95		

<sup>11</sup> 1999-2001 appropriation - The 1999-2001 appropriation amounts include \$191,664, of which \$67,082 is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$7,902, of which \$1,182 is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

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

<sup>12</sup> 1999-2001 estimated expenditures - The amounts shown have been adjusted to reflect the following amounts:

\$70,400 from the general fund for operating expenses carried over from the 1997-99 biennium pursuant to Section 12 of 1999 Senate Bill No. 2013.

\$976,469 from other funds for salaries and wages, operating expenses, and equipment authorized by the Emergency Commission.

\$760,000 from other funds for grants authorized by the Emergency Commission.

\$3,746,906 from the state tuition fund anticipated to be distributed in addition to the legislative appropriation.

(\$420,838) from the general fund for supplemental payment grants not anticipated to be distributed during the 1999-2001 biennium.

- <sup>13</sup> Contingent foundation aid distributions - Senate Bill No. 2162 (1999) provides that if any of the funds appropriated by the 1999 Legislative Assembly for foundation aid remain unspent after all statutory obligations have been met, the remaining funds shall be distributed as follows:
1. The first \$1 million as supplemental payments on the basis of average daily membership (ADM).
  2. The second \$1 million to assist school districts that have experienced declining enrollment.
  3. The next \$2 million to school districts eligible to receive reorganization bonuses pursuant to Senate Bill No. 2441.
  4. Any remaining amount as supplemental payments on the basis of ADM.
- <sup>14</sup> Supplemental payments - The 1999 Legislative Assembly appropriated \$3.1 million for supplemental payments to school districts that are below the statewide average taxable property valuation per student and below the statewide average educational expenditure per student, as provided in North Dakota Century Code Section 15-40.1-07.8. The formula provided in Section 15-40.1-07.8 does not provide a mechanism to distribute any appropriated funds remaining unspent after the formula distributions.
- The department estimates that \$420,838 will remain unspent at the end of the 1999-2001 biennium, primarily as a result of the Grand Forks district not qualifying for payments due to educational expenditures per student being in excess of the state average. In the three previous fiscal years, the Grand Forks district qualified for payments of \$336,000 to \$412,000 per year.
- <sup>15</sup> Educational Telecommunications Council grants - The 2001-03 biennium executive recommendation includes \$3.5 million from the general fund for Educational Telecommunications Council grants. The appropriation is included in the executive budget for the Information Technology Department.
- <sup>16</sup> SENDIT computer network - The 2001-03 biennium executive recommendation includes \$1,973,669 from the general fund for grants to the SENDIT network. The appropriation is included in the executive recommendation for the Information Technology Department.
- <sup>17</sup> Quality Schools Commission - This amount is to be transferred to the quality schools fund and is appropriated to the Quality Schools Commission for the 2001-03 biennium for expenses of the commission in implementing a quality assessment process for North Dakota elementary and secondary schools.
- <sup>18</sup> State tuition fund - The executive recommendation includes the distribution of \$67.2 million from the state tuition fund, \$13.7 million more than the amount appropriated by the 1999 Legislative Assembly. The 2001-03 executive recommendation amount is based on the assumption that the Board of University and School Lands will distribute all income relating to tobacco settlement moneys which have been or will be deposited in the common schools trust fund.
- <sup>19</sup> Division of Independent Study - The amounts shown for the Division of Independent Study do not include grants distributed by the division. Grants distributed by the division are included in the "other grants" section of this schedule.



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

	1999-2001 Appropriation	1999-2001 Actual	2001-03 Executive Budget
<b>First-Year Payments</b>			
Per student foundation aid payments	\$2,145	\$2,145	\$2,323
Tuition fund distributions	220	248	300
Total first-year payments	<u>\$2,365</u>	<u>\$2,393</u>	<u>\$2,623</u>
<b>Second-Year Payments</b>			
Per student foundation aid payments	\$2,230	\$2,230	\$2,420
Tuition fund distributions	220	250 \1	300
Total second-year payments	<u>\$2,450</u>	<u>\$2,480</u>	<u>\$2,720</u>
<b>Weighted Student Units</b>			
First year	119,430	118,831	112,903
Second year	117,718	115,795 \1	110,350
<b>Mill Levy Deducts</b>			
First year	32 mills	32 mills	32 mills
Second year	32 mills	32 mills	32 mills

\1 Estimated

# DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

## DEPARTMENTWIDE

- Changes the source of funding for salaries and wages from the general fund to special funds by a total of \$1.2 million for all divisions to recognize **anticipated savings from vacant employee positions and employee turnover**. This represents a two percent reduction of general fund salaries for the human service centers and a one percent reduction of general fund salaries for the remainder of the department, including the State Hospital and Developmental Center. In addition, the executive budget changes the funding source from the general fund to special funds for 10.65 FTE vacant positions at the State Hospital that the hospital has no immediate plans to fill totaling \$853,908. The changes by divisions are as follows:

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

This compares to a reduction of \$3,498,200 for the 1999-2001 biennium.

- Uses **health care trust fund** moneys for the following:

Grants and loans	\$4,020,226
Health Insurance Portability and Accountability Act (HIPAA) state matching funds	3,870,794
Medical assistance state matching funds	25,000,000
Statewide long-term care needs assessment	241,006
Service payments for elderly and disabled (SPED)	4,262,410
State Hospital landfill closure	413,255
Administrative costs	71,158
<b>Total</b>	<b>\$37,878,849</b>

- Increases funding provided from **retained funds** by \$2,494,569 to a total of \$31,940,419. Retained funds are federal funds received by the state

for administrative costs incurred by counties that the state retains pursuant to the "swap" agreement with the counties.

## MANAGEMENT

- Adds \$8,926,141, \$5,055,347 of which is from federal funds and \$3,870,794 of health care trust fund moneys for the **HIPAA** computer system project.
- Adds \$412,225 from the general fund for the **ATM network**.
- Adds \$1,416,440, \$481,589 from the general fund, for **child support computer system** changes.
- Adds \$1.5 million, \$750,000 from the general fund, for integrating the remaining children and family services systems into the comprehensive child welfare information and payment system (**CCWIPS**).

## ECONOMIC ASSISTANCE

- Increases funding by \$995,559, \$582,206 of which is from the general fund for **Indian county allocation** pursuant to Section 9 of 1999 Senate Bill No. 2012.
- Requires the department to seek a **Medicaid personal care waiver** to allow Medicaid funds to be used for a portion of **basic care** costs. This results in a funding source change from the general fund to federal funds of \$5,391,869.
- Provides \$562.4 million, \$129.8 million of which is from the general fund and \$25 million from the health care trust fund for the **medical assistance program**, excluding the intergovernmental transfer program. Compared to the 1999-2001 biennium appropriation, the executive budget recommends an increase of \$48.1 million. Although the general fund share is reduced by \$15.7 million, \$25 million is provided from the health care trust fund. Without the health care trust fund moneys, there would be a general fund increase of \$9.3 million. Major funding increases within medical assistance relate to **prescription drugs** that are estimated to increase by \$28.7 million or 57 percent and funding for **nursing facilities** which is increasing by \$12.2 million or 4.8 percent.
- Increases funding for **Healthy Steps** (children's health insurance program) by \$5 million, \$1.1 million of which is from the general fund. The executive recommendation provides funding for continuing eligibility

requirements at 140 percent of poverty, an average caseload of 2,885 children each month, and an annual inflation rate on the insurance premiums of 16.4 percent. Total funding for Healthy Steps is \$8.9 million, \$1.9 million of which is from the general fund.

- Increases funding for **developmental disabilities grants** by \$7.9 million, \$2.1 million of which is from the general fund to provide a total of \$156.9 million, \$51.4 million of which is from the general fund. The major funding increase for developmental disabilities grants is funding for community intermediate care facilities for the mentally retarded (ICF/MR) care which is increasing by \$4.4 million, or 7.7 percent.

### **PROGRAM AND POLICY**

- Increases funding for the **senior citizen mill levy match** by \$400,000 from the general fund to a total of \$1,662,945.
- Increases funding for **SPED** by \$1,153,005, \$649,931 of which is from the general fund. The executive budget recommends a total of \$13,967,295 for SPED, \$8,561,099 of which is from the general fund, \$4,262,410 from the health care trust fund, \$445,432 of federal funds, and \$698,354 from the counties. The executive budget recommends the department include targeted case management for SPED in its state Medicaid plan which allows this service to receive federal Medicaid funding. This change results in a general fund reduction and federal funds increase of \$445,432.
- Increases funding for **expanded SPED** by \$523,036, providing a total of \$1,421,080 from the general fund for expanded SPED.

### **HUMAN SERVICE CENTERS**

- Reduces **partnership program** funding at the human service centers by \$2,035,184. General fund support for the program is increasing by \$337,515, and federal funding is decreasing by \$2,372,699. The executive budget recommends a total of \$5,796,110, \$2,139,990 of which is from the general fund for the partnership program at the human service

centers. The executive budget replaces \$600,000 of general fund support with funding from the children's services coordinating committee for mental health partnership project core services at the human service centers (\$75,000 per center).

- Restores \$484,000 of the general fund budget reductions made by the **Northeast Human Service Center** to comply with the 1999 Legislative Assembly directive that the department identify budget savings totaling \$500,000 for the 2001-03 biennium relating to the efficiencies and collocation of service delivery that has resulted from being located in the city/county building in Grand Forks.
- Adds \$441,125 from the general fund for **Southeast Human Service Center** capital construction lease payments. These funds will be paid to the Industrial Commission for repayment on bonds issued on behalf of the Southeast Human Service Center. Previously, these general fund moneys were appropriated directly to the Industrial Commission.

### **STATE HOSPITAL**

- Provides that special funds of \$2,139,284 be received from the Department of Corrections and Rehabilitation for driving under the influence (DUI) offender treatment services provided to corrections inmates at the State Hospital. With this special funds increase, the general fund support is reduced by \$2,139,284.
- Adds \$566,500 from the general fund for State Hospital capital construction lease payments. These funds will be paid to the Industrial Commission for repayment on bonds issued on behalf of the State Hospital. Previously, these general fund moneys were appropriated directly to the Industrial Commission.

### **DEVELOPMENTAL CENTER**

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

## TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The 2001-03 executive budget recommendation includes funding of \$25,626,056, \$221,731 more than the 1999-2001 adjusted appropriation.

The 2001-03 executive budget recommendation includes funding to serve an estimated average monthly caseload of 2,795, 41 more than the 1999-2001 adjusted appropriation.

The following schedule compares the 1999-2001 biennium adjusted appropriation to the 2001-03 executive budget:

	<b>1999-2001 Biennium Adjusted Appropriation</b>	<b>Percentage</b>	<b>2001-03 Executive Budget Recommendation</b>	<b>Percentage</b>	<b>2001-03 Executive Budget Increase (Decrease) Compared to 1999-01 Appropriations</b>
<b>Temporary Assistance for Needy Families</b>					
Federal share	\$13,506,378	53.17	\$11,150,551	43.51	(\$2,355,827)
State share	5,500,000	21.65	3,950,382	15.42	(1,549,618)
Retained funds\1	4,265,877	16.79	8,300,123	32.39	4,034,246
Other funds - Child support collections	<u>2,132,070</u>	<u>8.39</u>	<u>2,225,000</u>	<u>8.68</u>	<u>92,930</u>
Total - TANF	<u><u>\$25,404,325</u></u>	<u><u>100.00</u></u>	<u><u>\$25,626,056</u></u>	<u><u>100.00</u></u>	<u><u>\$221,731</u></u>

\1 These funds are federal funds received for administrative costs incurred by the counties that the state retains per the "swap" agreement with the counties.

# MEDICAL ASSISTANCE AND HEALTHY STEPS

## MEDICAL ASSISTANCE

The 1999-2001 executive recommendation for the medical assistance program includes a total of \$719.2 million excluding intergovernmental transfer funds. Of this total, \$181.2 million is from the general fund. Compared to the 1999-2001 adjusted appropriation excluding intergovernmental transfer funds, the executive budget recommends an increase of \$56 million; however, the general fund share is reduced in the executive budget by \$13.6 million. The executive budget recommends using \$25 million of health care trust fund moneys to replace general fund support in medical assistance. Without this funding source change, the general fund share would have increased by \$11.4 million.

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

Federal Fiscal Year	FMAP
1998	70.43%
1999	69.94%
2000	70.42%
2001	69.99%
2002	69.87% (Estimate)
2003	69.87% (Estimate)

The following inflationary adjustments were provided in the executive budget:

	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment
Inpatient hospital	2.20%	2.20%
Outpatient hospital	2.20%	2.20%
Nursing facilities (Provides 99/85/75 percentile limitations with 55.1 percent of nursing home patients on Medicaid)	3.78%	2.80%
Dental services	2.20%	2.20%
Drugs	7.00%	7.00%
Physician services	2.20%	2.20%

The following schedule compares the 1999-2001 biennium adjusted appropriation for medical assistance to the 2001-03 executive budget recommendation:

	<b>1999-2001 Adjusted Appropriation</b>	<b>Percentage</b>	<b>2001-03 Executive Budget</b>	<b>Percentage</b>	<b>2001-03 Executive Budget Increase (Decrease)</b>
Inpatient hospital	\$61,573,862	9.28%	\$59,261,437	8.24%	(\$2,312,425)
Outpatient hospital	33,671,184	5.08%	30,805,304	4.28%	(2,865,880)
Home health	4,034,500	0.61%	5,309,601	0.74%	1,275,101
Nursing home care	252,358,444	38.05%	264,593,946	36.79%	12,235,502
Physicians' services	37,420,671	5.64%	38,943,322	5.41%	1,522,651
Drugs (net)	50,354,267	7.59%	79,115,722	11.00%	28,761,455
Durable medical equipment	4,199,096	0.63%	4,368,006	0.61%	168,910
Treatment services for children	5,400,000	0.81%	7,501,595	1.04%	2,101,595
Dental	9,888,492	1.49%	11,274,881	1.57%	1,386,389
Rural health clinics	4,021,989	0.61%	3,833,919	0.53%	(188,070)
Aged and disabled waiver	6,374,484	0.96%	8,519,405	1.18%	2,144,921
Community-based developmental disabilities care	148,922,689	22.46%	156,870,722	21.81%	7,948,033
Other	<u>44,982,422</u>	<u>6.79%</u>	<u>48,838,061</u>	<u>6.80%</u>	<u>3,855,639</u>
Total - Excluding intergovernmental transfer	<u>\$663,202,100</u>	<u>100.00%</u>	<u>\$719,235,921</u>	<u>100.00%</u>	<u>\$56,033,821</u>
Federal share	\$463,837,446	69.94%	\$502,787,775	69.91%	\$38,950,329
State share	194,807,468	29.37%	181,198,566	25.19%	(13,608,902)
Other funds	<u>4,557,186</u>	<u>0.69%</u>	<u>35,249,580</u>	<u>4.90%</u>	<u>30,692,394</u>
Total - Excluding intergovernmental transfer	<u>\$663,202,100</u>	<u>100.00%</u>	<u>\$719,235,921</u>	<u>100.00%</u>	<u>\$56,033,821</u>
Intergovernmental transfer program	\$61,464,675		\$26,440,813		(\$35,023,862)
Total - Including intergovernmental transfer	<u>\$724,666,775</u>		<u>\$745,676,734</u>		<u>\$21,009,959</u>
Federal share	\$507,120,870	69.98%	\$521,282,423	69.91%	\$14,161,553
State share	198,425,859	27.38%	181,198,566	24.30%	(17,227,293)
Other funds	<u>19,120,046</u>	<u>2.64%</u>	<u>43,195,745</u>	<u>5.79%</u>	<u>24,075,699</u>
Total - Including intergovernmental transfer	<u>\$724,666,775</u>	<u>100.00%</u>	<u>\$745,676,734</u>	<u>100.00%</u>	<u>\$21,009,959</u>

**HEALTHY STEPS  
(CHILDREN'S HEALTH INSURANCE PROGRAM)**

The 1999-2001 executive recommendation for the Healthy Steps program includes a total of \$8.9 million, \$1.9 million of which is from the general fund. Compared to the 1999-2001 legislative appropriation, the executive budget is recommending an increase of \$5 million, \$1.1 million of which is from the general fund.

The executive budget recommends continuing eligibility requirements for the program at 140 percent of poverty and serving an average caseload of 2,885 children each month of the 2001-03 biennium. In November 2000, 2,094 children were covered by the program. The executive budget includes funding to provide for annual inflationary increases of 16.4 percent on the children's health insurance premiums.

The schedule below compares the funding recommended in the 2001-03 executive budget to the 1999-2001 biennium appropriation:

	<b>1999-2001 Appropriation</b>	<b>2001-03 Executive Budget</b>	<b>2001-03 Executive Budget Increase (Decrease)</b>
Healthy Steps	<u>\$3,886,838</u>	<u>\$8,917,719</u>	<u>\$5,030,881</u>
Federal share	\$3,069,048	\$7,031,005	\$3,961,957
State share	817,790	1,886,714	1,068,924
Other funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,886,838</u>	<u>\$8,917,719</u>	<u>\$5,030,881</u>

Federal funds available to North Dakota for the children's health insurance program are listed below:

<b>Federal Fiscal Year Ending</b>	<b>North Dakota Allocation</b>
September 30, 1998	\$5,041,000
September 30, 1999	\$5,017,000
September 30, 2000	\$5,656,000

The federal government allows states two years to spend their federal fund allocation. Through September 30, 2000, North Dakota spent \$1,679,509 of its federal fiscal year 1998 allocation of \$5,041,000. North Dakota is currently spending its fiscal year 1999 allocation.

The federal matching assistance percentage (FMAP) for the children's health insurance program is as follows:

<b>Federal Fiscal Year</b>	<b>FMAP</b>
1998	79.30%
1999	78.96%
2000	79.29%
2001	78.99%
2002	78.91% (Estimate)
2003	78.91% (Estimate)



## DEVELOPMENTAL DISABILITIES

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

### DEVELOPMENTAL DISABILITIES PROGRAMS FOR THE 2001-03 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 1993-95 THROUGH 1999-2001 APPROPRIATIONS

	1993-95 Biennium Appropriations	1995-97 Biennium Appropriations	1997-99 Biennium Appropriations	1999-2001 Biennium Appropriations	2001-03 Executive Budget Recommendation	2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Appropriations
<b>Developmental Center at Grafton</b>						
Total appropriation	\$40,179,067	\$37,168,887	\$39,157,533	\$39,305,692	\$40,088,524	\$782,832
(excluding capital improvements)						
Less estimated income	28,406,911	27,202,953	30,097,389	29,770,472	30,159,322	388,850
General fund	<u>\$11,772,156</u>	<u>\$9,965,934</u>	<u>\$9,060,144</u>	<u>\$9,535,220</u>	<u>\$9,929,202</u>	<u>\$393,982</u>
<b>Department of Human Services</b>						
Developmental disabilities grants						
Adult day care	\$2,312,050	\$1,824,586	\$2,416,454	\$3,074,184	\$3,105,658	\$31,474
Developmental day activity	1,760,102	2,735,232	5,938,760	8,493,238	9,438,036	944,798
Prevocational work activity	3,411,496	4,103,532	3,202,455	9,197,052	8,514,249	(682,803)
Developmental work activity	3,670,538	4,020,791	2,929,114	172,596	83,088	(89,508)
Transitional community living	6,110,464	6,442,711	6,885,557	8,309,606	9,483,655	1,174,049
Minimally supervised living	3,158,214	3,291,399	4,303,344	4,306,112	5,045,694	739,582
Supported living arrangement	862,465	1,099,535	1,095,354	1,394,782	1,405,584	10,802
Congregate care	1,898,294	1,992,543	2,371,042	2,905,569	2,544,893	(360,676)
Family subsidy	589,808	673,236	952,031	1,368,653	1,703,894	335,241
Infant development	977,639	1,088,798	1,556,877	1,723,065	2,301,861	578,796
Family support services	3,153,386	5,392,445	3,536,083	5,508,872	5,393,275	(115,597)
Individual supervised living arrangement	25,354,749	29,440,906	29,821,940	36,927,119	38,107,564	1,180,445
Emergency services	205,001	205,008	205,584	223,528	97,887	(125,641)
Extended family care	576,814	753,918	1,660,413	1,165,011	785,814	(379,197)
Room and board	157,648	92,154	57,944	93,617	0	(93,617)
Specialized placements	522,973	457,104	717,078	615,695	837,225	221,530
Title XIX waived services	519,984	975,092	1,313,198	1,183,980	1,416,218	232,238
Extended services	3,787,393	4,434,439	4,901,280	4,920,410	4,611,270	(309,140)
Adult education transition services					255,762	255,762
Subtotal	<u>\$59,029,018</u>	<u>\$69,023,429</u>	<u>\$73,864,508</u>	<u>\$91,583,089</u>	<u>\$95,131,627</u>	<u>\$3,548,538</u>
Community ICF care	<u>40,139,314</u>	<u>45,615,087</u>	<u>49,439,357</u>	<u>57,339,600</u>	<u>61,739,095</u>	<u>4,399,495</u>
Total DD grants	\$99,168,332	\$114,638,516	\$123,303,865	\$148,922,689	\$156,870,722	\$7,948,033
Less estimated income	63,936,384	73,391,157	78,301,998	99,619,970	105,487,257	5,867,287
General fund - DD grants	<u>\$35,231,948</u>	<u>\$41,247,359</u>	<u>\$45,001,867</u>	<u>\$49,302,719</u>	<u>\$51,383,465</u>	<u>\$2,080,746</u>

	1993-95 Biennium Appropriations	1995-97 Biennium Appropriations	1997-99 Biennium Appropriations	1999-2001 Biennium Appropriations	2001-03 Executive Budget Recommendation	2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Appropriations
Vocational rehabilitation - Extended and supported employment						
Total	\$1,356,018	\$1,475,152	\$730,275	\$492,030	\$499,457	\$7,427
Less estimated income	1,057,601	1,147,535	639,111	371,330	378,757	7,427
General fund	<u>\$298,417</u>	<u>\$327,617</u>	<u>\$91,164</u>	<u>\$120,700</u>	<u>\$120,700</u>	<u>\$0</u>
Additional Department of Human Services developmental disabilities (DD) costs						
Central office	\$3,207,060	\$3,945,634	\$5,715,493	\$5,350,954	\$5,133,333	(\$217,621)
Regional human service centers	9,294,172	10,101,342	10,497,654	11,070,745	11,666,338	595,593
Total additional DD costs	\$12,501,232	\$14,046,976	\$16,213,147	\$16,421,699	\$16,799,671	\$377,972
Less estimated income	5,515,260	7,088,195	8,032,322	9,083,124	9,789,399	706,275
General fund - Additional DD costs	<u>\$6,985,972</u>	<u>\$6,958,781</u>	<u>\$8,180,825</u>	<u>\$7,338,575</u>	<u>\$7,010,272</u>	<u>(\$328,303)</u>
<b>Developmentally disabled facility loan funds - Lands and minerals trust fund</b>	<u>\$1,840,956</u>	<u>\$1,840,956</u>	<u>\$1,840,956</u>	<u>\$1,840,956</u>	<u>\$2,040,055</u>	<u>\$199,099</u>
<b>Protection and Advocacy Project</b>						
Total	\$2,697,224	\$1,913,620	\$2,107,834	\$2,284,040	\$2,574,768	\$290,728
Less estimated income	1,370,447	1,599,854	1,410,787	1,507,492	1,693,022	185,530
General fund	<u>\$1,326,777</u>	<u>\$313,766</u>	<u>\$697,047</u>	<u>\$776,548</u>	<u>\$881,746</u>	<u>\$105,198</u>
Grand total - DD	\$157,742,829	\$171,084,107	\$183,353,610	\$209,267,106	\$218,873,197	\$9,606,091
Less grand total estimated income	102,127,559	112,270,650	120,322,563	142,193,344	149,547,812	7,354,468
Grand total - General fund - DD services	<u>\$55,615,270</u>	<u>\$58,813,457</u>	<u>\$63,031,047</u>	<u>\$67,073,762</u>	<u>\$69,325,385</u>	<u>\$2,251,623</u>

NOTE: The amounts shown for the 1993-95, 1995-97, 1997-99, and 1999-2001 are the revised appropriations.

**MENTAL HEALTH SERVICES**  
**EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2001-03 BIENNIUM**  
**COMPARED TO THE 1993-95 THROUGH 1999-2001 BIENNIUM LEGISLATIVE APPROPRIATIONS**

	1993-95 Biennium Appropriations	1995-97 Biennium Appropriations	1997-99 Biennium Appropriations	1999-2001 Adjusted Appropriations	2001-03 Executive Budget Recommendation	2001-03 Executive Budget Increase (Decrease) Compared to 1999-2001 Appropriations
<b>State Hospital</b>						
Operating funds	\$50,047,001	\$47,291,328	\$48,785,731	\$42,713,025	\$44,625,401	\$1,912,376
Capital improvements	791,352	2,326,939	2,118,079	2,133,967	1,683,431	(450,536)
Total	\$50,838,353	\$49,618,267	\$50,903,810	\$44,846,992	\$46,308,832	\$1,461,840
Less estimated income	15,795,954	14,065,542	17,236,092	14,364,923	13,797,290	(567,633)
General fund	\$35,042,399	\$35,552,725	\$33,667,718	\$30,482,069	\$32,511,542	\$2,029,473
<b>Department of Human Services</b>						
Central office - Mental health	\$2,437,473	\$8,802,582 <sup>∨1</sup>	\$7,473,068	\$3,608,211	\$2,254,450	(\$1,353,761)
Human service centers - Mental health	23,115,708	21,331,922 <sup>∨2</sup>	28,664,044 <sup>∨2</sup>	32,333,850 <sup>∨2</sup>	29,738,412 <sup>∨2</sup>	(2,595,438)
Total	\$25,553,181	\$30,134,504	\$36,137,112	\$35,942,061	\$31,992,862	(\$3,949,199)
Less estimated income	11,996,141	20,264,959	23,882,174	22,210,636	18,613,552	(3,597,084)
General fund	\$13,557,040	\$9,869,545	\$12,254,938	\$13,731,425	\$13,379,310	(\$352,115)
Grand total - Mental health services	\$76,391,534	\$79,752,771	\$87,040,922	\$80,789,053	\$78,301,694	(\$2,487,359)
Less grand total estimated income	27,792,095	34,330,501	41,118,266	36,575,559	32,410,842	(4,164,717)
Grand total - General fund - Mental health	\$48,599,439	\$45,422,270	\$45,922,656	\$44,213,494	\$45,890,852	\$1,677,358

∨1 The 1995-97 executive budget included an increase of \$8.8 million of federal funds from the mental health partnership grant for services for youth with severe emotional disturbances and their families.

∨2 The comparison of funding for human service centers/mental health services is as follows:

	1995-97 Biennium Appropriations	1997-99 Biennium Appropriations	1999-2001 Adjusted Appropriations	2001-03 Executive Budget Recommendation	Increase (Decrease) Compared to 1999-2001 Appropriations
General fund	\$8,615,610	\$10,859,617	\$12,179,611	\$11,973,028	(\$206,583)
Other funds	12,716,312	17,804,427	20,154,239	17,765,384	(2,388,855)
Total	\$21,331,922	\$28,664,044	\$32,333,850	\$29,738,412	(\$2,595,438)

## CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

### CAPITAL PROJECTS

The executive recommendation includes a total of \$664,108,401 for the following capital projects:

- \$78,049,464 for major capital projects.
- \$27,495,437 for extraordinary repairs.
- \$558,563,500 for other projects (including \$451,162,687 for the Department of Transportation and \$85,033,764 for the State Water Commission).

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

	General Fund	Special Funds
Major capital projects	\$9,974,884	\$68,074,580
Extraordinary repairs and other projects	25,447,004	560,611,933
<b>Total</b>	<b>\$35,421,888</b>	<b>\$628,686,513</b>

The executive budget in House Bill No. 1023 reauthorizes the State Water Commission to issue \$62.3 million in bonds for water and flood control projects originally authorized by the 1999 Legislative Assembly (Senate Bill No. 2188). The \$62.3 million in bond proceeds are designated for water and flood control projects in the following cities:

- Grand Forks - \$34 million.
- Devils Lake - \$20 million.
- Grafton - \$4.8 million.
- Wahpeton - \$3.5 million.

### STATE FACILITY ENERGY IMPROVEMENT PROGRAM

North Dakota Century Code Section 54-44.5-08 (1999 Senate Bill No. 2312) establishes the state facility energy improvement program and provides that all state agencies and institutions should, with the assistance of the Office of Management and Budget, identify capital improvements which may result in energy savings. Those capital improvement projects which are selected to be implemented are financed with the resulting savings in energy costs.

The executive recommendation includes a total of \$4,740,483 for state facility energy improvement program capital improvements. The following are the state agencies and institutions with qualifying energy-saving improvement projects and the recommended funding sources:

	General Fund	Special Funds (Bonding)
Office of Management and Budget	\$27,710	
University of North Dakota		\$3,990,785
North Dakota State University		296,348
Department of Corrections and Rehabilitation	73,040	
Department of Transportation		352,600
<b>Total</b>	<b>\$100,750</b>	<b>\$4,639,733</b>

### LEASE PAYMENTS

The executive recommendation includes funding in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, and Adjutant General for the 2001-03 biennium general fund lease payments for repayment of notes issued to finance capital projects. Please see the schedule on capital construction lease payments and outstanding principal balances.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2001-03 biennium is estimated to be \$16,908,000 based on projected sales, use, and motor vehicle excise tax collections included in the 2001-03 executive budget.

General fund lease payments are projected to be \$15,786,906 during the 2001-03 biennium. The executive recommendation includes the funding for the general fund lease payments in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, and Adjutant General. Previously, the funding for the general fund lease payments was appropriated to the Industrial Commission.

**MAJOR NEW CAPITAL CONSTRUCTION EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2001-03 BIENNIUM  
COMPARED TO 1999-2001 LEGISLATIVE APPROPRIATIONS**

Bill No.	Agency or Institution	Project	2001-03 Executive Budget Recommendations			1999-2001 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
HB 1013	Department of Public Instruction (201)	Resurface roof (Division of Independent Study)	\$27,500	\$27,500				
SB 2003	University of North Dakota (230)	Carnegie Library renovation		3,000,000				
		Smith Hall - Johnstone Hall - Fulton Hall renovation		2,650,000				
		Wilkerson Hall loading dock		1,700,000				
		Rural technology center		3,800,000				
		Rural technology center canopy		60,000				
SB 2003	North Dakota State University (235)	College of Business Administration classroom		20,000,000 <sup>1</sup>				
		Robinson Hall renovation		550,820				
		Sudro Hall renovation		1,200,000				
SB 2003	State College of Science (238)	Infrastructure	2,110,000					
		Parking lot renovations		1,000,000				
SB 2003	Mayville State University (240)	Steamline replacement - Central campus	510,000					
SB 2023	Minot State University (241)	Old Main renovation		2,774,000	\$5,076,000			
SB 2003	Valley City State University (242)	Boiler and steamline replacement	850,000					
SB 2003	Minot State University - Bottineau (243)	Thatcher Hall electrical system upgrade	75,000					
SB 2003	Forest Service (244)	Tree storage building (Towner nursery)		120,000				
		Equipment storage building (Lisbon)		20,000				
SB 2023	State Department of Health (301)	East lab addition			2,700,000			
SB 2023	Job Service North Dakota (380)	Bismarck service delivery office			2,302,000			
SB 2011	Highway Patrol (504)	Window replacement (Leta)	9,000	16,000				
SB 2016	Department of Corrections and Rehabilitation (530)	Fire supression systems (YCC)	101,000					
		Food service and multipurpose building (MRCC)	1,983,000					
		Women's unit (JRCC)	2,320,000	1,400,000				
		Parking lot (Penitentiary)	403,118					
HB 1017	Adjutant General (540)	Armed Forces reserve (Wahpeton)		11,500,000				
SB 2021	Branch research centers (628)	Headquarters and conference center (Langdon)	150,000	510,000				
		Bison research facility (Carrington)		130,000				
		Agronomy work lab (Dickinson)		50,000				
		Chemical storage building (Dickinson)		50,000				
SB 2021	Agronomy seed farm (649)	Grain storage hopper bin and bulk seed handling		105,000				
HB 1020	State Historical Society (701)	Fort Clark roadway and parking	75,000					
		Fort Clark archaeology	220,000					
		Fort Totten building repair	150,000	350,000				
		Confluence interpretive center		2,598,160				
		Fort Buford barracks reconstruction		945,000				
		Fort Abercrombie reconstruction		480,000				
HB 1019	Game and Fish Department (720)	Storage building and yard		275,000				
HB 1021	Parks and Recreation Department (750)	Lewis and Clark capital projects	375,525					

Bill No.	Agency or Institution	Project	2001-03 Executive Budget Recommendations			1999-2001 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
		Cabin renovation - Development	115,000					
		Lewis and Clark marina dredge	135,000					
		Playground equipment	108,000	108,000				
		Fort Ransom Sunne Farm house	65,000					
		Fort Lincoln stables		300,000				
		Fort Abraham Lincoln On-A-Slant		500,000				
		Mandan Indian Village						
		Icelandic bike trail	35,000					
		Lewis and Clark enhancement	157,741					
HB 1023	State Water Commission (770)	Maintenance shop building		977,100 <sup>2</sup>				
SB 2012	Department of Transportation (801)	Section buildings		800,000				
Total 2001-03 executive budget recommendation			<u>\$9,974,884</u> <sup>3</sup>	<u>\$57,996,580</u> <sup>3</sup>	<u>\$10,078,000</u> <sup>3</sup>			
Total 1999-2001 legislative appropriations						<u>\$11,099,623</u> <sup>4</sup>	<u>\$18,552,761</u> <sup>4</sup>	<u>\$12,932,500</u> <sup>4</sup>

<sup>1</sup> Section 7 of Senate Bill 2003 requires North Dakota State University to establish, prior to construction of the College of Business building, a reserve fund of \$4.5 million of special funds for all utility and repair costs of the building.

<sup>2</sup> Section 8 of House Bill No. 1023 provides that the proceeds from the sale of the State Water Commission maintenance shop located in Bismarck be used to purchase land and construct a new maintenance shop building. If the proceeds from the sale are less than \$977,100, the State Water Commission may use other funds appropriated as necessary for the purchase of land and construction of a new maintenance shop building.

<sup>3</sup> The executive budget recommendation also includes \$27,495,437 for extraordinary repairs, \$558,563,500 of other projects, and \$4,740,483 for improvements under the state facility energy improvement program. The funding for extraordinary repairs and other projects is \$25,447,004 from the general fund and \$560,611,933 of special funds. The funding for energy improvements is \$100,750 from the general fund and \$4,639,733 of special funds (bonding).

<sup>4</sup> Represents the total appropriation for major new capital construction provided by the 1999 Legislative Assembly. Please refer to the Legislative Council's "Analysis of 56th Legislative Assembly's Changes to Recommended Appropriations for the 1999-2001 Biennium" for details regarding the 1999-2001 appropriations. The 1999 Legislative Assembly provided for \$8,182,500 of bonding and authorized the State Board of Higher Education to issue \$4,750,000 of revenue bonds.

## CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003
			1997-99 Actual Payments	1999-2001 Estimated Payments	2001-03 Estimated Payments			
Youth Correctional Center - Kitchen/dining facility	\$950,000	\$1,230,000	\$153,698					
International Peace Garden - Renovation of food service facility and wastewater disposal system	358,000	470,000	63,022					
Dickinson Experiment Station - The 1987 Legislative Assembly authorized a bond issuance for payments of loans, interest, and special assessments on the old Dickinson Experiment Station	7,204,000	9,070,000	976,336					
1993 Series A refunding revenue bonds - Used to refinance 1990 Series A, B, and C The 1990 Series A issue was originally used to fund: North Dakota State University computer center (\$5,375,000) University of North Dakota United Hospital north unit (\$1,720,000) State College of Science agricultural mechanics building (\$2,916,000)		34,740,000 <sup>1</sup>	5,840,339	\$6,010,096	\$6,018,469	\$24,565,000	\$21,120,000	\$17,295,000

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003	
			1997-99 Actual Payments	1999-2001 Estimated Payments	2001-03 Estimated Payments				
University of North Dakota Abbott Hall addition (\$3,300,000)									
Minot State University library (\$7,728,000)									
Board of Higher Education selected handicapped access projects (\$1,600,000)									
The 1990 Series B issue was originally used to fund State Penitentiary Phase III construction (\$5,000,000)									
The 1990 Series C issue was originally used to fund Veterans Home construction and remodeling (\$1,169,000)									
North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061)	1993 Series B North Dakota Building Authority revenue bonds (3.3% to 5.5% - 20-year bonds)	13,333,061 <sup>2</sup>	15,790,000	2,480,574	2,597,288	2,506,773	13,360,000	12,095,000	10,805,000
Minot State University - Memorial Library renovation (\$2,550,000)									
Job Service North Dakota - Grand Forks office building (\$1,735,000)									
Adjutant General - Grand Forks armory (\$375,000)									
Youth Correctional Center - Building demolition and asbestos removal (\$250,000)									



Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003	
			1997-99 Actual Payments	1999-2001 Estimated Payments	2001-03 Estimated Payments				
Bismarck State College Science and Mathematics Center (\$8,060,000)	1995 Series A North Dakota Building Authority revenue bonds (5% to 6.1% - 20-year bonds)	15,326,769 <sup>3</sup>	18,135,000	2,801,918	2,740,428	3,045,255	17,055,000	15,865,000	14,550,000
University of North Dakota Abbott Hall renovations (\$2,371,769)									
North Dakota State University emission control renovations on power plant (\$2,145,000)									
Dickinson State University Klinefelter Hall renovations (\$2,750,000)									
State College of Science - Bute Gym remodeling (\$1,700,000)	1998 Series A North Dakota Building Authority revenue bonds (4.4% to 5.125% - 20-year bonds)	7,100,000 <sup>4</sup>	8,360,000		1,297,154	1,293,644	8,360,000	7,830,000	7,255,000
Minot State University - Moore Hall renovation (\$4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)									
1998 Series B refunding revenue bonds - Used to refinance 1991 Series A and 1992 Series A The 1991 Series A issue was used to refund the 1986 Series A which was originally used to fund: Developmental Center renovations (\$3,900,000) State Penitentiary Phase II construction (\$7,500,000) State Hospital renovations (\$3,400,000)	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds)		11,340,000	3,350,013 <sup>5</sup>	2,470,598	3,031,314	11,340,000	11,255,000	9,090,000

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003	
			1997-99 Actual Payments	1999-2001 Estimated Payments	2001-03 Estimated Payments				
The 1992 Series A issue was originally used to fund the Department of Human Services - Southeast Human Service Center (\$2,475,000)									
University of North Dakota - Renovation and addition to the Ed James Wing of the medical school building (\$3,000,000)	1998 Series C North Dakota Building Authority revenue bonds (3.2% to 4.35% - 10-year bonds)	3,000,000 <sup>6</sup>	3,400,000	775,604	776,704	3,400,000	2,870,000	2,300,000	
North Dakota State University - Animal facility (\$2,207,500)	2000 Series A North Dakota Building Authority revenue bonds (5.5% - 20-year bonds)	3,682,500 <sup>7</sup>	4,430,000		714,907		4,430,000	4,145,000	
Youth Correctional Center - Pine Cottage (\$1,475,000)									
Williston State College - Health and Wellness Center (\$3,000,000)	2001 Series A North Dakota Building Authority revenue bonds (5.99% - 20-year bonds)	3,000,000 <sup>8</sup>	3,465,000		568,993		3,465,000	3,260,000	
2001-03 executive budget recommended bonding (see previous schedule on major capital construction projects) <sup>9</sup>		10,078,000	12,425,000					12,425,000	
<b>Total</b>		<u>\$64,032,330</u>	<u>\$122,855,000</u>	<u>\$15,665,900</u>	<u>\$15,891,168</u>	<u>\$17,956,059</u>	<u>\$78,080,000</u>	<u>\$78,930,000</u>	<u>\$81,125,000</u>
Breakdown of payments:									
General fund				\$13,905,480 <sup>10</sup>	\$13,952,899 <sup>10</sup>	\$15,786,906 <sup>10</sup>			
Agency contributions				1,760,420	1,938,269	2,169,153			
Total				<u>\$15,665,900</u>	<u>\$15,891,168</u>	<u>\$17,956,059</u>			

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

Institution	Type of Facility	Total Contributions	Estimated Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,121,500	\$221,500	(Biennial contributions are \$55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	175,000	125,000	(Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	712,500	112,500	(Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,141,000	791,000	(Biennial contributions are \$197,750)
Total		<u>\$4,400,000</u>	<u>\$3,150,000</u>	<u>\$1,250,000</u>	

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

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

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

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

Institution/Agency	Type of Facility	Total Contributions	Estimated Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
Minot State University	Library renovation	\$255,000	\$233,750	\$21,250	(Biennial contributions are \$42,500)
Job Service North Dakota	Grand Forks office building	1,735,000			
Total		<u>\$1,990,000</u>	<u>\$233,750</u>	<u>\$21,250</u>	

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

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

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

Institution	Type of Facility	Total Contributions	Estimated Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
Bismarck State College	Science and Mathematics Center	\$1,060,000	\$706,668	\$353,332	(Biennial contributions are \$353,334)
University of North Dakota	Abbott Hall renovation	871,769	581,180	290,589	(Biennial contributions are \$290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	183,332	91,668	(Biennial contributions are \$91,666)
Total		<u>\$2,206,769</u>	<u>\$1,471,180</u>	<u>\$735,589</u>	

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

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

Institution	Type of Facility	Total Contributions	Estimated Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
State College of Science	Bute Gym renovation	\$300,000	\$100,000	\$200,000	(Biennial contributions are \$100,000)

<sup>5</sup> The 1997-99 payment amounts reflect the payments on the 1991 Series A and the 1992 Series A bond issues.

<sup>6</sup> In addition to the \$3 million appropriated from bond proceeds for the University of North Dakota renovation to the Ed James Wing of the medical school building, Senate Bill No. 2003 also appropriated any available funds received from federal, public, or private sources.

<sup>7</sup> House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and a health and wellness center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

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

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

<sup>8</sup> House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million is to be available prior to construction, the Building Authority will only bond for \$3 million of the \$4.5 million project. The Building Authority anticipates bonds for the project to be sold in April 2001.

<sup>9</sup> The estimated 2003-05 biennium payment on this bond issue based on an estimated interest rate of 5.5 percent is approximately \$1,674,792, excluding local funds to be provided by Minot State University. Of the \$1,674,792, \$981,467 is from the general fund and \$693,325 from special funds. The bond issuance does not include funding for 2001-03 biennium state facility energy improvement program capital improvements which were recommended to be funded with bond proceeds. Bonds sold to finance projects under this program do not factor in the general fund lease payment limitation and will be sold in a separate bond issuance to be repaid with resulting energy cost-savings.

<sup>10</sup> North Dakota Century Code Section 54-17.2-21 provided that 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The 1993 Legislative Assembly repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax. The 1995 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax. The 1997 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 11 percent of a one percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax.

#### SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected general fund portion of the bond payments for the 2001-03 through the 2009-11 bienniums and what the 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax is projected to generate (using the June 2000 revenue forecast and assuming a four percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2001-03	\$17,956,059	\$2,169,153	\$15,786,906	\$16,908,000	\$1,121,094
2003-05	\$19,462,168 *	\$2,061,305	\$17,400,863	\$17,584,320	\$183,457
2005-07	\$19,601,906 *	\$2,057,535	\$17,544,371	\$18,287,693	\$743,322
2007-09	\$18,744,491 *	\$1,958,375	\$16,786,116	\$19,019,201	\$2,233,085
2009-11	\$11,846,757 *	\$1,381,056	\$10,465,701	\$19,779,969	\$9,314,268

\* The future biennium bond payments reflect estimated payments related to the bonding recommended in the 2001-03 biennium executive budget but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies.

# STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

## SALARY INCREASE

The 2001-03 executive budget recommendation provides funding for state employee salary increases equal to three percent of salaries for the first year of the biennium and two percent for the second year of the biennium. Agencies may provide an additional one percent salary increase for the second year of the biennium to the extent the increase can be paid with existing agency resources. Annual increases are to be at a minimum of \$35 per month for each permanent employee with any additional increases being based on merit and equity. Specific language regarding the salary increases is included in House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

## SPECIAL MARKET EQUITY ADJUSTMENTS

The executive budget recommendation includes a \$5.4 million statewide compensation plan line item in House Bill No. 1015, the appropriations bill for the Office of Management and Budget, to be used for market equity compensation adjustments for classified state employees, the same funding level provided for in the 1999-2001 biennium. Of the \$5.4 million, \$2.7 million is from the general fund and \$2.7 million is special funds.

The bill provides that agencies may apply to the Central Personnel Division for a transfer of general fund or special fund appropriation authority from this line item to provide market equity increases to their employees whose salaries are furthest from their respective salary range midpoints.

## HIGHER EDUCATION

The executive budget recommendation includes \$1.1 million from the general fund in the budgets of the entities under the control of the State Board of Higher Education for critical salary adjustments.

The executive budget is recommending in Section 4 of Senate Bill No. 2021, the experiment station/extension service appropriation bill, that the State Board of Higher Education be authorized to adjust or increase FTE positions as needed, subject to the availability of funds. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2003-05 budget request.

## ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation includes \$278,459, \$230,383 of which is from the general fund for salary equity adjustments for elected and appointed officials effective January 1, 2002. In addition, the Governor is recommending salary increases of three percent for the first year and two percent for the second year of the biennium for these officials.

## JUDICIAL BRANCH

The judicial branch budget includes funding to provide judges' salary increases of approximately 11 percent for the first year of the biennium and two percent for the second year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or three percent for the first year and two percent for the second year of the biennium, as explained in the "Salary Increase" section above.

## HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$409.09 per month for employee health insurance (an increase of \$59.37 compared to the 1999-2001 premium). A health insurance plan with benefits similar to the plan provided during the 1999-2001 biennium is estimated to require monthly premium payments of \$427 per month; however, because of additional out-of-pocket expenses being required of state employees relating to deductibles, copayments, and coinsurance, the Governor's budget anticipates premiums of \$409 per month. A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	\$265
1997-99	\$301
1999-2001	\$350
2001-03 executive budget	\$409

### TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2001-03 executive budget.

	General Fund	Special Funds	Total
Salary increase - 3/2% per year	\$28,354,754	\$11,182,056	\$39,536,810
Health insurance increase	9,870,975	7,312,828	17,183,803
Equity adjustments - Classified employees	2,700,000	2,700,000	5,400,000
Critical salary adjustments - Higher education	1,069,596	0	1,069,596
Equity adjustments - Elected and appointed officials	230,383	48,076	278,459
Additional 8% increase for the first year included for judges	813,822	0	813,822
Equity adjustments - Department of Corrections and Rehabilitation	638,903	0	638,903
Equity adjustments - Department of Transportation	0	1,200,000	1,200,000
<b>Total</b>	<b>\$43,678,433</b>	<b>\$22,442,960</b>	<b>\$66,121,393</b>

### FTE POSITIONS

The executive budget recommendation for the 2001-03 biennium includes a total of 11,631.08 FTE positions, 95.16 FTE positions more than the 1999-2001 authorized level. The recommendation includes the addition of 192 new FTE positions and the deletion of 96.84 FTE positions. The cost of the 192 new FTE positions totals \$16,185,197 for the 1999-2001 biennium including salary and health insurance increases. Of this amount, \$7,504,215 is from the general fund. Funding reductions relating to the 96.84 deleted positions totals \$5,601,353 for the 1999-2001 biennium including salary and health insurance increases. Of this amount, \$3,410,066 is from the general fund.

**ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS  
RECOMMENDED IN THE 2001-03 EXECUTIVE BUDGET**

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
<b>GENERAL GOVERNMENT</b>							
17.00	18.00	1.00	<b>101 - Governor's Office</b>				17.00
			Adds:				
			<u>1.00</u> FTE policy position	<u>\$142,736</u>		<u>\$142,736</u>	
25.50	26.00	0.50	<b>108 - Secretary of State</b>				25.50
			Adds:				
			<u>0.50</u> FTE office assistant III	<u>\$22,990</u>		<u>\$22,990</u>	
152.00	153.00	1.00	<b>110 - Office of Management and Budget</b>				154.00
			Adds:				
			<u>1.00</u> FTE state procurement officer II	<u>\$100,625</u>		<u>\$100,625</u>	
168.00	212.00	44.00	<b>112 - Information Technology Department</b>				233.00
			Adds:				
			2.00 FTE programmer/analyst I		\$193,986	\$193,986	
			4.00 FTE programmer/analyst II		466,572	466,572	
			12.00 FTE programmer/analyst III	\$128,013	1,408,147	1,536,160	
			13.00 FTE senior programmer analyst	280,808	1,544,444	1,825,252	
			2.00 FTE information technology business analyst	140,404	125,973	266,377	
			2.00 FTE data base design analyst II	140,404	140,404	280,808	
			2.00 FTE information system security analyst II	116,643	116,643	233,286	
			1.00 FTE senior personnel officer		116,643	116,643	
			1.00 FTE systems development manager		140,404	140,404	
			1.00 FTE administrative secretary III		70,580	70,580	
			2.00 FTE telecommunications analyst II	128,013	128,013	256,026	
			2.00 FTE telecommunications analyst III	140,404	140,404	280,808	
			<u>44.00</u>	<u>\$1,074,689</u>	<u>\$4,592,213</u>	<u>\$5,666,902</u>	
55.00	53.00	(2.00)	<b>117 - State Auditor</b>				56.00
			Adds:				
			1.00 FTE auditor II		\$74,384	\$74,384	
			Deletes:				
			(1.00) FTE unclassified assistant (unfunded in base request)			0	
			(2.00) FTE auditor I (partially unfunded in base request)	(\$21,201)		(21,201)	
			<u>(2.00)</u>	<u>(\$21,201)</u>	<u>\$74,384</u>	<u>\$53,183</u>	
7.00	7.00	0.00	<b>120 - State Treasurer</b>				7.00
159.50	158.50	(1.00)	<b>125 - Attorney General</b>				159.50
			Deletes:				
			<u>(1.00)</u> FTE public information specialist	<u>(\$81,708)</u>		<u>(\$81,708)</u>	

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
144.00	142.00	(2.00)	<b>127 - Tax Department</b>				142.00
			Deletes:				
			(1.00) FTE account technician II	(\$45,083)		(\$45,083)	
			(1.00) FTE auditor II	(66,891)		(66,891)	
			<u>(2.00)</u>	<u>(\$111,974)</u>		<u>(\$111,974)</u>	
6.00	6.00	0.00	<b>140 - Office of Administrative Hearings</b>				6.00
36.00	33.00	(3.00)	<b>160 - Legislative Council</b>				33.00
			Adds:				
			1.00 FTE computer services position	\$104,267		\$104,267	
			Deletes:				
			(4.00) FTE unfilled technology positions				
			<u>(3.00)</u>				
351.00	343.00	(8.00)	<b>180 - Judicial Branch</b>				343.00
			Adds:				
			0.50 FTE secretary (District Courts)	\$40,137		\$40,137	
			0.50 FTE secretary (District Courts)	40,137		40,137	
			1.00 FTE legal assistant (District Courts)	38,271	\$38,271	76,542	
			1.00 FTE computer support (District Courts)	84,063		84,063	
			1.00 FTE juvenile court officer (District Courts)	84,063		84,063	
			Deletes:				
			(1.00) FTE judgeship (District Courts)	(209,465)		(209,465)	
			(1.00) FTE secretary (District Courts)	(65,970)		(65,970)	
			(10.00) FTE other - not classified (Clerk of District Courts)	(113,607)		(113,607)	
			<u>(8.00)</u>	<u>(\$102,371)</u>	<u>\$38,271</u>	<u>(\$64,100)</u>	
17.00	18.00	1.00	<b>190 - Retirement and Investment Office</b>				17.00
			Adds:				
			<u>1.00</u> FTE accounting/budget specialist II		\$71,176	\$71,176	
26.00	27.00	1.00	<b>192 - Public Employees Retirement System</b>				26.00
			Adds:				
			<u>1.00</u> FTE employee benefit programs specialist		\$77,678	\$77,678	
<u>1,164.00</u>	<u>1,196.50</u>	<u>32.50</u>	<b>TOTAL GENERAL GOVERNMENT</b>	<u>\$1,128,053</u>	<u>\$4,853,722</u>	<u>\$5,981,775</u>	<u>1,219.00</u>
			<b>EDUCATION</b>				
131.95	131.95	0.00	<b>201 - Department of Public Instruction</b>				131.95
19.00 <sup>12</sup>	19.00	0.00	<b>215 - North Dakota University System</b>				20.00
19.00	18.50	(0.50)	<b>226 - Land Department</b>				19.00
			Deletes:				
			<u>(0.50)</u> FTE administrative secretary III		(\$36,490)	(\$36,490)	



1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
145.53 <sup>12</sup>	144.78	(0.75)	<b>227 - Bismarck State College</b> Deletes: <u>(0.75)</u> higher education unclassified position	<u>(\$122,099)</u>		<u>(\$122,099)</u>	144.78
41.34 <sup>12</sup>	41.34	0.00	<b>228 - Lake Region State College</b>				41.34
50.23 <sup>12</sup>	50.23	0.00	<b>229 - Williston State College</b>				50.23
919.75 <sup>12</sup>	917.17	(2.58)	<b>230 - University of North Dakota</b> Transfers to UND School of Medicine and Health Sciences: <u>(1.12)</u> FTE instructor <u>(1.46)</u> FTE assistant professor <u>(2.58)</u>	<u>(\$26,420)</u> <u>(51,393)</u> <u>(\$77,813)</u>	<u>(\$92,518)</u> <u>(179,972)</u> <u>(\$272,490)</u>	<u>(\$118,938)</u> <u>(231,365)</u> <u>(\$350,303)</u>	917.17
224.79 <sup>12</sup>	227.37	2.58	<b>232 - UND School of Medicine and Health Sciences</b> Transferred from University of North Dakota: <u>1.12</u> FTE instructor <u>1.46</u> FTE assistant professor <u>2.58</u>	<u>\$59,443</u> <u>115,632</u> <u>\$175,075</u>	<u>\$59,495</u> <u>115,733</u> <u>\$175,228</u>	<u>\$118,938</u> <u>231,365</u> <u>\$350,303</u>	227.37
798.49 <sup>12</sup>	805.49	7.00	<b>235 - North Dakota State University</b> Adds: <u>7.00</u> FTE instructional positions <u>7.00</u>	<u>\$239,427</u> <u>\$239,427</u>	<u>\$652,293</u> <u>\$652,293</u>	<u>\$891,720</u> <u>\$891,720</u>	805.49
229.90 <sup>12</sup>	229.90	0.00	<b>238 - State College of Science</b>				229.90
130.15 <sup>12</sup>	130.15	0.00	<b>239 - Dickinson State University</b>				132.15
81.47 <sup>12</sup>	81.47	0.00	<b>240 - Mayville State University</b>				82.97
266.21 <sup>12</sup>	266.21	0.00	<b>241 - Minot State University</b>				267.21
113.34 <sup>12</sup>	109.03	(4.31)	<b>242 - Valley City State University</b> Deletes: <u>(4.31)</u> FTE other professional (Center for Innovation in Instruction)	<u>(\$349,582)</u>		<u>(\$349,582)</u>	116.09
47.44 <sup>12</sup>	47.44	0.00	<b>243 - Minot State University - Bottineau</b>				48.20
17.81 <sup>12</sup>	17.81	0.00	<b>244 - Forest Service</b>				18.21
29.00	28.75	(0.25)	<b>250 - State Library</b> Deletes: <u>(0.25)</u> FTE assistant director	<u>(\$11,365)</u>		<u>(\$11,365)</u>	28.75

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
53.93	53.10	(0.83)	<b>252 - School for the Deaf</b> Deletes: <u>(0.83)</u> FTE education programs coordinator	<u>(\$58,423)</u>		<u>(\$58,423)</u>	53.10
28.00	28.00	0.00	<b>253 - School for the Blind</b>				30.00
28.50	29.50	1.00	<b>270 - State Board for Vocational and Technical Education</b> Adds: <u>1.00</u> FTE unclassified position (Workforce Dev. Council)	<u>\$60,778</u>	<u>\$60,778</u>	<u>\$121,556</u>	28.50
<u>3,375.83</u>	<u>3,377.19</u>	<u>1.36</u>	<b>TOTAL EDUCATION</b>	<u>(\$144,002)</u>	<u>\$579,319</u>	<u>\$435,317</u>	<u>3,392.41</u>
			<b>HEALTH AND WELFARE</b>				
307.00	316.00	9.00	<b>301 - State Department of Health</b> Adds: 1.00 FTE administrative assistant I 1.00 FTE registered nurse II 1.00 FTE office assistant III 1.00 FTE microbiologist II 1.00 FTE human service program administrator IV 1.00 FTE epidemiologist III 3.00 FTE environment scientist II <u>9.00</u>	<u>\$56,817</u>	<u>\$87,503</u>	<u>\$149,391</u>	312.00
84.61	87.01	2.40	<b>313 - Veterans Home</b> Adds: <u>2.40</u> FTE health care orderly II	<u>\$133,627</u>		<u>\$133,627</u>	75.71
3.00	3.00	0.00	<b>316 - Indian Affairs Commission</b>				3.00
5.00	5.00	0.00	<b>321 - Department of Veterans Affairs</b>				4.75
1.00	1.00	0.00	<b>324 - Children's Services Coordinating Committee</b>				1.00
1,283.65 <sup>13</sup>	1,270.43	(13.22)	<b>325 - Department of Human Services (excluding State Hospital and Developmental Center)</b> Adds: 5.00 FTE converted from temporary positions in Child Support 1.00 FTE human service program administrator in Child Support 1.00 FTE support specialist in Child Support 1.00 FTE for administering Healthy Steps 0.50 FTE in Children and Family Services 0.50 FTE in Mental Health and Substance Abuse 1.00 FTE child welfare position at the Southeast Human Service Center 1.00 FTE psychologist at the Southeast Human Service Center 1.00 FTE county supervisor at the West Central Human Service Center 1.00 FTE SMI case manager at the West Central Human Service Center 0.50 FTE DD case manager at the West Central Human Service Center	<u>\$71,817</u> <u>29,709</u> <u>75,103</u> <u>35,444</u> <u>56,279</u> <u>59,306</u> <u>53,130</u> <u>56,562</u> <u>23,642</u> <u>26,839</u>	<u>\$69,254</u> <u>57,669</u> <u>75,103</u> <u>76,279</u> <u>28,999</u> <u>4,643</u> <u>23,790</u> <u>79,528</u> <u>26,618</u> <u>55,165</u> <u>17,892</u>	<u>\$141,071</u> <u>87,378</u> <u>75,103</u> <u>76,279</u> <u>64,443</u> <u>60,922</u> <u>83,096</u> <u>132,658</u> <u>83,180</u> <u>78,807</u> <u>44,731</u>	1,247.43

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
			Deletes:				
			(1.00) FTE in Management	(66,800)	(54,655)	(121,455)	
			(1.00) FTE vacant research and statistics position in Management	(45,850)	(37,513)	(83,363)	
			(1.00) FTE in Children's Special Health Services (funding was transferred to temporary salaries)			0	
			(0.50) FTE family preservation position in Children and Family Services	(23,425)	(48,931)	(72,356)	
			(1.00) FTE business manager at the Northwest Human Service Center	(71,857)	(8,061)	(79,918)	
			(0.32) FTE vacant psychiatrist at the Northwest Human Service Center	(179,002)		(179,002)	
			(0.15) FTE vacant psychiatrist at the North Central Human Service Center	(26,562)	(27,437)	(53,999)	
			(16.75) FTE at the Northeast Human Service Center by using the funding for contracting for SMI work activity, Rhinelander program, hospital alternative program, and chemical dependency adolescent residential facilities program			0	
			(1.00) FTE mental health partnership position at the Southeast Human Service Center	(56,193)		(56,193)	
			(4.00) FTE at the Badlands Human Service Center by using the funding for contracting for DD residential services			0	
			<u>(13.22)</u>	<u>\$18,142</u>	<u>\$263,240</u>	<u>\$281,382</u>	
479.30 <sup>13</sup>	471.14	(8.16)	<b>Developmental Center</b>				472.60
			Deletes:				
			(1.00) FTE superintendent	(\$53,342)	(\$124,466)	(\$177,808)	
			(2.00) FTE resident living program positions	(67,826)	(158,260)	(226,086)	
			(3.70) FTE health services positions	(111,844)	(260,968)	(372,812)	
			(1.46) FTE part-time nursing positions (funding is transferred to temporary salaries)			0	
			<u>(8.16)</u>	<u>(\$233,012)</u>	<u>(\$543,694)</u>	<u>(\$776,706)</u>	
523.10 <sup>13</sup>	511.00	(12.10)	<b>State Hospital</b>				511.00
			Deletes:				
			(1.00) FTE collections officer	(\$62,839)		(\$62,839)	
			(1.00) FTE reimbursement officer	(78,932)		(78,932)	
			(0.50) FTE clerk	(32,708)		(32,708)	
			(3.60) FTE vacant positions including a cook (1 FTE), plumber (1 FTE), electrician (1 FTE), and a duplicating center supervisor (.6 FTE)	(260,478)		(260,478)	
			(6.00) FTE vacant positions including a physician (1 FTE), psychologist (1 FTE), registered nurse (1 FTE), licensed practical nurse (1 FTE), and mental health care specialist (2 FTE)	(692,399)		(692,399)	
			<u>(12.10)</u>	<u>(\$1,127,356)</u>	<u>\$0</u>	<u>(\$1,127,356)</u>	
<u>2,286.05</u> <sup>13</sup>	<u>2,252.57</u>	<u>(33.48)</u>	<u>(33.48)</u> Department of Human Services Subtotal	<u>(\$1,342,226)</u>	<u>(\$280,454)</u>	<u>(\$1,622,680)</u>	<u>2,231.03</u>
22.00	22.00	0.00	<b>360 - Protection and Advocacy Project</b>				22.00

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
390.40	389.78	(0.62)	<b>380 - Job Service North Dakota</b>				389.78
			Adds:				
			0.50 FTE administrative clerk		\$28,223	\$28,223	
			0.10 FTE custodian			0	
			0.25 FTE interviewer II			0	
			Deletes:				
			(0.24) FTE counselor III		(25,425)	(25,425)	
			(0.25) FTE administrative clerk		(21,652)	(21,652)	
			(0.36) FTE custodian		(25,044)	(25,044)	
			(0.62) FTE interviewer III			0	
			<u>(0.62)</u>		<u>(\$43,898)</u>	<u>(\$43,898)</u>	
<u>3,099.06</u>	<u>3,076.36</u>	<u>(22.70)</u>	<b>TOTAL HEALTH AND WELFARE</b>	<u>(\$1,052,026)</u>	<u>\$234,719</u>	<u>(\$817,307)</u>	<u>3,039.27</u>
			<b>REGULATORY</b>				
45.50	44.50	(1.00)	<b>401 - Insurance Department</b>				45.50
			Deletes:				
			<u>(1.00)</u> FTE other - not classified professional		<u>(\$127,015)</u>	<u>(\$127,015)</u>	
64.00	63.00	(1.00)	<b>405 - Industrial Commission</b>				66.00
			Adds:				
			1.00 FTE data processing coordinator II	\$91,600		\$91,600	
			Deletes:				
			(1.00) FTE petroleum engineer III	(105,142)		(105,142)	
			<u>(1.00)</u> FTE drafting technician II	<u>(79,988)</u>		<u>(79,988)</u>	
			<u>(1.00)</u>	<u>(\$93,530)</u>	<u>\$0</u>	<u>(\$93,530)</u>	
9.00 <sup>v4</sup>	10.00	1.00	<b>406 - Labor Commissioner</b>				10.00
			Adds:				
			<u>1.00</u> FTE compliance investigator I	<u>\$76,075</u>		<u>\$76,075</u>	
42.00	42.00	0.00	<b>408 - Public Service Commission</b>				41.00
6.00	6.00	0.00	<b>412 - Aeronautics Commission</b>				6.00
22.00	23.00	1.00	<b>413 - Department of Banking and Financial Institutions</b>				20.00
			Adds:				
			<u>1.00</u> FTE financial institution examiner I		<u>\$97,358</u>	<u>\$97,358</u>	
8.00	8.00	0.00	<b>414 - Securities Commissioner</b>				8.00

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
178.50	178.50	0.00	<b>471 - Bank of North Dakota</b>				178.50
33.00	38.00	5.00	<b>473 - Housing Finance Agency</b>				38.00
			Adds:				
			1.00 FTE document processing specialist		\$57,999	\$57,999	
			1.00 FTE housing program specialist I		36,413	36,413	
			1.00 FTE housing program specialist II		79,705	79,705	
			1.00 FTE account/budget specialist I		74,078	74,078	
			1.00 FTE budgeted - pending classification		102,911	102,911	
			<u>5.00</u>		<u>\$351,106</u>	<u>\$351,106</u>	
124.00	121.00	(3.00)	<b>475 - Mill and Elevator Association</b>				121.00
			Deletes:				
			(1.00) FTE budgeted - pending classification		(\$66,857)	(\$66,857)	
			(1.00) FTE budgeted - pending classification		(55,464)	(55,464)	
			(1.00) FTE budgeted - pending classification		(73,015)	(73,015)	
			<u>(3.00)</u>		<u>(\$195,336)</u>	<u>(\$195,336)</u>	
191.00	191.00	0.00	<b>485 - Workers Compensation Bureau</b>				196.00
			Adds:				
			2.00 FTE other - not cls - prof (Claims and Legal Services)		\$278,038	\$278,038	
			Deletes:				
			(2.00) FTE other - not cls - prof (Executive)		(147,777)	(147,777)	
			<u>0.00</u>		<u>\$130,261</u>	<u>\$130,261</u>	
<u>723.00</u>	<u>725.00</u>	<u>2.00</u>	<b>TOTAL REGULATORY</b>	<u>(\$17,455)</u>	<u>\$256,374</u>	<u>\$238,919</u>	<u>730.00</u>
			<b>PUBLIC SAFETY</b>				
198.00	196.00	(2.00)	<b>504 - Highway Patrol</b>				198.00
			Deletes:				
			(1.00) FTE motor carrier inspector	(\$46,614)	(\$47,900)	(\$94,514)	
			(1.00) FTE patrol officer	(35,029)	(52,543)	(87,572)	
			<u>(2.00)</u>	<u>(\$81,643)</u>	<u>(\$100,443)</u>	<u>(\$182,086)</u>	
31.00	31.00	0.00	<b>506 - Radio Communications</b>				31.00
20.00	20.00	0.00	<b>512 - Division of Emergency Management</b>				20.00
572.68	638.68	66.00	<b>530 - Department of Corrections and Rehabilitation</b>				574.68
			Adds:				
			2.00 FTE data processing coordinator I (central office)	\$158,972		\$158,972	
			1.00 FTE security officer I (juvenile services)	56,665		56,665	
			1.00 FTE administrative assistant I (juvenile services)	42,601		42,601	
			1.00 FTE parole and probation officer III (field services)	98,813		98,813	
			4.00 FTE parole and probation officer II (field services)	315,020		315,020	
			1.00 FTE parole and probation officer III (field services)		\$98,813	98,813	
			0.50 FTE registered nurse II (support services)	17,557		17,557	

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
			1.00 FTE office assistant II (support services)	16,974		16,974	
			1.00 FTE pharmacist I (support services)	99,278		99,278	
			3.00 FTE registered nurse II (support services)	227,079		227,079	
			1.00 FTE office assistant II (support services)	41,357		41,357	
			0.50 FTE stores clerk (support services)	26,904		26,904	
			1.00 FTE office assistant II (support services)	47,631		47,631	
			1.00 FTE instructor (program services)	25,855		25,855	
			1.00 FTE licensed psychologist II (program services)	136,878		136,878	
			3.00 FTE social worker II (program services)	188,142		188,142	
			19.00 FTE correctional officer II (security and safety)	1,125,921		1,125,921	
			14.00 FTE correctional officer II (security and safety)	343,154		343,154	
			1.00 FTE criminal investigator II (security and safety)	24,511		24,511	
			1.00 FTE correctional unit manager (security and safety)	33,183		33,183	
			1.00 FTE correctional unit case manager (security and safety)	29,799		29,799	
			3.00 FTE correctional case worker (security and safety)	78,645		78,645	
			2.00 FTE correctional officer II (security and safety)	134,186		134,186	
			1.00 FTE storekeeper I (Roughrider Industries)		53,809	53,809	
			2.00 FTE industrial production assistant II (Roughrider Industries)		145,230	145,230	
			Deletes:				
			(1.00) FTE human services program admin. V (central office)	(115,200)		(115,200)	
			<u>66.00</u>	<u>\$3,153,925</u>	<u>\$297,852</u>	<u>\$3,451,777</u>	
133.00	136.00	3.00	<b>540 - Adjutant General</b>				136.00
			Adds:				
			1.00 FTE physical plant director II	\$23,376		\$23,376	
			1.00 FTE maintenance supervisor II	18,318		18,318	
			1.00 FTE custodial supervisor II	10,386		10,386	
			<u>3.00</u>	<u>\$52,080</u>	<u>\$0</u>	<u>\$52,080</u>	
<u>954.68</u>	<u>1,021.68</u>	<u>67.00</u>	<b>TOTAL PUBLIC SAFETY</b>	<u>\$3,124,362</u>	<u>\$197,409</u>	<u>\$3,321,771</u>	<u>959.68</u>
			<b>AGRICULTURE AND ECONOMIC DEVELOPMENT</b>				
23.00	30.00	7.00	<b>601 - Economic Development and Finance</b>				23.00
			Adds:				
			1.00 FTE communications and public relations position	\$105,054		\$105,054	
			1.00 FTE administrative assistant	64,122		64,122	
			1.00 FTE research analyst	114,894		114,894	
			1.00 FTE research analyst	115,171		115,171	
			1.00 FTE data base web developer	115,171		115,171	
			1.00 FTE division manager	183,654		183,654	
			1.00 FTE marketing specialist	115,171		115,171	
			1.00 FTE investment and joint ventures position	138,582		138,582	
			Transfers:				
			(1.00) FTE work force development position to the Board for Vocational and Technical Education	(60,778)	(\$60,777)	(121,555)	
			<u>7.00</u>	<u>\$891,041</u>	<u>(\$60,777)</u>	<u>\$830,264</u>	

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
55.50	55.50	0.00	<b>602 - Agriculture Department</b>				49.00
33.00	32.00	(1.00)	<b>616 - Seed Department</b>				32.00
			Deletes:				
			<u>(1.00)</u> FTE temporary pending classified position		<u>(\$53,543)</u>	<u>(\$53,543)</u>	
23.50 <sup>15</sup>	27.75	4.25	<b>627 - Upper Great Plains Transportation Institute</b>				26.50
			Adds:				
			1.00 FTE programmer		\$169,712	\$169,712	
			1.00 FTE hardware/LAN technician		96,040	96,040	
			1.00 FTE associate research fellow		127,080	127,080	
			0.25 FTE secretary		34,787	34,787	
			1.00 FTE traffic engineer		108,309	108,309	
			<u>4.25</u>		<u>\$535,928</u>	<u>\$535,928</u>	
76.36 <sup>15</sup>	76.36	0.00	<b>628 - Branch Research Centers</b>				76.36
282.81 <sup>15</sup>	275.81	(7.00)	<b>630 - NDSU Extension Service</b>				275.81
			Deletes:				
			<u>(7.00)</u> FTE research positions		<u>(\$738,272)</u>	<u>(\$738,272)</u>	
8.00 <sup>15</sup>	8.00	0.00	<b>638 - Northern Crops Institute</b>				8.00
351.28 <sup>15</sup>	351.28	0.00	<b>640 - Main Research Center</b>				351.28
2.90 <sup>15</sup>	2.90	0.00	<b>649 - Agronomy Seed Farm</b>				2.90
<u>856.35</u>	<u>859.60</u>	<u>3.25</u>	<b>TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT</b>	<u>\$891,041</u>	<u>(\$316,664)</u>	<u>\$574,377</u>	<u>844.85</u>
			<b>NATURAL RESOURCES AND HIGHWAYS</b>				
54.00	56.00	2.00	<b>701 - Historical Society</b>				54.00
			Adds:				
			1.00 FTE librarian I	\$66,007		\$66,007	
			1.00 FTE historical site supervisor II	17,443		17,443	
			<u>2.00</u>	<u>\$83,450</u>		<u>\$83,450</u>	
5.00	5.00	0.00	<b>709 - Council on the Arts</b>				5.00
131.00	136.00	5.00	<b>720 - Game and Fish Department</b>				131.00
			Adds:				
			1.00 FTE biologist II		\$81,876	\$81,876	
			1.00 FTE biologist III		89,529	89,529	
			1.00 FTE computer and network specialist II		80,295	80,295	
			2.00 FTE game warden II		162,452	162,452	
			<u>5.00</u>		<u>\$414,152</u>	<u>\$414,152</u>	

1999-2001 FTE Positions	Executive Recommendation 2001-03 FTE Positions	Increase (Decrease)	Agency / FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2001-03 FTE Positions in Agency Budget Request1
				General Fund	Special Funds	Total	
11.00	11.00	0.00	<b>740 - Department of Tourism</b>				11.00
40.00	42.75	2.75	<b>750 - Parks and Recreation Department</b>				44.00
			Adds:				
			2.00 FTE park ranger	\$133,094		\$133,094	
			1.50 FTE maintenance supervisor I	97,536		97,536	
			Deletes:				
			(0.75) FTE park ranger	(52,642)		(52,642)	
			<u>2.75</u>	<u>\$177,988</u>		<u>\$177,988</u>	
82.00	83.00	1.00	<b>770 - State Water Commission</b>				82.00
			Adds:				
			<u>1.00</u> GIS specialist III		\$96,103	\$96,103	
1,040.00	1,041.00	1.00	<b>801 - Department of Transportation</b>				1,040.00
			Adds:				
			<u>1.00</u> FTE telecommunications technician II		\$77,299	\$77,299	
<u>1,363.00</u>	<u>1,374.75</u>	<u>11.75</u>	<b>TOTAL NATURAL RESOURCES AND HIGHWAYS</b>	<u>\$261,438</u>	<u>\$587,554</u>	<u>\$848,992</u>	<u>1,367.00</u>
			<b>SUMMARY TOTALS</b>				
1,164.00	1,196.50	32.50	General Government	\$1,128,053	\$4,853,722	\$5,981,775	1,219.00
3,375.83	3,377.19	1.36	Education	(144,002)	579,319	435,317	3,392.41
3,099.06	3,076.36	(22.70)	Health and Welfare	(1,052,026)	234,719	(817,307)	3,039.27
723.00	725.00	2.00	Regulatory	(17,455)	256,374	238,919	730.00
954.68	1,021.68	67.00	Public Safety	3,124,362	197,409	3,321,771	959.68
856.35	859.60	3.25	Agriculture and Economic Development	891,041	(316,664)	574,377	844.85
1,363.00	1,374.75	11.75	Natural Resources and Highways	261,438	587,554	848,992	1,367.00
<u>11,535.92</u>	<u>11,631.08</u>	<u>95.16</u>	<b>TOTAL ALL DEPARTMENTS</b>	<u>\$4,191,411</u>	<u>\$6,392,433</u>	<u>\$10,583,844</u>	<u>11,552.21</u>



<sup>11</sup> The FTE positions included in the agency budget requests were based on the hold-even budget request guidelines as directed by Governor Schafer.

<sup>12</sup> The FTE positions listed for Higher Education were adjusted as follows, in accordance with Section 6 of 1999 House Bill No. 1003:

	<b>1999-2001 Legislative Authorization</b>	<b>Adjusted FTE Level</b>	<b>Increase</b>
North Dakota University System office	18.50	19.00	0.50
Bismarck State College	143.44	145.53	2.09
Lake Region State College	41.34	41.34	0.00
Williston State College	46.07	50.23	4.16
University of North Dakota	916.69	919.75	3.06
UND School of Medicine and Health Sciences	224.72 *	224.79	0.07
North Dakota State University	794.98	798.49	3.51
State College of Science	229.90	229.90	0.00
Dickinson State University	129.63	130.15	0.52
Mayville State University	80.47	81.47	1.00
Minot State University	258.93	266.21	7.28
Valley City State University	111.35	113.34	1.99
MSU-Bottineau	46.20	47.44	1.24
Forest Service	17.66	17.81	0.15
<b>Total</b>	<b>3,059.88</b>	<b>3,085.45</b>	<b>25.57</b>

\* Reflects the elimination of 203.3 FTE positions associated with local funds as shown in the executive budget.

<sup>13</sup> The 1999-2001 FTE positions for the Department of Human Services, the Developmental Center, and the State Hospital have been adjusted based on Section 6 of 1999 Senate Bill No. 2012 that authorizes the department to add FTEs at the human service centers, State Hospital, and Developmental Center.

Changes made are as follows:

	<b>1999-2001 Legislative Authorized FTE</b>	<b>Adjustments</b>	<b>Adjusted 1999-2001 Authorized FTE</b>
Developmental Center	481.30	(2.00)	479.30
State Hospital	537.10	(14.00)	523.10
Human service centers	883.80	39.25	923.05
Other department programs	360.60	0.00	360.60
<b>Total</b>	<b>2,262.80</b>	<b>23.25</b>	<b>2,286.05</b>

<sup>14</sup> The 1999 Legislative Assembly authorized seven FTE positions. However, pursuant to authority received from the Emergency Hiring Council, the agency hired two additional individuals for the agency's Fair Housing Division.

<sup>15</sup> The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 7 of 1999 House Bill No. 1021:

	<b>1999-2001 Legislative Authorization</b>	<b>Adjusted FTE Level</b>	<b>Variance</b>
Upper Great Plains Transportation Institute	25.00	23.50	(1.50)
NDSU Extension Service	267.80	282.81	15.01
Northern Crops Institute	8.00	8.00	0.00
Agronomy Seed Farm	3.00	2.90	(0.10)
Branch Research Centers	72.10	76.36	4.26
Main Research Center	341.25	351.28	10.03
Total	<u>717.15</u>	<u>744.85</u>	<u>27.70</u>

## ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

Year	Salary Increase Provided or Proposed	Annual Inflation
1973	5%	6.2%
1974	4%	11.0%
1975	5% (in addition to an 11.9% salary adjustment)	9.1%
1976	5%	5.7%
1977	5%	6.5%
1978	5%	7.6%
1979	6.5%	11.3%
1980	6.5%	13.5%
1981	9% (in addition to a 10% salary adjustment)	10.3%
1982	8% (reduced by Governor's budget allotments)	6.2%
1983	2% contribution to retirement	3.2%
1984	2% contribution to retirement	4.3%
1985	9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees	3.5%
1986	4% with a minimum of \$50 per month; the Governor deferred this increase for agencies under his control to January 1, 1987	1.9%
1987	0%	3.7%
1988	0%	4.1%
1989	11.4% higher education faculty at UND and NDSU; 9.5% higher education faculty at other four-year universities; 7.3% higher education faculty at two-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees	4.8%
1990	7% higher education faculty at four-year universities, 5% higher education faculty at two-year colleges, 0% all other state employees	5.4%

<b>Year</b>	<b>Salary Increase Provided or Proposed</b>	<b>Annual Inflation</b>
1991	4% with a minimum of \$50 per month	4.2%
1992	\$40 per month	3.0%
1993	\$60 per month	3.0%
1994	3% (to the extent available from agency savings)	2.6%
1995	2%	2.8%
1996	3% (includes 1% for salary inequity correction and merit increases)	2.9%
1997	3% (includes 1.5% for salary inequity correction and merit increases)	2.3%
1998	3% (includes 1.5% for salary inequity correction and merit increases; in addition, the University System received a \$3.2 million pool of funds for the 1997-99 biennium to address salary compression, market, and equity problems)	1.6%
1999	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.2%
2000	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. An additional 1 percent may be provided to the extent the increase can be paid with existing agency resources.	3.3% (projected)
2001\1	3% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.5% (projected)
2002\1	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. An additional 1 percent may be provided to the extent the increase can be paid with existing agency resources.	2.5% (projected)

\1 In addition, the executive budget recommends funding for other compensation increases in various budgets including:

\$5.4 million, \$2.7 million of which is from the general fund, in the Office of Management and Budget appropriation (House Bill No. 1015) for providing market equity compensation adjustments for classified employees as approved by the Central Personnel Division.

\$1,073,689 from the general fund for critical salary adjustments for entities under the control of the State Board of Higher Education in the University System office budget (Senate Bill No. 2003).

\$278,459, \$230,383 of which is from the general fund, for salary equity adjustments for elected and appointed officials (various elected officials appropriation bills).

## ANALYSIS OF ELECTED OFFICIALS SALARIES

The executive budget recommendation for the 2001-03 biennium contains salary increases of three percent effective July 1, 2001, and two percent effective July 1, 2002, for elected officials. In addition, funding is provided for pay equity adjustments for elected officials that are paid less than similar positions in neighboring states. The schedule below shows for each elected official the salary authorized by the 1999 Legislative Assembly and the salary being proposed in the executive budget. In addition, a column is added showing the pay equity adjustment being proposed for each (the pay equity adjustment is included in the proposed annual salary amounts effective January 1, 2002).

State Official	Statutory Annual Salary Authorized by 1999 Legislative Assembly			Proposed Annual Salary Included in the 2001-03 Executive Budget Recommendation			Pay Equity Adjustment Included in Proposed Annual Salary
	Effective	Effective	Effective	Effective	Effective	Effective	
	July 1, 1999	July 1, 2000	January 1, 2001	July 1, 2001	January 1, 2002	July 1, 2002	
Governor	\$76,879	\$78,417	\$83,013	\$85,506	\$85,506 <sup>2</sup>	\$87,216	\$0
Lieutenant Governor	\$63,183	\$64,447	\$64,447 <sup>1</sup>	\$66,380	\$66,380 <sup>2</sup>	\$67,708	\$0
Secretary of State	\$58,262	\$59,428	\$61,142	\$64,742	\$66,684	\$68,018	\$1,942
Attorney General	\$65,753	\$67,068	\$69,002	\$71,072	\$73,204	\$74,668	\$2,132
Superintendent of Public Instruction	\$59,437	\$60,626	\$67,619	\$69,648	\$75,916	\$77,434	\$6,268
Tax Commissioner	\$58,262	\$59,428	\$66,282	\$68,277	\$72,374	\$73,821	\$4,097
Insurance Commissioner	\$58,262	\$59,428	\$62,855	\$64,742	\$66,684	\$68,018	\$1,942
Public Service Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
Public Service Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
Public Service Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
Agriculture Commissioner	\$58,262	\$59,428	\$64,569	\$66,509	\$68,504	\$69,874	\$1,995
State Auditor	\$58,262	\$59,428	\$62,855	\$64,742	\$66,684	\$68,018	\$1,942
State Treasurer	\$58,262	\$59,428	\$61,142	\$62,974	\$62,974 <sup>2</sup>	\$64,233	\$0

The budget as submitted by the judicial branch contains the funding needed to provide salary increases for judges of approximately 11 percent for the first year of the biennium and two percent for the second year of the biennium.

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

	Statutory Annual Salary Authorized by 1999 Legislative Assembly		Proposed Annual Salary Included in the 2001-03 Judicial Branch Budget Request	
	July 1, 1999	July 1, 2000	July 1, 2001	July 1, 2002
	Supreme Court Chief Justice	\$86,172	\$87,895	\$97,570
Other Supreme Court justices	\$83,807	\$85,483	\$94,727	\$96,622
District court presiding judges	\$79,171	\$80,755	\$90,043	\$91,843
Other district court judges	\$77,340	\$78,887	\$87,422	\$89,171

<sup>1</sup> Was not provided a pay equity increase on January 1, 2001.

<sup>2</sup> Was not provided a pay equity increase on January 1, 2002.

## ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS (REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$38,394,541
Add estimated revenues		
1998 government nursing facility funding pool payment	\$25,902,739	
1999 government nursing facility funding pool payment	17,340,685	
2000 government nursing facility funding pool payment		\$11,748,679
2001 government nursing facility funding pool payment		6,385,969
Repayment of state matching on government nursing facility funding pool payments		7,946,165
Investment earnings	1,949,798	2,989,065
Loan repayments - Principal and interest	27,369	563,376
Total estimated revenues	\$45,220,591	\$29,633,254
Total available	\$45,220,591	\$68,027,795
Less estimated expenditures		
Department of Human Services		
Grants and loans	\$2,501,573	\$4,020,226
Service payments for elderly and disabled (SPED)	4,262,410	4,262,410
Medical assistance - State matching		25,000,000
Health Insurance Portability and Accountability Act (HIPAA) project - State matching		3,870,794
State Hospital landfill closure		413,255
Statewide long-term care needs assessment		241,006
Administrative costs	60,382	71,158
State matching for government nursing facility funding pool payments		7,946,165
Bank of North Dakota administrative fee	1,685	147,358
Total estimated expenditures	\$6,826,050	\$45,972,372
Estimated ending balance	\$38,394,541	\$22,055,423 <sup>1</sup>

**NOTE:** The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. Loans or grants are for capital or one-time expenditures to assist a nursing facility in converting to an alternative care facility. The share of an approved project that can be financed from the health care trust fund is limited to \$1 million or 80 percent of the project cost, whichever is less.

Moneys are generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments are made based on the average amount Medicare rates exceed Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds are available for these payments and require a state match. Payments are made to the two government nursing facilities and are subsequently returned to the state, less a \$10,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share is returned to its source, and the federal funds are deposited in the health care trust fund. Interest earned is retained in the fund.

<sup>1</sup> Section 14 of House Bill No. 1179, introduced as part of the executive budget recommendation, requires that the health care trust fund retain a minimum balance of \$13 million until the director of the Department of Human Services certifies to the State Treasurer that the federal Health Care Financing Administration's claim for the return of \$13 million of the state's first-year payment has been resolved.

**ANALYSIS OF THE LANDS AND MINERALS TRUST FUND  
FOR THE 1999-2001 AND 2001-03 BIENNIUMS  
(REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$1,939,481	\$1,512,492
Add estimated revenues		
Production royalties	\$2,358,673	\$2,000,000
Mineral leases	151,903	200,000
Oil and gas bonuses	165,436	250,000
Investment earnings	375,880	306,751
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,402,551	1,512,415
	<hr/>	<hr/>
Total estimated revenues	<u>\$4,454,443</u> <sup>\1</sup>	<u>\$4,269,166</u>
Total available	\$6,393,924	\$5,781,658
Less estimated expenditures and transfers		
Payments to common schools trust fund - DD loan fund No. 2 (1999 SB 2012; 2001 HB 1012)	\$822,446	\$1,075,830
Payments to common schools trust fund - DD loan fund No. 3 (1999 SB 2012; 2001 HB 1012)	657,820	964,225
Industrial Commission - Oil and Gas Division	237,515	
Transfer to the general fund (1999 SB 2015; 2001 HB 1015 )	3,000,000	3,545,102
Administrative costs/other fees	163,651	196,403
	<hr/>	<hr/>
Total estimated expenditures and transfers	<u>\$4,881,432</u>	<u>\$5,781,560</u>
Estimated ending balance	<u><u>\$1,512,492</u></u> <sup>\2</sup>	<u><u>\$98</u></u>

<sup>\1</sup> Estimated revenues - 1999-2001 - Revenues are currently anticipated to be \$1.3 million more than estimated at the close of the 1999 legislative session due primarily to an increase in production royalties resulting from higher than anticipated oil prices.

√ Estimated balance - June 30, 2001 - The estimated June 30, 2001, balance is anticipated to be \$1.5 million more than estimated at the close of the 1999 legislative session due primarily to an increase in production royalties resulting from higher than anticipated oil prices.

NOTE: The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests. All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the lands and minerals trust fund, pursuant to North Dakota Century Code Section 15-08.1-08.

The principal and interest of the trust fund may be used only for purposes approved by the Legislative Assembly.



**ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND 1999-2001 AND 2001-03 BIENNIUMS  
(REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)**

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0 <sup>1</sup>	\$9,713,000
Add estimated revenues		
Oil and gas production tax and oil extraction tax collections	\$9,713,000	\$7,230,000
Total estimated revenues	9,713,000 <sup>2</sup>	7,230,000 <sup>4</sup>
Total available	\$9,713,000	\$16,943,000
Less estimated expenditures	0 <sup>3</sup>	0 <sup>3</sup>
Ending balance	\$9,713,000	\$16,943,000

**NOTE:** North Dakota Century Code (NDCC) Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that at the end of each biennium beginning after June 30, 1997, all revenues deposited in the general fund during that biennium and derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$62 million are to be transferred into the permanent oil tax trust fund. The State Treasurer is to transfer the interest earned on the fund to the general fund at the end of each fiscal year.

<sup>1</sup> Beginning balance - July 1, 1999 - The general fund revenues derived from oil and gas production taxes and oil extraction taxes totaled \$43,676,727 for the 1997-99 biennium. Since revenues did not exceed the \$62 million statutory limit, no funds were transferred into the permanent oil tax trust fund on June 30, 1999.

<sup>2</sup> Estimated revenues - 1999-2001 - The revised revenue forecast for the 1999-2001 biennium projects oil and gas production tax and oil extraction tax revenues deposited in the general fund to exceed \$62 million by \$9,713,000. Therefore, there is a projected transfer of \$9,713,000 to the permanent oil tax trust fund at the end of the biennium.

<sup>3</sup> Estimated expenditures - Pursuant to NDCC Section 57-51.1-07.2, the principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

<sup>4</sup> Estimated revenues - 2001-03 - The revenue forecast for the 2001-03 biennium projects sufficient oil and gas production tax and oil extraction tax revenues to transfer \$7,230,000 into the permanent oil tax trust fund.

## ANALYSIS OF THE RESOURCES TRUST FUND 1999-2001 AND 2001-03 BIENNIUMS (REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$6,733,283	\$10,900,000 <sup>3</sup>
Add estimated revenues		
Oil extraction tax collections	\$9,048,040	\$8,648,581
Repayments and reimbursements	1,805,000	1,804,439
Investment earnings/miscellaneous	653,657	365,011
	\$11,506,697 <sup>1</sup>	\$10,818,031
Total estimated revenues	\$18,239,980	\$21,718,031
Total available		
Less estimated expenditures		
State Water Commission		
Grants and administration (2001 HB 1023)	\$5,039,980	\$21,718,031 <sup>4</sup>
Capital construction carryover from the 1997-99 biennium	2,300,000 <sup>2</sup>	0
	\$7,339,980	\$21,718,031
Total estimated expenditures	\$10,900,000 <sup>3</sup>	\$0
Ending balance	\$10,900,000 <sup>3</sup>	\$0

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

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

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

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

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

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

<sup>1</sup> Estimated revenues - 1999-2001 - The estimated revenues for the 1999-2001 biennium reflect actual revenues through October 31, 2000, and estimated revenues for the remainder of the biennium. The current estimate of revenues for the biennium is \$4,919,061 more than the estimate of \$6,587,636 made at the close of the 1999 legislative session. The increase is attributable to the following changes:

• Increase in oil extraction tax collections	\$4,553,150
• Increase in repayments for previously funded water projects	5,000
• Increase in investment income	360,911
Net increase from revenue amount previously estimated for 1999-2001	<u>\$4,919,061</u>

<sup>2</sup> Capital construction carryover - 1999-2001 - The State Water Commission had \$2.3 million of unexpended 1997-99 biennium appropriation authority carried over to the 1999-2001 biennium for various water projects.

<sup>3</sup> Ending balance - 1999-2001 - The estimated June 30, 2001, ending balance is anticipated to include approximately \$8 million of obligations for the following projects:

Maple River Dam	\$3,500,000
Nesson Valley irrigation	1,300,000
Elk Charbon irrigation	1,000,000
Miscellaneous water projects	<u>2,200,000</u>
Total	<u>\$8,000,000</u>

<sup>4</sup> Estimated expenditures - 2001-03 - House Bill No. 1023 (2001) provides that any 2001-03 resources trust fund revenues in excess of \$21,718,031 are appropriated to the State Water Commission, subject to Emergency Commission approval. Section 10 of House Bill No. 1023 allows the State Water Commission to use moneys from the resources trust fund in lieu of issuing bonds for water development projects.

**ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS  
(REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	1999-2001 Biennium		2001-03 Biennium
Beginning balance		\$0	\$0
Add estimated revenues			
Tobacco settlement revenues collected to date	\$29,954,971 <sup>1</sup>		
Remaining tobacco settlement revenues	<u>22,229,180</u>		<u>\$53,072,885</u>
Total estimated revenues		<u>\$52,184,151<sup>2</sup></u>	<u>\$53,072,885</u>
Total available		\$52,184,151	\$53,072,885
Less estimated expenditures and transfers			
Transfers to the community health trust fund (10%)	\$5,218,415		\$5,307,289
Transfers to the common schools trust fund (45%)	23,482,868		23,882,798
Transfers to the water development trust fund (45%)	<u>23,482,868</u>		<u>23,882,798</u>
Total estimated expenditures and transfers		<u>\$52,184,151<sup>3</sup></u>	<u>\$53,072,885</u>
Estimated ending balance		<u><u>\$0</u></u>	<u><u>\$0</u></u>

<sup>1</sup> As of November 2000, six tobacco settlement payments have been received by the state totaling \$29,954,971.

<sup>2</sup> Estimated revenues - 1999 House Bill No. 1475 provides that interest on the moneys in the tobacco settlement trust fund must be retained in the fund, and the principal and interest must be allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. The interest earned on the moneys in the tobacco settlement trust fund will increase the amount available for transfers to the other funds. However, because of uncertainty regarding the timing of the receipt of the tobacco settlement proceeds, interest earned on the balance of the tobacco settlement trust fund has not been included in this analysis. Tobacco settlement revenues collected to date were transferred immediately to the proper trust funds; therefore, no interest has been earned by the tobacco settlement trust fund to date.

<sup>3</sup> The tobacco settlement proceeds for the 1999-2001 biennium were estimated to be \$57,593,770 at the end of the 1999 legislative session. The decrease in the estimated amount of tobacco settlement revenues for the biennium of \$5,409,619 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales.

**FUND HISTORY**

The tobacco settlement trust fund was created by the 1999 Legislative Assembly through passage of House Bill No. 1475. This bill creates a tobacco settlement trust fund for the deposit of all tobacco settlement moneys obtained by the state. Moneys in the fund, including interest, must be transferred as follows, within 30 days of their deposit in the fund:

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

House Bill No. 1475 also provides that transfers that would otherwise be made to the common schools trust fund during the biennium must be made to the water development trust fund until the amount in the water development trust fund is sufficient to make required bond payments for bonds issued for water projects authorized by North Dakota Century Code Section 61-02.1-04. Once the amount required for the biennium is transferred to the water development trust fund, an equal amount must be transferred to the common schools trust fund, if available, from the moneys deposited in the tobacco settlement trust fund during the biennium. Once an equal amount has been deposited in each fund, transfers from the tobacco settlement trust fund will be allocated equally for the remainder of the biennium--45 percent to the water development trust fund and 45 percent to the common schools trust fund. The State Engineer has stated that the deposit of 45 percent of the tobacco settlement trust fund into the water development trust fund would be adequate during the 1999-2001 biennium. Therefore, no transfers to date for the common schools trust fund have been redirected to the water development trust fund.

## ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS (REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$5,218,415
Add estimated revenues		
Transfers to date from the tobacco settlement trust fund	\$2,995,497 <sup>1</sup>	
Remaining transfers from the tobacco settlement trust fund	2,222,918	\$5,307,289
Total estimated revenues	\$5,218,415 <sup>2</sup>	\$5,307,289 <sup>2</sup>
Total available	\$5,218,415	\$10,525,704
Less estimated expenditures		
State Department of Health		
• Healthy schools	\$0	\$2,000,000
• Healthy families	0	2,000,000
• Healthy communities	0	1,000,000
Total estimated expenditures	\$0 <sup>3</sup>	\$5,000,000 <sup>3</sup>
Estimated ending balance	\$5,218,415 <sup>4</sup>	\$5,525,704

<sup>1</sup> As of November 2000, six transfers have been made from the tobacco settlement trust fund totaling \$2,995,497.

<sup>2</sup> Estimated revenues - Interest earned on the community health trust fund is not included in the analysis because current law does not allow the community health trust fund to retain interest earned. Any interest earned by the community health trust fund is credited to the state's general fund.

<sup>3</sup> Estimated expenditures - 1999 House Bill No. 1475 provides that moneys in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage in this state. The 1999 Legislative Assembly did not appropriate to the State Department of Health any moneys in the community health trust fund for community-based public health programs. Consequently, no expenditures from the fund are anticipated during the 1999-2001 biennium. The executive budget recommendation for the 2001-03 biennium appropriates \$5 million for tobacco-related issues and other issues of priority to communities as follows:

- \$2 million - Healthy schools.
- \$2 million - Healthy families.
- \$1 million - Healthy communities.

<sup>4</sup> The estimated June 30, 2001, balance made at the end of the 1999 legislative session was \$5,759,376. The decrease in the estimated balance of \$540,961 is due to a decrease in the amount of tobacco settlement payments estimated to be received.

## **FUND HISTORY**

The community health trust fund was created by the 1999 Legislative Assembly through passage of House Bill No. 1475. This bill creates a tobacco settlement trust fund for the deposit of all tobacco settlement moneys obtained by the state. Moneys in the fund must be transferred as follows, within 30 days of their deposit in the fund:

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

## ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS (REFLECTING THE 2001-03 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$0	\$23,482,868
Add estimated revenues		
Transfers to date from tobacco settlement trust fund	\$13,479,737 <sup>1</sup>	
Remaining transfers from tobacco settlement trust fund	10,003,131	\$23,882,800
Total estimated revenues	\$23,482,868 <sup>2</sup>	\$23,882,800 <sup>2</sup>
Total available	\$23,482,868	\$47,365,668
Less estimated expenditures		
State Water Commission		
• Bond payments	\$0	\$8,636,398
• Operations	0	9,751,593
• Water development projects	0	28,572,335 <sup>5</sup>
Total estimated expenditures	\$0 <sup>3</sup>	\$46,960,324
Estimated ending balance	\$23,482,868 <sup>4</sup>	\$405,344

<sup>1</sup> As of November 2000, six transfers have been made from the tobacco settlement trust fund totaling \$13,479,737.

<sup>2</sup> Estimated revenues - Interest earned on the water development trust fund is not included in the analysis due to the fact law does not allow the water development trust fund to retain interest earned. Any interest earned by the water development trust fund will be credited to the state's general fund.

<sup>3</sup> Estimated expenditures - 1999 House Bill No. 1475 (NDCC Section 54-27-25) provides that moneys in the water development trust fund are to be used to address the long-term water development and management needs of the state. 1999 Senate Bill No. 2188 (NDCC Section 61-02.1-04) provides that bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake are to be repaid from moneys in the water development trust fund, as appropriated by the Legislative Assembly. The 1999 Legislative Assembly did not appropriate any funds from the water development trust fund for repayment of bond principal and interest; however, the Legislative Assembly did appropriate \$84.8 million from the water development trust fund for the purpose of repaying the line of credit extended by the Bank of North Dakota for interim financing. Approximately \$1.1 million for the Southwest Pipeline Project was drawn on the \$84.8 million line of credit. The funds were repaid with proceeds from the March 2000 bond sales, which will provide \$23 million for the flood control project in Grand Forks and \$4.5 million for the Southwest Pipeline Project. If necessary, a portion of the Grand Forks allocation may go toward the Wahpeton flood control project, depending on timing. The first payment of principal and interest accrued for the bonds is scheduled to be made in the 2001-03 biennium.

<sup>4</sup> The estimated June 30, 2001, balance made at the end of the 1999 legislative session was \$25,917,197. The decrease in the estimated balance of \$2,434,329 is due to a decrease in the amount of tobacco settlement payments estimated to be received.

<sup>5</sup> Water development projects - The 2001-03 executive budget recommendation provides the State Water Commission the authority to either spend up to \$28,572,333 from the water development trust fund for water development projects or issue bonds. The total authorization for water projects from bonding and the water development trust fund is \$62.3 million.



## **FUND HISTORY**

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

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

North Dakota Century Code Section 54-27-25 also provides that transfers that would otherwise be made to the common schools trust fund during the biennium must be made to the water development trust fund until the amount in the water development trust fund is sufficient to make required bond payments for bonds issued for water projects authorized by NDCC Section 61-02.1-04. Once the amount required for the biennium is transferred to the water development trust fund, an equal amount must be transferred to the common schools trust fund, if available, from the moneys deposited in the tobacco settlement trust fund during the biennium. Once an equal amount has been deposited in each fund, transfers from the tobacco settlement trust fund will be allocated equally for the remainder of the biennium--45 percent to the water development trust fund and 45 percent to the common schools trust fund. The State Engineer has stated that deposit of 45 percent of the tobacco settlement trust fund into the water development trust fund would be adequate during the 1999-2001 biennium. Therefore, transfers to date for the common schools trust fund have not been redirected to the water development trust fund.

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