SUMMARY OF KEY RECOMMENDATIONS

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2005	$126,707,496[1]
Add estimated 2005-07 general fund revenues	1,890,447,500[2]
Total resources available	$2,017,154,996
Less recommended 2005-07 general fund appropriations	2,007,001,269
Estimated general fund balance - June 30, 2007	$10,153,727

[1]This amount includes estimated agency general fund turnback of $12,900,000 and reflects $10,886,142 of recommended deficiency appropriations. Sections 19 and 20 of House Bill No. 1015 (2005) repeal statutory provisions which would transfer any funds in excess of $65 million in the general fund at the end of the 2003-05 biennium to the budget stabilization fund.

[2]The executive budget allows the director of the Office of Management and Budget to transfer funds from the permanent oil tax trust fund to the general fund if actual 2005-07 revenues are less than projected. If the balance in the permanent oil tax trust fund is not sufficient to provide for the revenue shortfall, the director of the Office of Management and Budget may direct the Industrial Commission to transfer up to $10 million of additional funds from the Bank of North Dakota to the general fund. Any transfers made from the Bank of North Dakota may not reduce the Bank's capital to less than $150 million.

TOTAL APPROPRIATIONS SUMMARY

	2003-05 Legislative Appropriations	Increase (Decrease)	2005-07 Executive Budget
General fund	$1,803,661,161	$203,340,108	$2,007,001,269
Estimated income	3,255,715,994[1]	282,637,481	3,538,353,475
Total all funds	$5,059,377,155	$485,977,589	$5,545,354,744

[1]The amounts shown reflect $62,241 of special funds appropriations reductions as provided for in Section 3 of House Bill No. 1505 (2003).

2005-07 GENERAL FUND REVENUES

1. Includes general fund revenues of $2.02 billion, $203.2 million more than the 2003-05 biennium revenues as projected at the close of the 2003 Legislative Assembly.
2. Includes an **estimated beginning general fund balance** of $126.7 million, $116.5 million more than the projection made by the 2003 Legislative Assembly.
3. Repeals North Dakota Century Code Section 54-27.2-02 which requires a transfer of any funds in the general fund in excess of $65 million at the end of the 2003-05 biennium to the budget stabilization fund.
4. Projects state agency **general fund turnback** of $12.9 million at the end of the 2003-05 biennium.
5. Major areas of **revenue growth** include:
   a. Sales and use taxes increasing by $87.0 million or 12.9 percent.
   b. Individual income taxes increasing by $31.8 million or 7.3 percent.
   c. Motor vehicle excise taxes increasing by $7.9 million or 6.2 percent.
6. Decreases departmental collections by $5.3 million or 9.7 percent due to the discontinuation of the **intergovernmental transfer program** in the Department of Human Services.
7. Reduces **transfers from special funds** by $58.4 million, from $155.7 million in 2003-05 to $97.3 million in 2005-07. Major transfers and changes include:
   a. Transfers $60 million from the **Bank of North Dakota**, the same amount authorized for the 2003-05 biennium.
   b. Transfers $5 million from the **Mill and Elevator**, the same amount authorized for the 2003-05 biennium.
   c. Transfers $16.9 million from the **health care trust fund**, $19.0 million less than the 2003-05 biennium transfer.
   d. Transfers $9 million from the interest earnings of the **student loan trust fund**, $17.3 million less than the transfer authorized for the 2003-05 biennium.
   e. Transfers $5 million from the **lands and minerals trust fund**, $3 million more than the transfer authorized for the 2003-05 biennium.
   f. Removes the $11.9 million transfer from the **permanent oil tax trust fund** authorized for the 2003-05 biennium. The executive budget anticipates a $41.6 million balance in the permanent oil tax trust fund for the 2005-07 biennium.
   g. Removes the $10.1 million transfer from the **water development trust fund** authorized for the 2003-05 biennium.
8. Anticipates **oil prices** to average $32 per barrel during the first year of the 2005-07 biennium and are anticipated to decline to an average price of $24 per barrel during the second year of the biennium. The average oil price in November 2004 for North Dakota crude oil was $42.58 per barrel.
9. Increases the maximum amount of **oil extraction and oil and gas production tax collections** that may be deposited in the general

fund before revenues are transferred to the permanent oil tax trust fund from $71 million to $84.5 million. This change results in $13.5 million of additional general fund revenues from oil tax collections during the 2005-07 biennium.

10. Anticipates $10 million of general fund revenues from the **North Dakota lottery**, $8.6 million more than the amount originally projected for the 2003-05 biennium.
11. Authorizes the director of the Office of Management and Budget to **transfer funds from the permanent oil tax trust fund** to the general fund if actual 2005-07 revenues are less than projected. If the balance in the permanent oil tax trust fund is not sufficient to provide for the revenue shortfall, the director of the Office of Management and Budget may direct the Industrial Commission to transfer **up to $10 million of additional funds from the Bank of North Dakota** to the general fund. Any transfers made from the Bank of North Dakota may not reduce the Bank's capital to less than $150 million.

2005-07 GENERAL FUND APPROPRIATIONS

1. Includes general fund appropriations of $2.01 billion, $203.3 million more than the 2003-05 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
   a. Department of Human Services - $72.5 million.
   b. Department of Public Instruction - $29.2 million.
   c. Higher education - $26.7 million.
   d. State employee salary and health insurance - $23.9 million.
   e. Department of Corrections and Rehabilitation - $16.0 million.
   f. Judicial branch - $9.5 million.
   g. Adjutant General - $7 million.
   h. State Water Commission - ($7.4 million).

2005-07 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of $3.54 billion, $282.6 million more than the 2003-05 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
   a. Federal funds - $168 million.
   b. Department of Commerce - $51 million.
   c. Department of Transportation - $17.2 million.
   d. Bank of North Dakota - $15.9 million.
   e. Higher education - $9.1 million.
   f. Office of Management and Budget - $6.9 million.
   g. Main Research Center - $6.9 million.
   h. Industrial Commission - $6.4 million.
   i. Department of Corrections and Rehabilitation - $5.4 million.
   j. State Water Commission - ($27.5 million).

2005-07 - USE OF ONE-TIME REVENUES AND FUNDING SOURCES

1. Uses $135.8 million of revenue and funding sources that may be available only once or are of limited duration. These sources include:
   a. The use of $116.5 million of the estimated $126.7 million **beginning balance** ($10.2 million remains as an estimated ending balance).
   b. The transfer of $16.9 million from the **health care trust fund** to the general fund. An estimated $3 million may be available for transfer during the 2007-09 biennium.
   c. The transfer of $5 million from the **lands and minerals trust fund** to the general fund. An estimated $2 million may be available for transfer during the 2007-09 biennium.
   d. The use of $2.4 million from the **beginning farmers revolving loan fund** for the Ag PACE and beginning farmers program.

2005-07 ONE-TIME GENERAL FUND SPENDING

1. Includes $15.1 million of general fund appropriations exceeding $500,000 that are for one-time purposes. These items include:
   a. Adjutant General - Veterans' bonuses - $5,000,000.
   b. Legislative Assembly - Legislative applications replacement project - $4,200,000.
   c. Department of Human Services - Medicaid management information system (MMIS) replacement project - $3,700,000.
   d. Public Service Commission - Rail rate case - $900,000.
   e. Information Technology Department - Criminal justice information sharing (CJIS) initiative - $700,000.
   f. Office of Management and Budget - ConnectND PeopleSoft modules - $600,000.

NOTE: The $8.3 million recommended in House Bill No. 1024 to pay the state's share of disaster costs is not included as one-time spending for the 2005-07 biennium because this amount is a deficiency appropriation which will be paid during the 2003-05 biennium and is reflected as a reduction to the June 30, 2005, general fund balance.

HIGHER EDUCATION

1. Increases **general fund** support by $26.7 million, or 7.4 percent, compared to 2003-05 appropriations due in part to increasing funding for campus operations by approximately $24.8 million.
2. Increases support from **special funds** by $9.1 million, or 8.2 percent, compared to 2003-05 appropriations due to increasing major capital projects funded from special funds by approximately $8.1 million.
3. Adjusts the authorized number of **full-time equivalent (FTE) positions** from 2,400.38 for the 2003-05 biennium to 2,196.67 for the 2005-07 biennium to adjust the number of FTE positions to the level supported by the general fund.
4. The consolidation of the **higher education institutions' operating and extraordinary repair budgets** into two line items in the University System office budget--campus operations and contingency, extraordinary repairs, and capital emergency.
5. Funding of $6.4 million, of which $6.2 million is from the general fund and $172,000 is from federal funds, for the **student financial assistance grant program**. The funding includes $2 million of funding from the general fund for a new student financial assistance grant child care component. This level of funding represents a total funds increase of $3.5 million from the 2003-05 legislative appropriation of $2.9 million.
6. Funding of $7.1 million from the general fund is recommended for **contingency, extraordinary repairs, and capital emergency funding**. This represents an increase in funding of $5.4 million from the 2003-05 legislative appropriation of $1.8 million, of which $297,000 was from the general fund and $1.5 million was from the water development trust fund. The funding is to be used for campus extraordinary repairs and unforeseen operations or capital asset needs and opportunities as determined by the State Board of Higher Education.
7. Funding of $916,000 from the general fund for **board initiatives** to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The funding includes $450,000 of funding for an economic enhancement initiative that would target out-of-state and out-of-country recruitment. This level of funding represents an increase in funding of $744,000 from the 2003-05 adjusted appropriation of $172,000.

ELEMENTARY EDUCATION

1. Increases funding for **state school aid** (per student, transportation, and limited English proficiency) payments by $22.8 million, from $489.4 million to $512.2 million. Per student payments would increase from $2,623 in 2004-05 to $2,726 in 2005-06 and $2,826 in 2006-07.
2. Increases funding for **tuition apportionment** by $2.1 million, from $69.5 million to $71.6 million. The per census unit payment would increase from $335 in 2004-05 to $351 for both years of the 2005-07 biennium.
3. Increases funding for **special education** by $2.6 million, from $49.9 million to $52.5 million.
4. Decreases funding for **teacher compensation payments** by $942,000, from $51.9 million to $50.9 million to properly reflect the level of funding needed to fund the current teachers at the current level of compensation payments.
5. Provides funding of $2 million from the general fund for providing incentives to districts participating in **joint powers agreements** that increase educational opportunities for students.
6. Increases funding for **revenue supplemental payments** by $2.5 million from $5 million to $7.5 million.

HUMAN SERVICES

1. Provides a total general fund appropriation of $490.4 million, $88 million, or 21.9 percent, more than the $402.4 million appropriated for the 2003-05 biennium, excluding intergovernmental transfer payments.
2. Adds $32 million of additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 67.49 percent in federal fiscal year 2005 to 65.85 percent in federal fiscal year 2006, to an estimated 63.23 percent in federal fiscal year 2007.
3. Adds $16.3 million, of which $6.1 million is from the general fund for providing **inflationary increases** to the department's service providers of 2 percent for each year of the biennium.
4. Provides $29.2 million, of which $3.7 million is from the general fund for rewriting the Medicaid management information system **(MMIS)** computer application.

5. Reduces funding for temporary assistance for needy families **(TANF)** benefits by $5 million of federal and special funds to provide a total of $24.5 million for the 2005-07 biennium. The reduction is the result of an anticipated reduction in both the number of TANF recipients and average monthly payments.
6. Adds $1.2 million, of which $600,000 is from the general fund for payment error rate measurement **(PERM)** eligibility reviews to comply with proposed federal Medicaid and children's health insurance program regulations that, if approved, will become effective October 1, 2005.
7. Removes $27.5 million, of which $8.7 million is from the general fund, relating to **intergovernmental transfer payments** due to discontinuation of the program at the federal level.
8. Provides $107.9 million for **prescription drugs** in the medical assistance program, an increase of $12.7 million, or 13.4 percent, compared to the 2003-05 biennium appropriation.
9. Reduces funding for **outpatient hospital services** in the medical assistance program to $33.8 million, a $2.5 million, or 6.8 percent, reduction compared to the 2003-05 biennium appropriation.
10. Adds $1.3 million, of which $446,000 is from the general fund to allow Medicaid recipients to set aside up to $5,500 for **funeral expenses** rather than $3,000.
11. Provides $348.8 million for **nursing facility care**, an increase of $30.3 million, or 9.5 percent, compared to the 2003-05 biennium appropriation of $318.4 million. The $30.3 million increase includes $24.5 million for **inflationary increases required by statute**, $8.1 million for **rebasing** nursing home costs from 1999 to 2003, $634,000 for changing the method of calculating **nursing facility payment limits** from the percentile method to a median-plus method, and a reduction of $3 million relating to an anticipated reduction in **nursing facility residents** on Medicaid.
12. Provides $12.8 million for **basic care**, of which $5.2 million is from the general fund, an increase of $4.4 million, all of which is from the general fund compared to the 2003-05 biennium appropriation. The department is anticipating that federal funds available under the basic care personal care option will be decreasing due to certain basic care costs no longer being eligible for Medicaid reimbursement under the North Dakota basic care personal care option as approved by the federal government.
13. Provides $206.2 million for **developmental disabilities services grants**, of which $73.2 million is from the general fund. Compared to the 2003-05 biennium, the 2005-07 biennium funding is an increase of $15.7 million, of which $11.3 million is from the general fund. The increase relates to caseload and cost increases of $9.6 million, and the 2 percent inflationary increases referred to above of $6.1 million.
14. Adds $3.1 million from the general fund for increased costs and costs relating to **expanding the secure services unit** at the State Hospital from a 22-bed to a 42-bed unit. The secure services unit provides sexual offender treatment services and services to individuals that are mentally ill and dangerous.
15. Adds $1.3 million from the general fund for State Hospital traditional services to replace an anticipated reduction in **third-party collections**.
16. Adds $1 million from the general fund for the Developmental Center to restore the $1 million **general fund reduction** made by the 2003 Legislative Assembly.
17. Removes $250,000 from the general fund provided for the 2003-05 biennium as a **funding pool** to be distributed to human service centers for mental health and substance abuse services based on the needs of each region.

CAPITAL CONSTRUCTION

1. Includes a total of $747.2 million for the following capital projects:
   a. $162.2 million for major capital projects.
   b. $11.8 million for extraordinary repairs.
   c. $573.2 million for other projects (including $504,001,529 for the Department of Transportation and $43,022,460 for the State Water Commission).

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

	General Fund	Special Funds
Major capital projects	$1,841,255	$160,352,333
Extraordinary repairs	3,329,159	8,464,764
Bond payments	18,249,556	2,146,611
Other projects	334,000	552,436,152
Total	$23,753,970	$723,399,860

2. Authorizes the following major capital construction projects to be financed by **bonding**:

Office of Management and Budget - State Capitol fire suppression system	$3,155,000
Attorney General - Crime lab addition and remodeling	3,632,691
North Dakota State University - Hazardous material handling and storage facility	3,500,000
Dickinson State University - Murphy Hall renovation and addition (Stage II)	4,100,557
Department of Corrections and Rehabilitation - Multipurpose building construction at the Missouri River Correctional Center and building improvements at the James River Correctional Center	3,586,510
NDSU Main Research Center - Research greenhouse complex	4,500,000
Total	$22,474,758

STATE EMPLOYEES

1. Provides funding for **state employee salary increases** equal to 4 percent of salaries effective July 1, 2005, and 3 percent effective July 1, 2006. Agencies may provide an additional 1 percent salary increase on July 1, 2006, to the extent the increase can be paid with existing agency resources.
2. Provides funding for Supreme Court justices and district court **judges' salary increases** of 5.78 percent for the first year of the biennium and 4 percent for the second year of the biennium.
3. Continues funding for the cost of **health insurance premiums** for state employees. The executive budget provides $559 per month for state employee health insurance premiums, an increase of $70, or 14.3 percent, compared to the 2003-05 premium of $489 per month.
4. Provides $5 million to the Office of Management and Budget for **market equity** compensation adjustments for classified state employees. Of the $5 million, $2.5 million is from the general fund and $2.5 million from special funds.
5. Includes a total of 10,618.15 **FTE positions**, 167.78 FTE positions fewer than the 2003-05 authorized level. This includes a reduction of 203.71 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund. The net increase, excluding the higher education positions, is 35.93 FTE positions. The recommendation includes the addition of 137.66 new FTE positions and the deletion of 101.73 FTE positions.

CORRECTIONS

1. Adds $1 million from the general fund for a **salary equity pool** for correctional officers.
2. Provides an additional $1.5 million from the general fund for the **Tompkins Rehabilitation and Correction Center** due to increased program costs and the expiration of the federal reentry grant.
3. Increases funding by $2.2 million from the general fund for housing female inmates at the Dakota Women's Correctional Rehabilitation Center in **New England**.
4. Provides an additional $1.9 million from the general fund for housing **male inmates**.
5. Authorizes the issuance of $2 million of bonds for **a multipurpose building** at the Missouri River Correctional Center.
6. Authorizes the issuance of $1.6 million of bonds for **building improvements** and code improvements at the James River Correctional Center in Jamestown.
7. Provides $900,000 from the general fund for a proposed 30-bed **assessment facility** for male inmates.
8. Provides an additional $2.3 million from the general fund for the **Bismarck Transition Center** due to the expiration of a federal grant and increases in rates and population.

INFORMATION TECHNOLOGY DEPARTMENT

1. Increases funding for operating expenses for **PeopleSoft** maintenance payments ($1,800,000), software acquisition and consulting services for the **mainframe migration** project ($6,000,000), expansion of network circuits and bandwidth ($1,200,000), and the Department of Human Services Medicaid management information system **(MMIS)** rewrite project ($6,900,000).
2. Provides capital assets funding of $10.4 million for **information technology equipment** ($5,000,000) and **ConnectND** bond payments ($5,400,000).
3. Removes $20 million of bond proceeds provided in the 2003-05 biennium for the enterprise resource planning system initiative, the ConnectND project.
4. Removes $1.3 million from the general fund provided in the 2003-05 biennium for **Prairie Public Broadcasting**. Funding for Prairie

Public Broadcasting is being added to the Office of Management and Budget.

5. Adds $1.3 million from the general fund to restore the $1 million general fund undesignated budget adjustment and reflect the loss of special funds provided for the 2003-05 biennium.

ECONOMIC DEVELOPMENT

1. Provides a total of $22.2 million from the general fund for economic development activities, a decrease of $800,000 from the 2003-05 biennium. Major changes made include:
   a. Adding $5 million from the general fund to the Department of Commerce for **centers of excellence** grants.
   b. Removing $2.3 million from the general fund provided to the University System for **centers of excellence** during the 2003-05 biennium.
   c. Removing $1.55 million from the general fund for transfer to the **Development Fund** in the Department of Commerce.
   d. Changing the source of funding from the general fund to the beginning farmers revolving loan fund for the **Ag PACE** ($1,425,000) and the **beginning farmer**s ($950,000) programs.

TRANSPORTATION

1. Anticipates **federal highway construction funds** of $199.7 million for each year of the 2003-05 biennium compared to $182.5 million for each year of the 2003-05 biennium.
2. Recommends increasing the annual **motor vehicle registration fee** by $15, the proceeds of which estimated at $20.1 million for the 2005-07 biennium will be deposited in the state highway fund rather than the highway tax distribution fund.
3. Provides funding for **consulting engineers** of $32.3 million compared to $24.3 million provided for the 2003-05 biennium.

LEWIS AND CLARK BICENTENNIAL

1. Provides $5.6 million from the general fund for Lewis and Clark Bicentennial activities and projects. The 2003 Legislative Assembly appropriated $5.7 million, $5.31 million of which is from the general fund for Lewis and Clark Bicentennial activities and projects for the 2003-05 biennium. Funding recommended for each agency for the 2005-07 biennium includes:
   a. $3.9 million from the general fund for the Tourism Division of the **Department of Commerce** for marketing and promoting Lewis and Clark Bicentennial activities in North Dakota. Of this amount, $3 million is from the proceeds of the additional 1 percent lodging tax approved by the 2003 Legislative Assembly for marketing the Lewis and Clark Bicentennial celebration.
   b. $933,000 from the general fund for the **Historical Society** for Lewis and Clark Bicentennial-related programming and initiatives.
   c. $108,000 from the general fund for the **Council on the Arts** for grants and other costs relating to Lewis and Clark Bicentennial activities.
   d. $618,000 from the general fund for the **Parks and Recreation Department** for capital projects at state parks and other costs associated with Lewis and Clark Bicentennial activities.

MILITARY-RELATED PROGRAMS

1. Provides $5 million from the general fund for a new **veterans' bonus program** which would provide bonuses to North Dakota military personnel serving in active duty after September 11, 2001.
2. Adds $1 million from the general fund for the **National Guard tuition assistance program** to provide a total of $2,007,500.

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 statutory changes by the 2005 Legislative Assembly to implement:

REVENUES

1. Amends North Dakota Century Code (NDCC) Section 57-51.1-07.2 to increase the amount of oil extraction and oil and gas production tax collections that may be deposited in the general fund before collections are transferred to the **permanent oil tax trust fund** by $13.5 million per biennium, from $71 million to $84.5 million (Section 18 of House Bill No. 1015 (2005)).
2. Repeals NDCC Section 54-27.2-02 relating to the transfer of any funds in excess of $65 million in the general fund at the end of a biennium to the **budget stabilization fund** (Sections 19 and 20 of House Bill No. 1015 (2005)). Allows $126.7 million (June 30, 2005, estimated general fund balance) to be available for 2005-07 revenues.
3. Continues the $350 biennial **pesticide registration fee** that will revert to $300 on July 1, 2005. Revenues from the additional $50 estimated at $475,000 for the 2005-07 biennium are deposited in the environment and rangeland protection fund (Section 10 of House Bill No. 1009 (2005)).
4. Increases **motor vehicle registration fees** by $15 per vehicle and deposits the collections estimated at $20.1 million for the 2005-07 biennium in the state highway fund rather than the highway tax distribution fund (Senate Bill No. 2144 (2005)).

FUNDING TRANSFERS

1. Provides for transfers from **Bank of North Dakota profits** to the general fund of $60 million, the same as the 2003-05 biennium (Section 12 of House Bill No. 1015 (2005)). Based on the executive budget recommendations that anticipate a $60 million transfer from the Bank of North Dakota during the 2003-05 biennium and $60 million during the 2005-07 biennium, the Bank's capital at the end of the 2005-07 biennium is projected to be $169 million.
2. Provides for **contingent transfers** from the permanent oil tax trust fund and the Bank of North Dakota to provide for any general fund revenue shortfalls during the 2005-07 biennium. The contingent transfers, subject to Budget Section approval, may be requested by the director of the Office of Management and Budget if revised revenue projections during the 2005-07 biennium indicate that general fund revenues will be less than the estimates approved by the 2005 Legislative Assembly. The transfers may not exceed the actual amount that revenues are less than estimated and the transfers are limited to the amount available in the permanent oil tax trust fund and to $10 million from the Bank. Any Bank transfers may not reduce the Bank's capital structure below $150 million (Section 13 of House Bill No. 1015 (2005)). For the 2003-05 biennium, the Legislative Assembly authorized a contingent Bank of North Dakota transfer of up to $9 million with the provision that any transfer could not reduce the Bank's capital below $140 million.
3. Provides for transfers from **Mill and Elevator Association profits** to the general fund of $5 million, the same as the 2003-05 biennium (Section 11 of Senate Bill No. 2014 (2005)).
4. Provides for a transfer from the **health care trust fund** to the general fund of $16.9 million, $19 million less than the $35.9 million authorized for transfer during the 2003-05 biennium (as of December 27, 2004, legislation to provide for this transfer has not been introduced).
5. Provides for a transfer from the **lands and minerals trust fund** to the general fund of $5 million, $3 million more than the transfer authorized for the 2003-05 biennium (Section 10 of House Bill No. 1015 (2005)). The section provides that additional amounts may be transferred if available.
6. Provides for a transfer from the **student loan trust fund** to the general fund of $9 million, $17.3 million less than the $26.3 million transfer authorized for the 2003-05 biennium (House Bill No. 1152 (2005)). The bill also removes the $23 million limit on the amount of subordinate or residual bonds the Industrial Commission may issue on the student loan trust fund.

ORGANIZATIONAL CHANGES

1. Transfers **State Radio Communications** from the Office of Management and Budget to the Division of Emergency Management (House Bill No. 1015 (2005)).
2. Transfers responsibility for **State Capitol security** from the Office of Management and Budget to the Highway Patrol (Senate Bill No. 2087 (2005)).

3. Merges the **Geological Survey and the Oil and Gas Division** into a Department of Mineral Resources under the Industrial Commission (Senate Bill No. 2014 (2005)).

HOMESTEAD TAX CREDIT

Expands eligibility for the homestead tax credit program, which provides property tax and rent relief to low-income seniors and to individuals who are permanently disabled (as of December 27, 2004, legislation to implement this recommendation has not been introduced).

ELEMENTARY EDUCATION

1. Increases **per student payments** from $2,623 being provided for the second year of the 2003-05 biennium to $2,726 for the first year of the 2005-07 biennium and $2,826 for the second year of the 2005-07 biennium (House Bill No. 1153 (2005)).
2. Provides for changes in the calculation of school district weighting factors used for the calculation of **weighted student units** and the distribution of state school aid, including the consolidation of school district-size categories and the increase of weighting factors so no factor is set below 1.0 (House Bill No. 1153 (2005)).
3. Continues the current level of **teacher compensation payments** of $1,000 for first-year teachers and $3,000 for second-year returning teachers. Each school district is to use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment for the purpose of increasing the compensation paid to teachers (House Bill No. 1153 (2005)).
4. Increases the statutory **minimum teacher salary** by $3,000 per year, from $21,500 to $24,500 per year (as of December 27, 2004, legislation to make this change has not been introduced).
5. Provides that any state school aid funds remaining unspent at the end of the 2005-07 biennium will be distributed as follows:
   a. The first $900,000 as reorganization bonus payments to school districts pursuant to NDCC Section 15.1-12-11.1 and reorganization bonus advanced payments pursuant to Section 15.1-12-11.2.
   b. Any remaining amount as additional per student payments (House Bill No. 1153 (2005)).

HIGHER EDUCATION

1. Continues provisions approved by the 2003 Legislative Assembly allowing a **continuing appropriation** of higher education institutions' special revenue funds, including tuition (Senate Bill No. 2003 (2005)).
2. Continues authorization for the University System to **carry over** at the end of each biennium unspent general fund appropriations (Senate Bill No. 2003 (2005)).
3. Continues the requirement that the budget request for the University System include budget estimates for **block grants** for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding. The executive budget appropriates funding for these components but consolidates the funding for all higher education institutions into one appropriation (Senate Bill No. 2003 (2005)).
4. Requires the University System **performance and accountability report** to include an executive summary and specific information regarding education excellence, economic development, student access, student affordability, and financial operations (Senate Bill No. 2003 (2005)).

HUMAN SERVICES

1. Changes the method of calculating **nursing facility payment limits** from the percentile method to a median-plus method and sets the limits for direct, other direct, and indirect costs at the median-plus 20 percent, 20 percent, and 10 percent, respectively (as of December 27, 2004, legislation to make this change has not been introduced).
2. Allows Medicaid recipients to set aside up to $5,500 for **funeral expenses** rather than $3,000 (as of December 27, 2004, legislation to make this change has not been introduced).
3. Provides a continuing appropriation for making **developmental disabilities loan fund payments** to the common schools trust fund (Section 8 of Senate Bill No. 2013). The 2003 Legislative Assembly appropriated $3.3 million from the lands and minerals trust fund to the Department of Human Services for making these payments for the 2003-05 biennium.

VETERANS' BONUS

Establishes a new veterans' bonus program to provide bonuses to North Dakota veterans serving in active duty after September 11, 2001 (as of December 27, 2004, legislation to implement this recommendation has not been introduced).

CENTERS OF EXCELLENCE

Establishes a centers of excellence program in the Department of Commerce to award grants to research universities, university-related foundations, and public institutions in North Dakota for economic development activities (Senate Bill No. 2018). The bill also authorizes the department to borrow up to $50 million from the Bank of North Dakota which is appropriated pursuant to a continuing appropriation for providing centers of excellence grants. The $50 million of borrowing authority is in addition to the $5 million from the general fund appropriated to the department for the 2005-07 biennium.

COUNCIL ON THE ARTS

Allows the Council on the Arts cultural endowment fund to be invested by the State Investment Board rather than at the Bank of North Dakota (Sections 5 and 7 of Senate Bill No. 2010 (2005)).

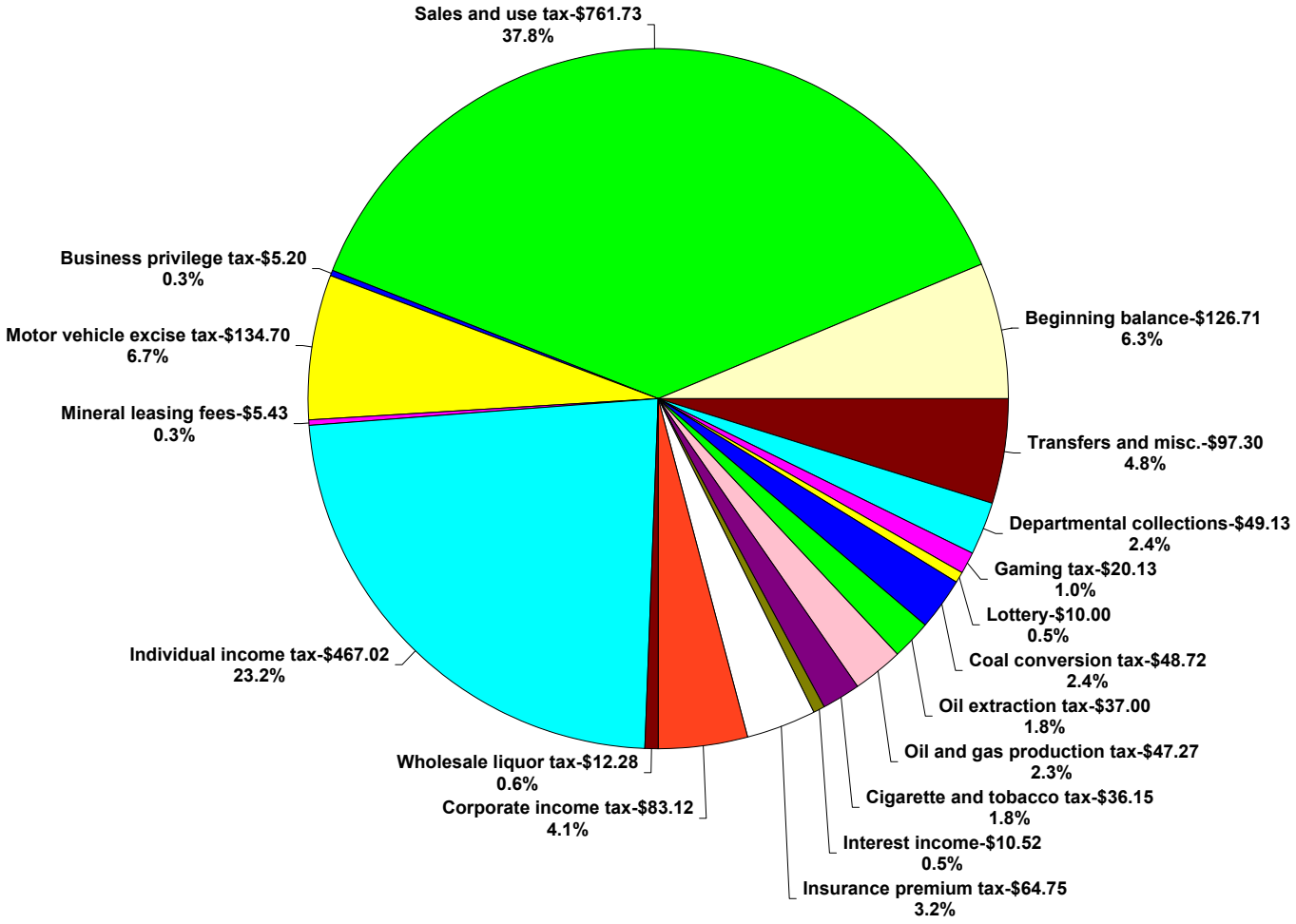
STATE WATER COMMISSION

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 6 and 7 of House Bill No. 1021 (2005)).

Makes the statutory changes necessary for the State Water Commission to sell by July 1, 2005, up to $60 million of bonds previously authorized. The bond proceeds will be used to replenish the water development and resources trust funds for expenditures during the 2003-05 biennium in order to make available money in these funds for the 2005-07 biennium water projects (Senate Bill No. 2145 (2005)).

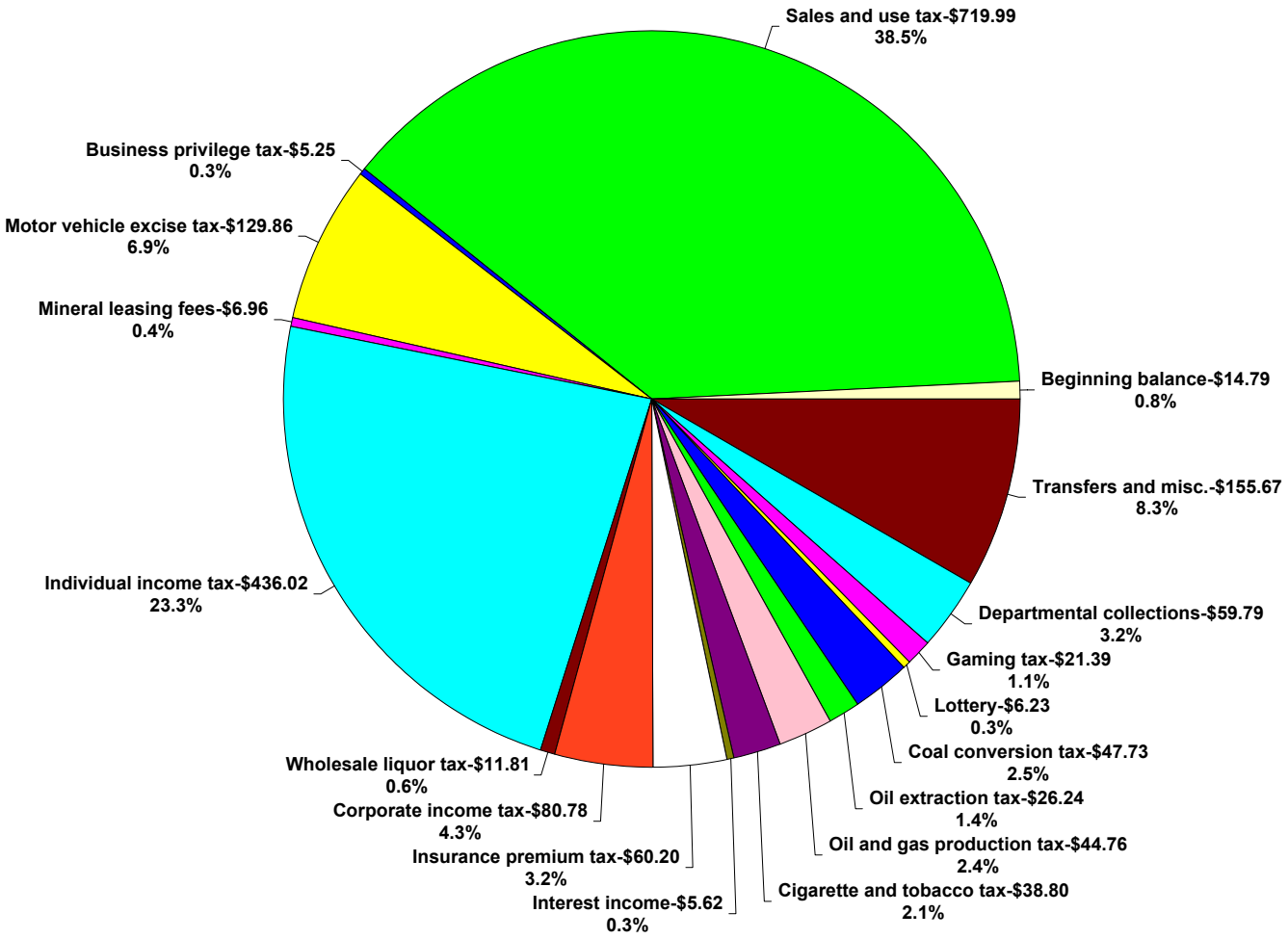
2005-07 ESTIMATED GENERAL FUND REVENUES

Total 2005-07 Estimated General Fund Revenues - $2,017.15
(Amounts shown in millions)



2003-05 ESTIMATED GENERAL FUND REVENUES

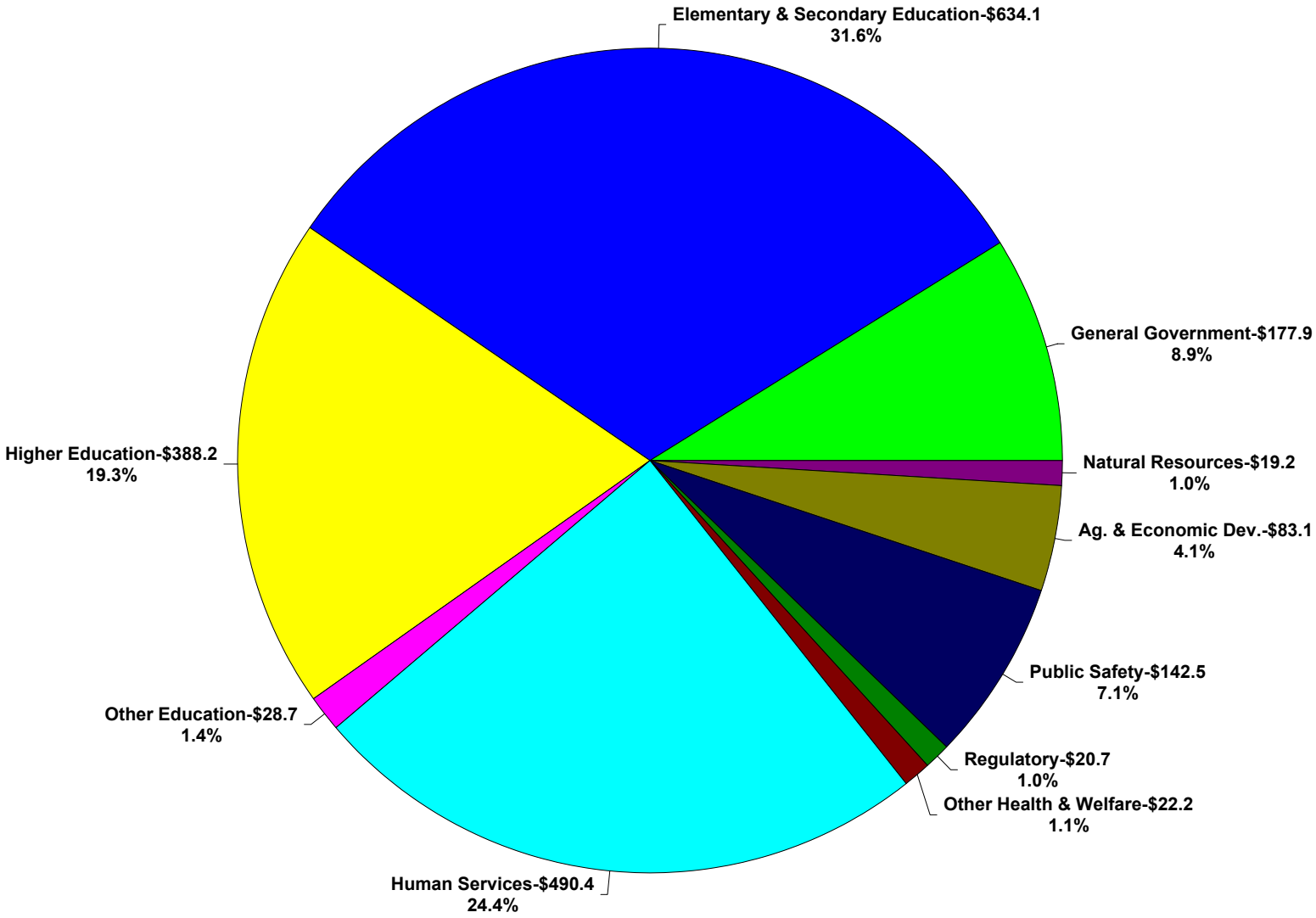
Total 2003-05 Estimated General Fund Revenues - $1,871.90
(Amounts shown in millions)



2005-07 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Amounts shown in millions

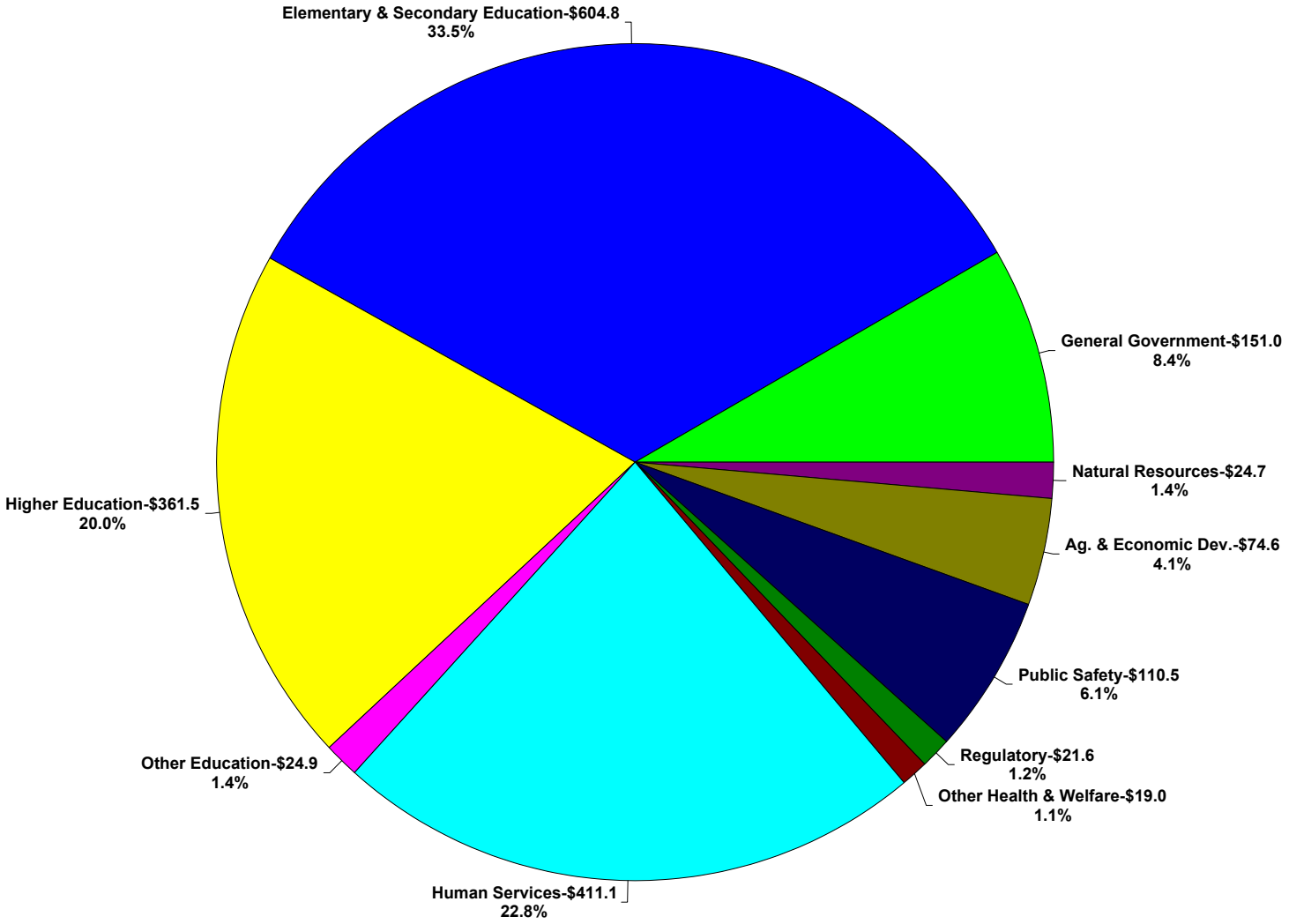
Total 2005-07 Executive Budget General Fund Recommendation - $2,007.0



2003-05 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts shown in millions

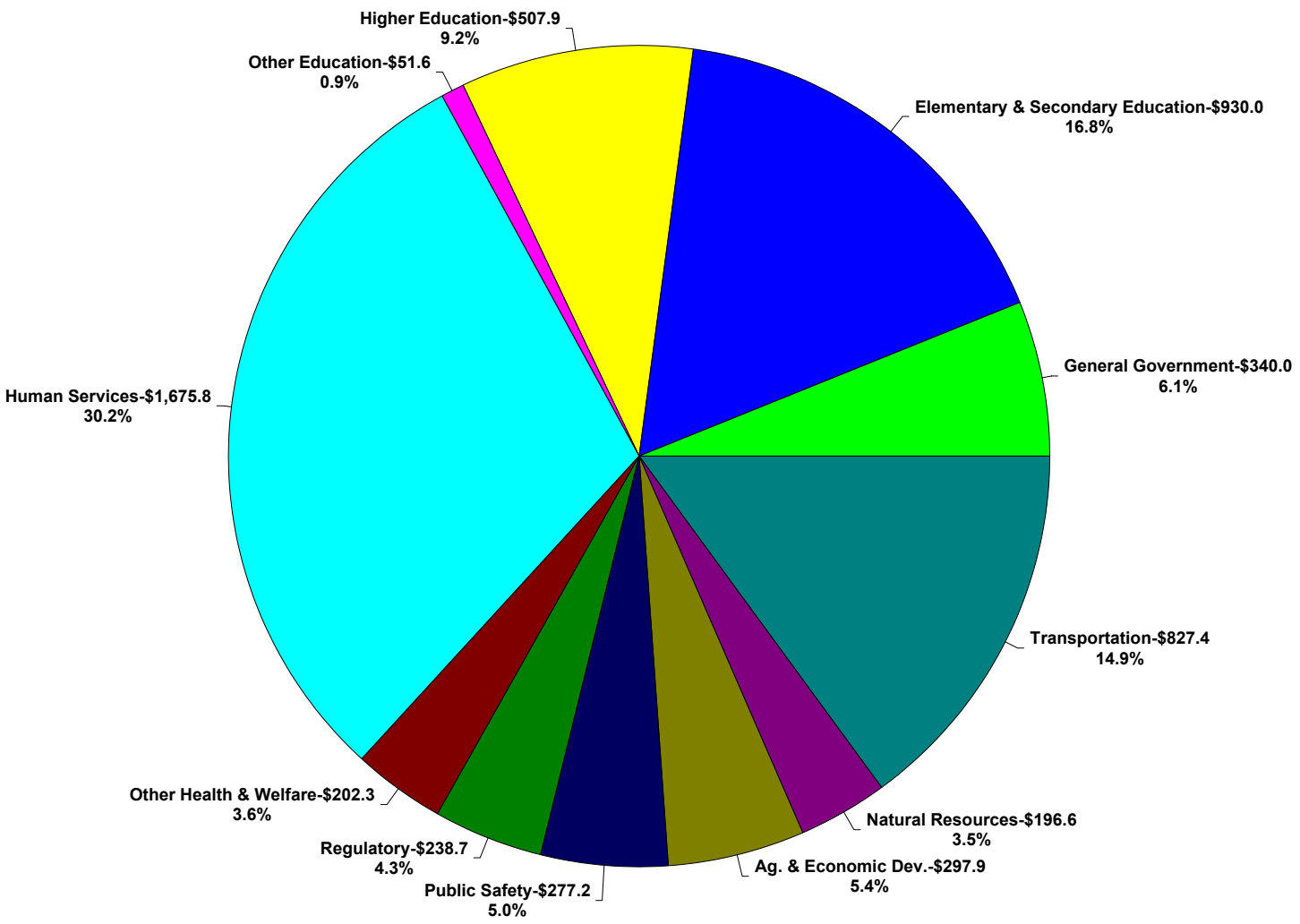
Total 2003-05 General Fund Appropriations - $1,803.7



2005-07 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Amounts shown in millions

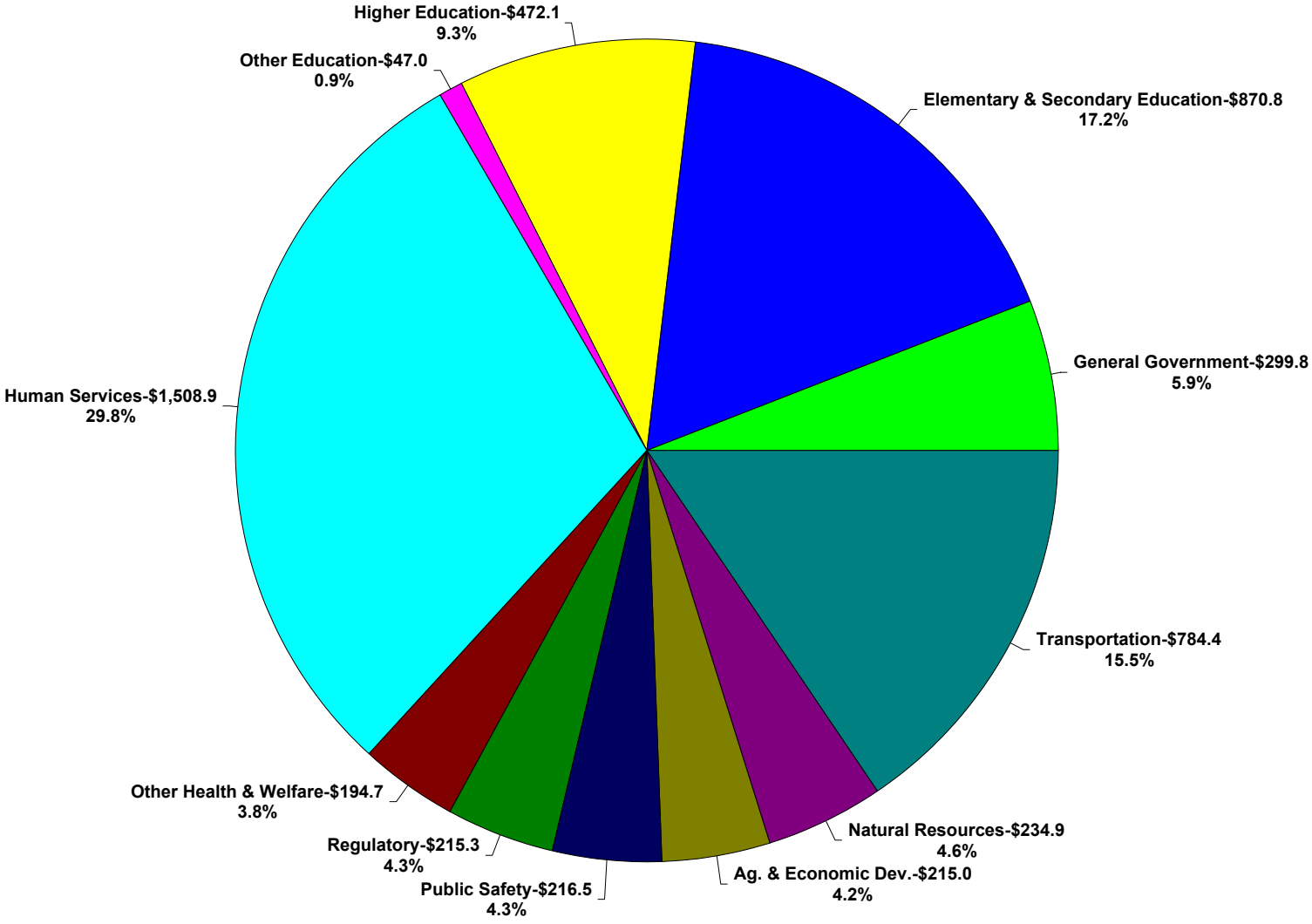
Total 2005-07 Executive Budget All Funds Recommendation - $5,545.4



2003-05 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts shown in millions

Total 2003-05 All Funds Appropriations - $5,059.4



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	$1,614.88	$62.24 \3	3.9%
2001-03	$1,727.97 \6	$14.79 \3,\7	0.9%
2003-05	$1,814.55	$126.71 (estimate)	7.0%
2005-07	$2,007.00 \8	$10.15 (estimate)	0.5%

\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.

\5 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.

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

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

\8 The amount shown reflects recommended general fund appropriations for the 2005-07 biennium.

GENERAL FUND REVENUE ESTIMATES FOR THE 2003-05 AND 2005-07 BIENNIUMS AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS

	Actual		Estimated		2005-07 Increase (Decrease) Compared to 2003-05	2005-07 Percentage Increase (Decrease) Compared to 2003-05
	1999-2001 Biennium	2001-03 Biennium	2003-05 Biennium \1	2005-07 Biennium \2		
Revenue source						
Sales and use tax	$613,066,466	$640,618,364	$719,991,963	$761,726,000	$41,734,037	5.8%
Motor vehicle excise tax	109,115,230	119,592,232	129,863,758	134,704,000	4,840,242	3.7%
Individual income tax	409,331,437	396,153,000	436,024,523	467,019,000	30,994,477	7.1%
Corporate income tax	99,134,855	88,417,166	80,780,083	83,123,000	2,342,917	2.9%
Insurance premium tax	39,113,433	48,990,027	60,195,518	64,753,000	4,557,482	7.6%
Business privilege tax	5,464,955	6,257,389	5,246,071	5,200,000	(46,071)	(0.9%)
Cigarette and tobacco tax	41,706,350	39,313,360	38,803,411	36,148,000	(2,655,411)	(6.8%)
Oil and gas production tax	38,433,365 \3	39,159,000 \3	44,757,000 \3	47,270,000 \3	2,513,000	5.6%
Oil extraction tax	23,566,635 \3	22,841,000 \3	26,243,000 \3	37,000,000 \3	10,757,000	41.0%
Coal severance tax	22,173,854	0	0	0	0	0.0%
Coal conversion tax	25,672,170	46,878,511	47,730,816	48,719,000	988,184	2.1%
Gaming tax	27,437,507	27,612,652	21,393,000	20,130,000	(1,263,000)	(5.9%)
Lottery	0	0	6,231,000	10,000,000	3,769,000	60.5%
Wholesale liquor tax	10,321,999	11,155,834	11,813,958	12,277,000	463,042	3.9%
Mineral leasing fees	9,531,698	6,440,513	6,956,000	5,431,500	(1,524,500)	(21.9%)
Interest income	20,832,123	8,509,483	5,623,000	10,522,000	4,899,000	87.1%
Departmental collections	40,816,171	57,506,019	59,789,000	49,125,000	(10,664,000)	(17.8%)
Total revenues	$1,535,718,248	$1,559,444,550	$1,701,442,101	$1,793,147,500	$91,705,399	5.4%
Transfers and other sources						
Sale of DD loans		$2,004,257 \4	$0	$0	$0	0.0%
Transfer - Bank of North Dakota	$50,000,000	60,000,000	60,000,000	60,000,000 \6	0	0.0%
Transfer - Bank of North Dakota (contingent)		18,699,787 \5	0	0	0	0.0%
Transfer - Student loan trust		9,000,000	26,258,969	9,000,000	(17,258,969)	(65.7%)
Transfer - Mill and Elevator	3,000,000	6,000,000	5,000,000	5,000,000	0	0.0%
Transfer - Gas tax administration	1,380,608	1,363,392	1,396,200	1,400,000	3,800	0.3%
Transfer - Lands and minerals trust fund		3,545,102	2,000,000	5,000,000	3,000,000	150.0%
Transfer - Permanent oil tax trust fund			11,910,000	0	(11,910,000)	(100.0%)
Transfer - State bonding fund			2,800,000	0	(2,800,000)	(100.0%)
Transfer - Water development trust fund		9,733,820	10,070,373	0	(10,070,373)	(100.0%)
Transfer - Health care trust fund			35,911,035	16,900,000	(19,011,035)	(52.9%)
Transfer - Information technology savings			79,278	0	(79,278)	(100.0%)
Transfers - Other	5,159,194	87,332	239,951	0	(239,951)	(100.0%)
Total transfers and other sources	$59,539,802	$110,433,690	$155,665,806	$97,300,000	($58,365,806)	(37.5%)
Total general fund revenues and transfers	$1,595,258,050	$1,669,878,240	$1,857,107,907	$1,890,447,500	$33,339,593	1.8%

\1 Revised 2003-05 revenue forecast (December 2004).

\2 Executive budget revenue forecast for the 2005-07 biennium.

\3 From 1999 through 2003, North Dakota Century Code (NDCC) Section 57-51.1-07.2 provided 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. Interest on money in the fund is transferred to the general fund.

Total oil and gas tax collections were $69.6 million during the 2001-03 biennium, resulting in $7.6 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2003, balance in the permanent oil tax trust fund was $12.8 million.

Section 26 of 2003 Senate Bill No. 2015 amended NDCC Section 57-51.1-07.2 so that all revenues deposited in the general fund during a biennium that are derived from the oil and gas gross production tax which exceed $71 million are to be transferred into the permanent oil tax trust fund, instead of the prior $62 million limit. In August 2003, $11.91 million was transferred from the permanent oil tax trust fund to the general fund, pursuant to Section 6 of 2003 Senate Bill No. 2015.

Total oil and gas tax collections are estimated to be $111.8 million during the 2003-05 biennium, resulting in $40.8 million being transferred to the permanent oil tax trust fund at the end of that biennium.

The executive budget recommends that NDCC Section 57-51.1-07.2 be amended to raise the general fund limit from $71 million to $84.5 million. Total oil and gas tax collections are estimated to be $84.3 million for the 2005-07 biennium. Based on an $84.5 million general fund limit, there would be no transfer to the permanent oil tax trust fund during the 2005-07 biennium. In addition, see footnote No. 6 regarding a potential transfer from the permanent oil tax trust fund to the general fund during the 2005-07 biennium.

\4 The 2001 Legislative Assembly authorized that, at the request of the director of the Office of Management and Budget, the Department of Human Services sell the outstanding loans of the developmental disabilities revolving loan fund No. 1 to the Bank of North Dakota and deposit the proceeds in the general fund.

\5 In addition to the $60 million transfer from the Bank of North Dakota, the 2001 Legislative Assembly provided for a contingent Bank of North Dakota transfer if actual general fund revenues were less than projected for the 2001-03 biennium. The amount transferred was limited to the lesser of $25 million or the actual revenue shortfall and the Bank's capital structure may not be reduced below $140 million.

\6 Section 12 of 2005 House Bill No. 1015 provides for up to a $60 million transfer from the Bank of North Dakota's current earnings and accumulated undivided profits.

In addition to the $60 million transfer from the Bank of North Dakota included in the executive revenue forecast, Section 13 of 2005 House Bill No. 1015 provides that if actual general fund revenues are less than the legislative forecast for the 2005-07 biennium, an amount equal to the shortfall may be transferred from the permanent oil tax trust fund to the general fund; if additional funds are required to provide for the shortfall, an amount, not to exceed $10 million, may be transferred from the earnings and accumulated undivided profits of the Bank of North Dakota. Any transfer authorized may only be made to the extent the transfer does not reduce the Bank's capital structure below $150 million. The director of the Office of Management and Budget may determine what portion of the shortfall will be covered by the transfers and what portion will be covered by allotment.

ECONOMIC ASSUMPTIONS AND CONDITIONS USED IN THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION

General fund revenue growth - General fund revenues, including transfers, for the 2005-07 biennium are anticipated to increase by 4.5 percent, or $82 million, from the original 2003-05 legislative revenue forecast and by 1.8 percent, or $33.3 million, from the revised 2003-05 revenue forecast. General fund revenues, **excluding transfers**, are anticipated to increase by 5.4 percent, or $91.7 million, from the revised 2003-05 revenue forecast.

Taxable sales and purchases - Taxable sales and purchases are estimated to increase by 1.6 percent in fiscal year 2006 and 2.5 percent in fiscal year 2007, resulting in additional general fund revenues of $46.5 million as compared to the revised 2003-05 forecast from sales and use tax and motor vehicle excise tax collections.

Lottery income - North Dakota voters approved an initiated measure in November 2002 to amend the constitution and allow North Dakota to join a multistate lottery. The 2003-05 revised revenue forecast anticipates $6.2 million of general fund revenues from the lottery, an increase of $4.8 million from the original 2003-05 legislative revenue forecast. The 2005-07 executive budget anticipates $10 million of general fund revenues from the lottery.

Oil and gas tax collections - Oil and gas tax collections are expected to decrease from $111.8 million in 2003-05 to $84.3 million in 2005-07. North Dakota Century Code (NDCC) Section 57-51.1-07.2 provides that if, at the end of any biennium, oil and gas production and oil extraction tax collections during the biennium exceed $71 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. An estimated $40.8 million will be transferred to the permanent oil tax trust fund for the 2003-05 biennium. The executive budget recommendation proposes amending Section 57-51.1-07.2 to increase the general fund limit to $84.5 million. Because oil and gas tax collections are projected to total $84.3 million for the 2005-07 biennium, no transfer is anticipated to be made to the permanent oil tax trust fund during the 2005-07 biennium.

Oil prices - Oil prices are anticipated to average $32 per barrel during the first year of the 2005-07 biennium and to decline to an average price of $24 per barrel during the second year of the biennium. The average oil price in November 2004 for North Dakota crude oil was $42.58 per barrel.

Oil production - Oil production is anticipated to average 89,500 barrels per day throughout the 2005-07 biennium. Oil production for September 2004 averaged 85,915 barrels per day.

Individual income tax - Adjusted gross income is projected to grow by 3.3 percent during the first year of the biennium and by 4.2 percent during the second year of the biennium, resulting in additional general fund revenue of $31 million from individual income tax collections.

Corporate income tax - Corporate income tax collections are expected to increase by 2.9 percent or $2.3 million, for an anticipated total of $83.1 million of corporate income tax revenues during the 2005-07 biennium.

NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

Period	Oil Production (In Barrels)	Market Price Per Barrel \1 Beginning of Period	Market Price Per Barrel \1 End of Period
Actual production for fiscal year 2002	31,133,065	$22.48	$22.31
Actual production for fiscal year 2003	30,274,151	$20.51	$22.93
Total 2001-03 biennium	61,407,216		
Actual production for fiscal year 2004	29,370,632	$25.50	$34.51
Estimated production for fiscal year 2005	31,214,257	$32.95	$38.00
Total 2003-05 biennium	60,584,889		
Estimated production for the 2005-07 biennium	65,394,500	$37.00	$23.67

The following are the estimated average posted field oil prices for the 2005-07 biennium for selected months:

	September 2005	December 2005	March 2006	June 2006	September 2006	December 2006	March 2007	May 2007
Estimated posted field oil prices	$34.00	$31.00	$28.00	$25.07	$24.19	$23.92	$23.81	$23.67

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.

\1 The oil prices shown are the Tesoro 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 2005-07 BIENNIUM (AMOUNTS ARE SHOWN IN MILLIONS OF DOLLARS) \1

Tax	General Fund \2	Permanent Oil Tax Trust Fund \2	Common Schools Trust Fund \3	Foundation Aid Stabilization Fund \3	Resource Trust Fund	Oil Impact Grant Fund	Counties	Oil and Gas Research Fund \4	Total
Oil extraction tax \5	$37.00		$6.28	$6.28	$12.56			$0.67	$62.79
Oil and gas production tax \6	47.27					$5.00	$41.39	$0.63	94.29
Total	$84.27	$0.00	$6.28	$6.28	$12.56	$5.00	$41.39	$1.30	$157.08

\1 The amounts shown are as included in the 2005-07 executive budget.

\2 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 $71 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 2003-05 biennium projects oil and gas production tax and oil extraction tax revenues deposited into the general fund to exceed $71 million by $40,756,397. Therefore, there is a projected transfer of $40,756,397 to the permanent oil tax trust fund at the end of the 2003-05 biennium.

The executive budget recommends amending NDCC Section 57-51.1-07.2 (Section 18 of House Bill No. 1015) to increase from $71 million to $84.5 million the maximum amount of oil extraction tax and oil and gas gross production tax collections that may be deposited in the general fund before a transfer to the permanent oil tax trust fund occurs. The executive revenue forecast estimates that oil tax collections during the 2005-07 biennium will total $84.3 million. Therefore, no transfers to the permanent oil tax trust fund are anticipated during the 2005-07 biennium.

\3 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.

\4 North Dakota Century Code Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes an oil and gas research fund, and provides that two percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to $1.3 million per biennium, are to be deposited in the oil and gas research fund. All money deposited in the oil and gas research fund is appropriated as a continuing appropriation to the Oil and Gas Research Council.

\5 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 4 percent. The initial production of oil from a well is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions: (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 April 27, 1987, there is no extraction tax levied for 24 months, and thereafter the rate is 4 percent. The oil extraction tax rate is 4 percent for qualifying secondary and tertiary recovery projects, and production from stripper wells and enhanced oil production methods is

exempt. If the average price of a barrel of oil exceeds the trigger price for each month in any consecutive five-month period, the oil extraction tax will become 6.5 percent. The tax rate reverts to 4 percent if the average price of a barrel of oil is less than the trigger price for each month in any consecutive five-month period. The trigger price is defined in statute as $35.50 as indexed for inflation, and the Tax Commissioner computes the indexed trigger price by December 31 of each year to be applied for the following calendar year.

During the 2003-05 biennium, the average price per barrel of oil exceeded the trigger price for five consecutive months, resulting in an increase in the oil extraction tax rate from 4 percent to 6.5 percent as of October 1, 2004. The adjusted trigger price for 2004 is $35.11.

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

\6 The gross production tax on oil is 5 percent of the gross value at the well on oil produced. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.

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

DEFICIENCY APPROPRIATIONS FOR THE 2003-05 BIENNIUM INCLUDED IN THE 2005-07 BIENNIUM EXECUTIVE RECOMMENDATION (HOUSE BILL NO. 1024)

	General Fund	Other Funds	Total
Division of Emergency Management - Estimated amount needed to repay the Bank of North Dakota for the state's share of disaster costs.	$6,275,000	$0	$6,275,000
Division of Emergency Management - Estimated amount needed for payment to the United States Department of Agriculture Forest Service for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires.	110,000		110,000
Information Technology Department - Estimated amount needed for department operating costs to restore an undesignated general fund budget reduction made by the 2003 Legislative Assembly ($1,000,000) and receiving less than anticipated revenues from special fund agency information technology reductions ($70,142).	1,070,142		1,070,142
Department of Corrections and Rehabilitation - Estimated amount needed due to higher than anticipated male inmate population.	1,250,000		1,250,000
Veterans Home - Estimated amount needed to replace anticipated revenues from a skilled care bed addition, which was not implemented.	200,000		200,000
University of North Dakota - Estimated amount needed to repay the Bank of North Dakota for the state share of expenses resulting from the 1997 flood.	371,000		371,000
North Dakota State University - Estimated amount needed to repay the Bank of North Dakota for the state's share of expenses resulting from the 2000 flood.	1,500,000		1,500,000
Attorney General's office - Estimated additional funding needed for prosecution witness fees, crime lab supplies, and arrest and return of fugitives costs.	110,000		110,000
Total	$10,886,142	$0	$10,886,142

GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2005-07 executive budget to the 2003-05 appropriations approved by the 2003 Legislative Assembly and lists major changes:

	2003-05 Original Legislative Appropriations	Increase (Decrease) From 2003-05	2005-07 Executive Budget
General fund appropriations	$1,803,661,161	$203,340,108	$2,007,001,269
Major changes include:			
Recommended salary and fringe benefits increase		$23,851,554	
Department of Human Services		72,507,377	
Department of Public Instruction		29,188,237	
Higher education		26,696,649	
Department of Corrections and Rehabilitation		16,043,659	
Judicial branch		9,507,889	
State Water Commission		(7,402,320)	
Adjutant General		7,016,783	
Other net changes		25,930,280	
Total		$203,340,108	

Major changes and key recommendations affecting 2005-07 general fund appropriations include:

- **Recommended salary and fringe benefits increase - $23,851,554.** The executive budget recommends funding for state employee salary increases of 4 percent effective July 1, 2005, and 3 percent effective July 1, 2006. Agencies are authorized to provide an additional 1 percent increase on July 1, 2006, if funds can be generated through efficiencies in the budget. The general fund portion of the executive budget salary and fringe benefits increase package is $23.9 million. See “State Employees” section for additional information on state employee salary increases.

- **Department of Human Services - $72,507,377.** The executive budget increases the general fund share of medical assistance payments by $32 million due to the reduction in the federal medical assistance percentage (FMAP), provides $16.2 million for an anticipated caseload and utilization increase of the department's programs, adds $12.2 million for funding increases required by statute for nursing and basic care facilities, adds $6.1 million to allow a 2 percent annual inflationary increase for the department's other service providers, and adds $3.7 million to rewrite the department's Medicaid management information computer system. See “Human Services” section for additional information.

- **Department of Public Instruction - $29,188,237.** The executive budget provides a general fund appropriation of $512,153,759 for state school aid, an increase of $22,773,769 from the 2003-05 legislative appropriation of $489,379,990 and provides a general fund appropriation of $7.5 million for revenue supplemental payments, an increase of $2.5 million from the 2003-05 legislative appropriation of $5 million. The executive budget recommends increasing funding from the general fund for special education by $2,601,305 from $49,898,695 to $52.5 million and provides funding of $2 million from the general fund for joint powers agreement incentives. See “Elementary Education” section for additional information.

- **Higher education - $26,696,649.** For higher education, the executive budget increases funding for campus operations by approximately $24.8 million and provides a $2 million general fund appropriation for a student financial assistance grant child care component.

- **Department of Corrections and Rehabilitation - $16,043,659.** The executive budget increases funding from the general fund as follows:
  $2.2 million of additional funding for housing female inmates at the Dakota Women's Correctional Rehabilitation Center in New England.

  $1 million for a salary equity pool.

  $1.9 million of additional funding for housing male inmates.

  $3 million of additional funding for the department's bond payments for the 2005-07 biennium.

  $1.5 million of increased funding for the Tompkins Rehabilitation and Correction Center in Jamestown.

  $1.3 million for 31.10 new full-time equivalent (FTE) positions.

  $900,000 for male inmate transition beds.

  $1.1 million for transition centers.

  $500,000 for the Division of Juvenile Services intensive in-home program to replace federal funds no longer available.
- **Judicial branch - $9,507,889.** The executive budget increases funding from the general fund for indigent defense costs by $5.7 million, increases operating expenses by $1.6 million, and provides $800,000 for a 5.78 percent and 4 percent salary increase for justices and judges, and $1.1 million for the judicial branch salary schedule, including funding for continuing step increases.
- **State Water Commission - ($7,402,320).** The executive budget provides funding from the general fund for the administrative and support services program of $2,036,357. The 2003-05 biennium legislative appropriation provided $9.4 million from the general fund for administrative expenses, including the administrative expenses of the water and atmospheric resources program. Section 15 of Senate Bill No. 2022 (2003) provided for a corresponding transfer of $10,070,373 from the water development trust fund to the general fund during the 2003-05 biennium. The 2005-07 executive budget recommendation does not provide for a corresponding transfer from the water development trust fund to the general fund.
- **Adjutant General - $7,016,783.** The executive budget increases funding from the general fund for the tuition assistance program by $1 million from $1,007,500 to $2,007,500 and provides $5 million from the general fund for bonus payments to qualifying National Guard, reservists, and active duty North Dakota military personnel.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2005-07 executive budget to the 2003-05 appropriations approved by the 2003 Legislative Assembly and lists major special funds sources changes:

	2003-05 Legislative Appropriations	Increase (Decrease) From 2003-05	2005-07 Executive Budget
All funds appropriations	$5,059,377,155[1]	$485,977,589	$5,545,354,744
Less general fund appropriations	1,803,661,161	203,340,108	2,007,001,269
Total special funds appropriations	$3,255,715,994[1]	$282,637,481	$3,538,353,475
Major special funds sources and changes include:			
Federal funds	$2,098,195,002[2]	$168,021,938	$2,266,216,940
Department of Commerce	7,637,703	50,961,758	58,599,461
State Water Commission	120,556,546	(27,512,697)	93,043,849
Department of Transportation	330,012,729	17,152,855	347,165,584
Bank of North Dakota	29,778,279	15,926,518	45,704,797
Higher education	110,546,775	9,082,333	119,629,108
Office of Management and Budget	7,888,476	6,949,805	14,838,281
Main Research Center	27,542,552	6,942,890	34,485,442
Industrial Commission	36,966,806	6,399,009	43,365,815
Department of Corrections and Rehabilitation	17,263,725	5,388,202	22,651,927
Attorney General	4,444,560	4,282,197	8,726,757
Branch research centers	8,967,403	3,425,131	12,392,534
Children's Services Coordinating Committee	2,514,600	(2,514,600)	0
Other	453,400,838	18,132,142	471,532,980
Total	$3,255,715,994	$282,637,481	$3,538,353,475

[1]The amounts shown reflect special funds appropriation authority reductions as provided for in Section 3 of House Bill No. 1505 (2003).

[2]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 2004.

Major changes and key recommendations affecting 2005-07 special funds appropriations include:

- **Federal funds - $168,021,938.** The executive budget recommends a federal fund increase of $168 million, including increases of $86.2 million for the Department of Human Services, $27.7 million for the Department of Public Instruction, $25.9 million for the Department of Transportation, and $20.1 million for the Division of Emergency Management.
- **Department of Commerce - $50,961,758.** The executive budget authorizes the department to borrow up to $50 million from the Bank of North Dakota for providing grants to centers of excellence.
- **State Water Commission - ($27,512,697).** The 2003 Legislative Assembly authorized the State Water Commission to issue bonds in an amount not to exceed $60 million for state water projects. The decrease of special funds authority of $27.5 million represents anticipated 2003-05 biennium water project expenditures paid for from bond proceeds.

- **Department of Transportation - $17,152,855.** The executive budget provides funding for an additional $34.4 million of federal highway construction funds requiring $8.6 million of additional state matching funds.
- **Bank of North Dakota - $15,926,518.** The executive budget recommends providing $11 million for the construction of a new Bank building, a funding source change from the general fund to special funds of $2,375,000 for the Ag PACE fund ($1,425,000) and beginning farmers ($950,000), and increasing operating expenses by $1,122,559 primarily due to information technology operating needs.
- **Higher education - $9,082,333.** The executive budget recommends increasing major capital project funding from special funds by approximately $8.1 million. See “Higher Education” section for additional information.
- **Office of Management and Budget - $6,949,805.** The executive budget recommends providing special funds spending authority from state bonding proceeds in the amount of $3,155,000 for a new fire suppression system in the Capitol tower and providing special funds spending authority in the amount of $1,800,000 for entering into a performance contract for a Capitol complex energy savings program. The executive budget also provides $2,500,000 of special funds spending authority for addressing statewide salary equity issues.
- **Main Research Center - $6,942,890.** The executive budget provides special funds from bond proceeds of $2 million and from gifts, grants, and contracts of $500,000 for a research greenhouse complex and recommends increasing funding for operations from gifts, grants, and contracts by $4.7 million.
- **Industrial Commission - $6,399,009.** The executive budget recommends increasing funding from special funds for bond payments by $7,461,422 and decreasing special funds for lignite research and development by $1,070,000.
- **Department of Corrections and Rehabilitation - $5,388,202.** The executive budget recommends increasing special funds for Roughrider Industries by approximately $3,650,000, of which $2,600,000 is for a general issue of license plates, $320,000 is for an industries building located at the Missouri River Correctional Center, and $668,000 is for equipment. The executive budget also recommends capital assets funding of $3,586,510 from state bonding proceeds.
- **Attorney General - $4,282,197.** The executive budget recommends issuing bonds to provide $3,632,691 to remodel and expand the state crime laboratory.
- **Branch research centers - $3,425,131.** The executive budget recommends $440,000 of bond proceeds for a new agronomy laboratory and greenhouse for the North Central Research Center and increases special funds spending authority from gifts, grants, and contracts by $2.5 million.
- **Children’s Services Coordinating Committee - ($2,514,600).** The executive budget does not include funding for the Children's Services Coordinating Committee due to the discontinuation of the "refinancing" system of generating funding for the agency resulting from a federal appeals board decision regarding eligible claims for reimbursement under the federal foster care program.

FEDERAL FUNDS
COMPARISON OF 2003-05 ESTIMATES AND 2005-07 EXECUTIVE RECOMMENDATION

Agency	2003-05 Appropriation \1	2003-05 Current Estimate \1	2005-07 Executive Budget	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Current Estimate	Percent Increase (Decrease)
Attorney General	$12,567,974	$12,553,835	$12,694,475	$140,640	1.1%
Department of Public Instruction	194,449,408	222,008,183	222,161,411	153,228	0.1%
State Board for Vocational and Technical Education	10,648,542	11,027,242	10,904,968	(122,274)	(1.1%)
State Department of Health	93,193,771	103,707,660	98,428,077	(5,279,583) \2	(5.1%) \2
Department of Human Services	1,010,836,167	1,030,276,350	1,096,999,686	66,723,336 \3	(6.5%) \3
Job Service North Dakota	55,722,496	54,994,443	57,531,256	2,536,813	4.6%
Aeronautics Commission	5,339,800	764,000	1,339,800	575,800 \4	75.4% \4
Housing Finance Agency	28,927,422	27,929,245	25,421,280	(2,507,965) \5	(9.0%) \5
Division of Emergency Management	34,326,254	74,675,815	54,452,211	(20,223,604) \6	(27.1%) \6
Department of Corrections and Rehabilitation	15,443,909	14,651,500	9,084,999	(5,566,501) \7	(38.0%) \7
Adjutant General	20,483,716	29,483,716	30,948,994	1,465,278 \8	5.0% \8
Department of Commerce	45,016,821	41,787,867	46,833,035	5,045,168 \9	12.1% \9
Game and Fish Department	14,358,500	14,863,500	18,196,344	3,332,844 \10	22.4% \10
State Water Commission	28,259,603	30,016,911	17,680,628	(12,336,283) \11	(41.1%) \11
Department of Transportation	454,370,000	454,370,000	480,247,368	25,877,368 \12	5.7% \12
All other agencies and institutions	74,250,619	75,668,272	83,292,408	7,624,136	10.1%
Total	$2,098,195,002	$2,198,778,539	$2,266,216,940	$67,438,401	3.1%

\1 2003-05 appropriation and 2003-05 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in October 2004 for the Budget Section of the Legislative Council.

\2 **State Department of Health - $5,279,583 decrease**

The decrease is primarily attributable to anticipated decreases in funding for the following programs:

Centers for Disease Control and Prevention (CDC) and Health Resources and Services Administration (HRSA) bioterrorism grants (from $20,072,798 in 2003-05 to $15,533,228 in 2005-07)	($4,539,570)
Women, infant, and children (WIC) program (from $24,285,729 in 2003-05 to $22,552,367 in 2005-07)	($1,733,362)

\3 **Department of Human Services - $66,723,336 increase**

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

Food stamps (from $84,285,729 in 2003-05 to $105,840,659 in 2005-07)	$21,554,930
Medical assistance (from $726,442,269 in 2003-05 to $747,004,566 in 2005-07)	$20,562,297
Low-income home energy assistance program ($28,930,945 in 2003-05 to $37,496,837 in 2005-07)	$8,565,892

\4 **Aeronautics Commission - $575,800 increase**

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

Master plan study update (from $0 in 2003-05 to $285,088 in 2005-07)	$285,088
Multiple airport layout (from $0 in 2003-05 to $180,000 in 2005-07)	$180,000

\5 **Housing Finance Agency - $2,507,965 decrease**

The decrease is primarily attributable to anticipated decreases in funding for the following programs:

Rent supplements - Rental housing for lower-income families (from $24,332,473 in 2003-05 to $22,332,660 in 2005-07)	($1,999,813)
Lower-income housing assistance program (from $2,844,593 in 2003-05 to $2,438,620 in 2005-07)	($405,973)

\6 **Division of Emergency Management - $20,223,604 decrease**

The decrease is primarily attributable to the following program:

Public assistance grants (from $20,801,484 in 2003-05 to $2,779,870 in 2005-07)	($18,021,614)

\7 **Department of Corrections and Rehabilitation - $5,566,501 decrease**

The decrease is primarily attributable to anticipated decreases in funding for the following programs:

Violent offender incarceration and truth-in-sentencing incentive grants (from $1,885,590 in 2003-05 to $0 in 2005-07)	($1,885,590)
Juvenile accountability incentive block grants (from $1,744,653 in 2003-05 to $377,457 in 2005-07)	($1,367,196)

\8 **Adjutant General - $1,465,278 increase**

The increase is attributable to the following program:

Air and Army Guard contracts (from $29,483,716 in 2003-05 to $30,948,994 in 2005-07)	$1,465,278

\9 **Department of Commerce - $5,045,168 increase**

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

HOME investment partnerships program (from $6,200,000 in 2003-05 to $7,356,264 in 2005-07)	$1,156,264
Community strategic planning (from $11,436,464 in 2003-05 to $12,470,941 in 2005-07)	$1,034,477
Community services block grant (from $6,400,000 in 2003-05 to $6,976,148 in 2005-07)	$576,148

\10 **Game and Fish Department - $3,332,844 increase**

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

Wildlife restoration (from $5,738,500 in 2003-05 to $7,063,058 in 2005-07)	$1,324,558
Sportfish restoration (from $5,725,000 in 2003-05 to $6,395,398 in 2005-07)	$670,398
Landowner incentive program (from $0 in 2003-05 to $500,000 in 2005-07)	$500,000

\11 **State Water Commission - $12,336,283 decrease**

The decrease is primarily attributable to anticipated decreases in funding for the following programs:

Southwest Pipeline Project (from $6,950,000 in 2003-05 to $20,000 in 2005-07)	($6,930,000)
Northwest Area Water Supply (NAWS) project (from $20,125,212 in 2003-05 to $15,000,000 in 2005-07)	($5,125,212)

\12 **Department of Transportation - $25,877,368 increase**

The increase is primarily attributable to the following program:

Highway planning and construction (from $437,700,000 in 2003-05 to $459,113,383 in 2005-07)	$21,413,383

ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

	2001-03 Appropriation	2003-05 Appropriation	2005-07 Executive Recommendation	Increase (Decrease)
Department of Commerce - SB 2018				
Economic Development and Finance				
Operating costs	$4,742,293	$4,609,104	$4,626,748	$17,644
Grants	1,673,292	1,447,127	1,440,127	(7,000)
North Dakota Development Fund, Inc.	2,350,000	1,550,000		(1,550,000)
Centers of excellence			5,000,000	5,000,000
Agricultural products utilization	1,425,270	1,429,002	1,446,046	17,044
Workforce development				
Operating costs	179,725	311,384	313,056	1,672
Grants	250,000			0
Total	$10,620,580	$9,346,617	$12,825,977	$3,479,360
Department of Agriculture - HB 1009				
Pride of Dakota	$157,709	$119,248	$321,997	$202,749
Agricultural mediation	179,071	172,860	84,360	(88,500)
Total	$336,780	$292,108	$406,357	$114,249
Board for Career and Technical Education - SB 2019				
Farm management program	$349,802	$399,802	$474,802	$75,000
Workforce training contracts	1,350,000	1,350,000	1,350,000	0
Total	$1,699,802	$1,749,802	$1,824,802	$75,000
Job Service North Dakota - SB 2016				
Work Force 2000	$2,100,356	$1,250,000	$1,480,724	$230,724
University System - SB 2003				
Centers of Excellence		$2,300,000		($2,300,000)
Bank of North Dakota - SB 2014				
PACE	$6,000,000	$5,700,000	$5,700,000	$0
Ag PACE	1,500,000	1,425,000		(1,425,000)
Beginning farmer loan program	1,000,000	950,000		(950,000)
Total	$8,500,000	$8,075,000	$5,700,000	($2,375,000)
Total economic development funding	$23,257,518	$23,013,527	$22,237,860	($775,667)

INFORMATION TECHNOLOGY PROJECTS
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

			2005-07 Executive Budget Recommendations		
Bill No.	Agency or Institution	Project	General Fund	Special Funds	Total
HB 1002	Secretary of State (108)	Automatic clearing house	$20,000		$20,000
		Expanding FileNet to the county recorders		$58,231	58,231
		Central voter file for elections		1,000,000	1,000,000
		FileNet for administrative licensing and business divisions	199,615		199,615
		Migrating data from AS400 to another platform	250,000		250,000
		Total - Secretary of State	$469,615	$1,058,231	$1,527,846
HB 1015	Office of Management and Budget (110)	ConnectND PeopleSoft modules	$600,000		$600,000
SB 2021	Information Technology Department (112)	Criminal justice information sharing initiative	$700,000	$2,000,000	$2,700,000
		Medicaid management information system rewrite		8,127,034	8,127,034
		Geographic information system	100,000		100,000
		Mainframe migration strategy		6,000,000	6,000,000
		Total - Information Technology Department	$800,000	$16,127,034	$16,927,034
SB 2017	Office of Administrative Hearings (140)	ISYS software		$5,000	$5,000
SB 2001	Legislative Assembly (150)	Legislative applications replacement system	$4,200,000		4,200,000
		Monitor system replacement	100,000		100,000
		Total - Legislative Assembly	$4,300,000		$4,300,000
SB 2002	Judicial branch (180)	Case management system review	$100,000		$100,000
		Continuity planning	75,000		75,000
		Digital audiorecording	103,677		103,677
		Enhanced records management system	225,000		225,000
		Interactive television	155,000		155,000
		Total - Judicial branch	$658,677		$658,677
HB 1023	Public Employees Retirement System (192)	Redesign and barcoding individual insurance billing form		$6,000	$6,000
		Electronic document management system workflow		35,000	35,000
		Online services		47,632	47,632
		Proposed legislation		14,016	14,016
		Total - Public Employees Retirement System		$102,648	$102,648
HB 1013	Department of Public Instruction (201)	Special education individual education plan		$700,000	$700,000
SB 2003	North Dakota University System (215)	Common information services pool	$21,924,083 [1]		$21,924,083 [1]
SB 2004	State Department of Health (301)	Disease reporting epidemiological assessment and monitoring system (DREAMS)		$417,000	$417,000
		Health alert network (HAN)		683,484	683,484
		Women, infants, and children (WIC)		835,882	835,882
		Total - State Department of Health		$1,936,366	$1,936,366

Bill No.	Agency or Institution	Project	2005-07 Executive Budget Recommendations General Fund	Special Funds	Total
HB 1012	Department of Human Services (325)	Medicaid management information system rewrite	$3,667,820	$25,521,039	$29,188,859
SB 2016	Job Service North Dakota (380)	Unemployment insurance modernization		$525,000	$525,000
HB 1010	Insurance Commissioner (401)	Imaging		$8,640	$8,640
		State electronic rate and form filing interface		27,840	27,840
		Total - Insurance Commissioner		$36,480	$36,480
SB 2008	Department of Financial Institutions (413)	Electronic data management system		$31,475	$31,475
SB 2014	Bank of North Dakota (471)	Core banking		$240,592	$240,592
		Strategic initiatives		2,127,683	2,127,683
		Total - Bank of North Dakota		$2,368,275	$2,368,275
HB 1022	Workforce Safety and Insurance (485)	Centralized electronic data interchange process for medical billing		$75,000	$75,000
		Data warehouse		25,000	25,000
		Disaster recovery hotsite		120,000	120,000
		Enhanced web-based applications		450,000	450,000
		Total - Workforce Safety and Insurance		$670,000	$670,000
SB 2011	Highway Patrol (504)	Case management system	$200,000		$200,000
		Wireless field reporting		$200,000	200,000
		Total - Highway Patrol	$200,000	$200,000	$400,000
HB 1016	Division of Emergency Management (512)	Public safety mobile communications project		$4,957,923	$4,957,923
SB 2015	Department of Corrections and Rehabilitation (530)	ITAG offender management system	$411,650		$411,650
HB 1009	Department of Agriculture (601)	Electronic health certificates		$20,000	$20,000
		Geographic information system infrastructure	$1,350	6,000	7,350
		National animal identification system		235,000	235,000
		Private practitioners portal		7,200	7,200
		ShopND.com		20,000	20,000
		Website development	6,500	8,500	15,000
		Total - Department of Agriculture	$7,850	$296,700	$304,550
HB 1019	State Historical Society (701)	Past Perfect Collections software	$9,000		$9,000
		Security access replacement		$56,000	56,000
		Total - State Historical Society	$9,000	$56,000	$65,000
SB 2010	Council on the Arts (709)	Online software		$11,500	$11,500
HB 1018	Game and Fish Department (720)	Field office network project		$50,000	$50,000
HB 1020	Parks and Recreation (750)	Online campground reservation system		$110,000	$110,000

Bill No.	Agency or Institution	Project	2005-07 Executive Budget Recommendations General Fund	Special Funds	Total
SB 2012	Department of Transportation (801)	Commercial vehicle systems and network		$166,500	$166,500
		Priority system rewrite		156,600	156,600
		Traffic data editing analysis rewrite to include weight in motion data		108,000	108,000
		Upgrade pavement management system		559,000	559,000
		Upgrade roadway information management system inventory interface		397,918	397,918
		Total - Department of Transportation		$1,388,018	$1,388,018
Total 2005-07 executive budget recommendation			$33,048,695	$56,151,689	$89,200,384

[1] The common information services pool of $21,924,083 from the general fund is provided for continued support of the Higher Education Computer Network, Interactive Video Network (IVN), On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes $3,368,300 of funding for information technology priorities, including parity ($1,018,300), network growth ($825,000), antivirus software licenses ($175,000), and ODIN service librarian ($100,000), a systemwide learning management system ($950,000), and IVN equipment refurbishment ($300,000).

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS COMPARISON OF 2003-05 BIENNIUM APPROPRIATIONS AND ALLOCATIONS AND 2005-07 BIENNIUM EXECUTIVE RECOMMENDATIONS

	2003-05 Appropriations/ Revenue Allocations	2005-07 Executive Recommendation	2005-07 Recommended Increase (Decrease) Compared to 2003-05 Appropriation	2005-07 Recommended Percentage Increase (Decrease) Compared to 2003-05 Appropriation
General fund appropriations				
State school aid (including transportation aid)	$489,379,990	$512,153,759	$22,773,769	4.7%
Teacher compensation payments to school districts	51,854,000	50,912,120	(941,880)	(1.8%)
School district reorganization	500,000	500,000	0	0.0%
Educational Technology Council grants	512,822	1,448,182	935,360	182.4%
Special education	49,898,695	52,500,000	2,601,305	5.2%
Revenue supplemental payments to school districts	5,000,000	7,500,000	2,500,000	50.0%
Joint powers agreement incentives	0	2,000,000	2,000,000	100.0%
Vocational education	10,386,541	12,402,219	2,015,678	19.4%
School lunch program	1,080,000	1,080,000	0	0.0%
Adult education	920,000	920,000	0	0.0%
Grants to public libraries	844,307	1,000,000	155,693	18.4%
Homestead tax credit	4,000,000	7,000,000	3,000,000	75.0%
Aid to health districts	1,100,000	1,100,000	0	0.0%
Matching funds to counties and cities for senior citizen programs	2,382,945 [1]	2,382,945 [1]	0	0.0%
Indian welfare assistance to counties	649,559	835,996	186,437	28.7%
Boys and girls clubwork	53,000	53,000	0	0.0%
Soil conservation district grants	580,000	580,000	0	0.0%
Noxious weed control	97,215	90,922	(6,293)	(6.5%)
Payments in lieu of taxes on carbon dioxide pipeline property	1,910,000	1,545,000	(365,000)	(19.1%)
Clerk of court	10,723,223	12,072,938	1,349,715	12.6%
Grants to airports	522,500	550,000	27,500	5.3%
Statewide information technology network costs	3,382,023	3,396,014	13,991	0.4%
Total general fund	$635,776,820	$672,023,095	$36,246,275	5.7%
Percentage of total general fund appropriations	35.2%	33.5%		

	2003-05 Appropriations/ Revenue Allocations	2005-07 Executive Recommendation	2005-07 Recommended Increase (Decrease) Compared to 2003-05 Appropriation	2005-07 Recommended Percentage Increase (Decrease) Compared to 2003-05 Appropriation
Special funds appropriations and revenue allocations				
State tuition fund distributions	$69,495,371	$71,600,000	$2,104,629	3.0%
Grants for adult education programs (displaced homemaker fund)	240,000	240,000	0	0.0%
Noxious weed control	1,402,639	1,373,303	(29,336)	(2.1%)
State aid distribution funds to cities and counties	73,537,985 [2]	77,700,000	4,162,015	5.7%
Public transportation services (public transportation fund)	3,000,000	3,100,000	100,000	3.3%
Insurance tax to fire departments (insurance tax distribution fund)	5,200,000	5,200,000	0	0.0%
Gaming enforcement grants	617,000	617,000	0	0.0%
Community health grant program (community health trust fund)	4,700,000	4,700,000	0	0.0%
Tobacco education and cessation program grants (community health trust fund)	500,000	395,000	(105,000)	(21.0%)
Energy development impact grants (oil and gas impact fund)	4,888,100	4,888,100	0	0.0%
Grants to airports (Aeronautics Commission special fund collections)	1,962,500	2,447,500	485,000	24.7%
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607	1,964,607	0	0.0%
Motor vehicle fuel tax and registration fee allocations	118,400,000 [2]	120,500,000 [5]	2,100,000	1.8%
Telecommunications tax allocations	16,800,000	16,800,000	0	0.0%
Coal severance tax allocations	15,800,000 [3]	15,648,000 [3]	(152,000)	(1.0%)
Coal conversion tax allocations	6,547,522 [4]	6,106,028 [5]	(441,494)	(6.7%)
Oil and gas gross production tax allocations	41,645,303 [4]	41,393,157 [5]	(252,146)	(0.6%)
Cigarette tax allocations	2,593,000 [4]	2,300,000 [5]	(293,000)	(11.3%)
Total special funds appropriations and revenue allocations	$369,294,027	$376,972,695	$7,678,668	2.1%
Total major direct assistance to political subdivisions	$1,005,070,847	$1,048,995,790	$43,924,943	4.4%

[1] Consists of $720,000 of state funding to providers and $1,662,945 for senior mill levy match for the 2003-05 biennium and $720,000 of state funding to providers and $1,662,945 for senior mill levy match in the 2005-07 executive recommendation.

[2] Revised 2003-05 estimate.

[3] Based on actual transfers through September 2004 and the assumption transfers will not significantly change through the 2005-07 biennium.

[4] Amounts are based on actual transfers for fiscal yearend 2004 and the revised forecast for the remainder of the biennium.

[5] Per 2005-07 executive forecast.

ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS INCLUDED IN THE 2005-07 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
GENERAL GOVERNMENT				
101	**Governor's Office**			
	• Adds funding for a senior policy advisor. The 2003 Legislative Assembly authorized the full-time equivalent (FTE) position but did not fund the position.	$79,890		$79,890
	• Adds funding for maintaining 2003-05 biennium salary levels	$55,767		$55,767
	• Removes funding for Governor's transition in and out and for presidential electors' expenses	($55,500)		($55,500)
	• Adds federal funding for teacher quality grants		$2,500,000	$2,500,000
	• Provides $60,000 of federal funds for the Olmstead Commission, the same as the 2003-05 biennium			
	• Adds funding for information technology costs	$40,965		$40,965
108	**Secretary of State**			
	• Adds funding to replace a copier	$15,000		$15,000
	• Changes the source of funds for a portion of the operating costs of the Secretary of State's office from the general fund to the Secretary of State's general services fund	($58,500)	$58,500	$0
	• Increases funding for information technology operating costs	$40,834		$40,834
	• Adds funding for migrating the agency's information technology data base from the AS/400 to a more current platform	$250,000		$250,000
	• Provides federal funding of $9.5 million for federal election reform, the same amount appropriated by the 2003 Legislative Assembly			
	• Adds funding from counties for matching federal Help America Vote Act (HAVA) funds. A 5 percent state match is required on an estimated $7,451,902 of federal funds.		$372,594	$372,594
110	**Office of Management and Budget (OMB)**			
	• Adds funding for grants to Prairie Public Broadcasting transferred from the Information Technology Department. Section 44 of Senate Bill No. 2015 (2003) provided legislative intent that Prairie Public Broadcasting funding be included in the executive budget as a separate line item in the OMB budget request for the 2005-07 biennium.	$1,337,138		$1,337,138
	• Removes 4 FTE Capitol security officer positions and related salaries and wages ($206,934) and funding for contracted security services ($210,000) because Capitol security services will be provided by the Highway Patrol in the 2005-07 biennium	($416,934)		($416,934)
	• Authorizes the issuance of bonds for a new fire suppression system for the Capitol tower and legislative wing		$3,155,000	$3,155,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding for a performance contract to develop and implement a Capitol complex energy savings program		$1,800,000	$1,800,000
	• Adds $5 million, of which $2.5 million is from the general fund and $2.5 million from special funds, for a statewide equity pool to be allocated to agencies for addressing state employee salary equity issues	$2,500,000	$2,500,000	$5,000,000
112	**Information Technology Department**			
	• Transfers .5 FTE position to the Office of Management and Budget			$0
	• Adds 1 FTE position transferred from State Radio Communications	$137,585		$137,585
	• Adds 10 new FTE positions relating to the Department of Human Services Medicaid management information system (MMIS) rewrite project		$1,261,600	$1,261,600
	• Increases funding for operating expenses for PeopleSoft maintenance payments ($1,800,000), software acquisition and consulting services for the mainframe migration project ($6,000,000), expansion of network circuits and bandwidth ($1,200,000), and the Department of Human Services Medicaid management information system (MMIS) rewrite project ($6,865,974)		$15,865,974	$15,865,974
	• Provides capital assets funding of $10,361,163 for information technology equipment ($4,969,000) and ConnectND bond payments ($5,392,163)		$10,361,163	$10,361,163
	• Increases funding for the wide area network from the general fund for an increase in contractual services ($449,842) and an increase in circuit costs based on a projected lower federal e-rate reimbursement ($75,079)	$524,921		$524,921
	• Decreases funding for the wide area network from special funds relating to a projected lower federal e-rate reimbursement and changes in projected end point deployment		($431,721)	($431,721)
	• Removes funding provided in the 2003-05 biennium for the enterprise resource planning system initiative, the ConnectND project		($20,000,000)	($20,000,000)
	• Removes funding provided in the 2003-05 biennium for Prairie Public Broadcasting. Funding for Prairie Public Broadcasting is being added to OMB (Dept. No. 110)	($1,337,138)		($1,337,138)
	• Increases funding for the Educational Technology Council to increase technology grants to schools from $502,000 to $1,448,182	$946,182		$946,182
	• Increases funding for EduTech from $2,540,348 to $2,652,348 for antivirus software costs for kindergarten through grade 12 schools	$112,000	$0	$112,000
	• Adjusts funding for the criminal justice information sharing initiative from $4,741,200 from special funds to $2,700,000, of which $700,000 is from the general fund and $2,000,000 is from special funds	$700,000	($2,741,200)	($2,041,200)
	• Increases funding from the general fund to restore the $1 million general fund undesignated budget adjustment and reflect the loss of special funds provided for the 2003-05 biennium	$1,337,138	($1,337,138)	$0

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
117	**State Auditor**			
	• Adds funding for maintaining 2003-05 biennium salary levels	$10,920	$132,023	$142,943
	• Adds funding for a new copier for the Division of Local Government Audits		$10,000	$10,000
	• Adds funding to lease a new copier for the Division of State Audits	$17,000		$17,000
120	**State Treasurer**			
	• Decreases funding for payments to counties in lieu of property taxes on carbon dioxide pipeline property pursuant to NDCC Section 57-06-17.2 from $1,910,000 to $1,545,000	($365,000)		($365,000)
125	**Attorney General**			
	• Provides $240,000 from the general fund for costs relating to the state school finance system lawsuit, the same as the 2003-05 biennium			
	• Provides $116,000 from the general fund for the purchase of undercover vehicles compared to $92,000 for the 2003-05 biennium	$24,000		$24,000
	• Adds 1 FTE Bureau of Criminal Investigation (BCI) agent position and related operating and capital assets costs	$157,957		$157,957
	• Adds 1 FTE BCI information processing position and related operating costs	$79,529		$79,529
	• Provides federal funds for the purchase of automated fingerprint information system (AFIS) equipment		$1,202,000	$1,202,000
	• Authorizes the issuance of bonds for crime lab expansion		$3,632,691	$3,632,691
	• Adds 1 FTE crime lab forensic scientist position and related operating costs	$106,467		$106,467
	• Provides funding for purchasing crime lab equipment	$38,400	$81,600	$120,000
	• Adds funding from the Attorney General refund fund for the leasing of space for the Consumer Protection Division		$99,892	$99,892
	• Removes 6 FTE lottery positions and 2 FTE “Do Not Call” positions paid for pursuant to a continuing appropriation to "off-budget" positions			
	• Adds federal funds for the State Fire Marshal to conduct weapons of mass destruction awareness and training		$118,500	$118,500
127	**Tax Commissioner**			
	• Removes 2 vacant FTE positions (office assistant I and withholding tax specialist) in the Income, Sales and Special Taxes Division	($125,932)		($125,932)
	• Removes 2 vacant FTE positions (data input operator II and staff officer II) in the Operations Division	($126,484)		($126,484)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• The executive budget recommendation includes $7 million from the general fund for the homestead tax credit. The recommendation expands the eligibility requirements of the program, which provides property tax and rent relief to seniors and/or any person who is permanently disabled. The state reimburses political subdivisions for the decrease in property tax collections because of the credits.	$3,000,000		$3,000,000
150	**Legislative Assembly**			
	• Adds funding for the legislative computer applications replacement project	$4,200,000		$4,200,000
	• Removes funding provided for an information technology infrastructure analysis	($200,000)		($200,000)
	• Adds funding for increasing legislators' monthly lodging reimbursement during legislative sessions from $650 to $900 for motels and to $750 for private residences	$98,000		$98,000
	• Adds funding for increasing the mileage reimbursement rate from 31 cents to 37.5 cents per mile	$50,637		$50,637
160	**Legislative Council**			
	• Removes funding for the information technology study	($350,000)		($350,000)
	• Adds funding for increasing the mileage reimbursement rate from 31 cents to 37.5 cents per mile	$56,623		$56,623
	• Increases funding for information technology operating costs	$80,978		$80,978
180	**Judicial Branch**			
	Supreme Court			
	• Provides funding for a 5.78 percent salary increase for Supreme Court justices for the first year of the biennium and a 4 percent increase for the second year	$95,226		$95,226
	• Provides funding to continue a new pay plan implemented in October 2004 to increase employee salaries to market levels	$68,212		$68,212
	• Provides funding to continue justices and employee salary increases given during the 2003-05 biennium pursuant to the judicial branch salary schedule	$146,288		$146,288
	• Increases funding for operating expenses, primarily relating to an anticipated 10 percent increase in professional supplies and materials cost ($176,420) and to provide funding for records management ($60,000)	$244,332		$244,332
	• Provides funding for a new computer server	$8,000		$8,000
	District Court			
	• Provides funding for a 5.78 percent salary increase for the district court judges for the first year of the biennium and a 4 percent increase for the second year	$731,021		$731,021
	• Provides funding for the continuation of a new pay plan implemented October 2004 to increase employee salaries to market levels	$468,350		$468,350

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Removes 4 FTE positions pursuant to Senate Bill No. 2423 (2003)--the state employee salary increase bill. The salary savings was used to provide a 1 percent salary increase for remaining judicial branch employees as of January 1, 2004.	($394,000)		($394,000)
	• Provides funding to continue judges and employee salary increases given during the 2003-05 biennium pursuant to the judicial branch salary schedule	$773,990	($102,876)	$671,114
	• Increases funding for indigent defense	$5,746,901	$205,000	$5,951,901
	• Increases funding for operating expenses, primarily relating to an anticipated 10 percent increase in professional supplies and materials cost ($75,026), increase for travel and professional development ($183,688), increase for court improvements ($105,873), increase for juvenile services ($123,100), increase costs for contract clerks in the counties ($103,789), and an increase for information technology costs ($321,133)	$1,398,972	($419,764)	$979,208
	• Increases funding for equipment over $5,000 (increases funding for copy machines from $74,500 to $107,500, provides funding for sound systems ($50,000), and provides funding for workstations ($18,500)) and provides funding for information technology equipment over $5,000 for computer servers for digital audio recording ($19,500)	$121,000		$121,000
190	**Retirement and Investment Office**			
	• Adds funding for maintaining 2003-05 biennium salary levels		$77,846	$77,846
	• Removes funding for the retirement administration mainframe computer system upgrade provided in the 2003-05 biennium		($2,000,000)	($2,000,000)
	• Reduces funding for data processing primarily due to implementation of the retirement administration software package to replace the mainframe system		($262,992)	($262,992)
	• Increases funding for information technology contract services primarily for an annual maintenance charge for the ongoing use and upgrading of the new software system		$198,450	$198,450
192	**Public Employees Retirement System**			
	• Provides funding for salary adjustments for five employees resulting from position reclassifications and salary adjustments for two employees that have not completed their probationary period		$44,723	$44,723
	• Provides funding for two new online applications, one will allow employers to report retirement and deferred compensation contributions online and the other will allow board elections to be conducted online		$47,632	$47,632
	• Provides funding for Workflow, a document workflow system that allows the electronic transfer of documents through the insurance process		$35,000	$35,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
EDUCATION				
201	**Department of Public Instruction**			
	• Increases funding for state school aid (per student, transportation, and limited English proficiency) payments by $22,773,769, from $489,379,990 to $512,153,759. Per student payments would increase from $2,623 in 2004-05 to $2,726 in 2005-06 and $2,826 in 2006-07.	$22,773,769		$22,773,769
	• Increases funding for tuition apportionment by $2,104,629 from $69,495,371 to $71,600,000. The per census unit payment would increase from $335 in 2004-05 to $351 for both years of the 2005-07 biennium.		$2,104,629	$2,104,629
	• Increases funding for special education by $2,601,305 from $49,898,695 to $52,500,000	$2,601,305		$2,601,305
	• Decreases funding for teacher compensation payments by $941,880, from $51,854,000 to $50,912,120 to properly reflect the level of funding needed to fund the current teachers at the current level of compensation payments	($941,880)		($941,880)
	• Provides funding of $2 million from the general fund for providing incentives to districts participating in joint powers agreements that increase educational opportunities for students	$2,000,000		$2,000,000
	• Increases funding for revenue supplemental payments by $2.5 million from $5 million to $7.5 million	$2,500,000		$2,500,000
	• Increases federal fund grants by approximately $25 million (Title I Basic Grants - $9.8 million; 21st Century Community Learning Centers - $4.6 million; Special Education - IDEA Part B & State Improvement - $4.1 million; Title II Teacher & Principal Training and Recruiting - $3.8 million)		$25,000,000	$25,000,000
	• Provides funding for a special education information technology project ($700,000) and an education improvement information technology project ($995,000)		$1,695,000	$1,695,000
	• Increases funding for the North Dakota LEAD Center by $21,500 from $215,000 to $236,500	$21,500		$21,500
	• Increases funding for the North Dakota Museum of Art educational outreach initiative by $125,000 from $125,000 to $250,000	$125,000		$125,000
	• Provides funding for the creation of a North Dakota Governor's school of arts	$45,000		$45,000
	• Increases funding for the Northern Plains Writing Project by $20,000 from $28,000 to $48,000	$20,000		$20,000
	• Increases funding for the Red River Valley Writing Project by $20,000 from $20,000 to $40,000	$20,000		$20,000
215	**North Dakota University System Office**			
	• Increases funding for capital bond payments from $12,790,689, of which $11,448,189 is from the general fund to $14,278,141, of which $12,998,391 is from the general fund	$1,550,202	($62,750)	$1,487,452
	• Increases funding for competitive research from $4,750,000 to $5,190,000	$440,000	$0	$440,000
	• Removes funding for centers of excellence provided in the 2003-05 biennium	($1,550,000)	$0	($1,550,000)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Increases funding for board initiatives by $744,104 from the 2003-05 adjusted appropriation of $171,836 to $915,940 including funding of $449,798 for an economic enhancement initiative to recruit out-of-state and out-of-country students	$744,104	$0	$744,104
	• Adjusts funding for system governance, including funding of $139,497 for 3 percent per year salary increases, $62,309 for health insurance increases, $18,900 for a 2.2 percent operating expenses inflationary adjustment, and $102,200 for increases in dues	$517,144	$28,593	$545,737
	• Increases funding for the common information services pool from the 2003-05 adjusted appropriation of $18,557,783 to $21,924,083 to reflect an increase in funding of $3,368,300 for information technology priorities	$3,366,300	$0	$3,366,300
	• Adjusts funding for contingency and capital emergencies from $1,752,767, of which $296,693 is from the general fund and $1,456,074 from the water development trust fund, to $7,114,339 from the general fund. The funding is to be used for extraordinary repairs and unforeseen operations or capital asset needs and opportunities at higher education institutions.	$6,817,646	($1,456,074)	$5,361,572
	• Increases funding for student financial assistance grants from $2,930,215, of which $2,730,215 is from the general fund and $200,000 from federal funds, to $6,376,288, of which $6,204,288 is from the general fund and $172,000 is from federal funds, for additional assistance grants (approximately $1.3 million) and the establishment of a child care grant component ($2 million)	$3,474,073	($28,000)	$3,446,073
	• Provides funding for campus operations of $319,927,548, an increase of approximately $24,800,000 from the 2003-05 legislative appropriations for campus operations	$319,927,548		$319,927,548
	• Decreases funding for professional liability insurance from $1,850,000 to $1,350,000	($500,000)		($500,000)
226	**Land Department**			
	• Removes funding for the unclaimed property software that was included in the 2003-05 biennium budget		($85,500)	($85,500)
	• Adds funding for maintaining 2003-05 biennium salary levels		$122,116	$122,116
	• Adds funding and 1 FTE auditor II position to validate oil and gas royalty payments and enhance compliance with the uniform Unclaimed Property Act		$97,248	$97,248
227	**Bismarck State College**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($15,862,327)		($15,862,327)
	• Removes one-time funding provided in the 2003-05 biennium ($1,785,000 for student apartments) and one-time legislative funding ($500,000 for the Career and Technology Institute)	($500,000)	($1,785,000)	($2,285,000)
	• Provides funding for major capital projects for the 2005-07 biennium--student apartments ($1,800,000 in special funds) and plant services building ($502,800 in special funds)		$2,302,800	$2,302,800

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
228	**Lake Region State College**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($5,077,513)		($5,077,513)
	• Removes one-time funding provided in the 2003-05 biennium ($375,000 for North Hall residence hall renovation)		($375,000)	($375,000)
	• Provides funding for major capital projects for the 2005-07 biennium--science lab renovation	$343,875		$343,875
229	**Williston State College**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($5,525,767)		($5,525,767)
	• Provides funding for major capital projects for the 2005-07 biennium--Rural Development Center ($2,500,000 of federal funds and $3,500,000 of special funds) and Energy and Transportation Training Center addition ($910,000 of special funds)		$6,910,000	$6,910,000
230	**University of North Dakota**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($86,862,537)		($86,862,537)
	• Removes one-time funding provided in the 2003-05 biennium for extraordinary repairs and capital projects	($2,362,136)	($53,300,000)	($55,662,136)
	• Provides special funds spending authority for major capital projects for the 2005-07 biennium--School of Medicine and Health Sciences Allied Health facility ($7.5 million), School of Medicine and Health Sciences laboratory renovation ($2.5 million), indoor track facility ($6 million) dining center renovation ($1.5 million), parking ramp structure ($12 million), housing units replacement ($16 million), Carnegie Library renovation ($3 million), American Indian Center ($3.5 million), and energy projects ($2,331,554)		$54,331,554	$54,331,554
232	**UND School of Medicine and Health Sciences**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($30,165,865)		($30,165,865)
235	**North Dakota State University**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($71,444,066)		($71,444,066)
	• Removes one-time funding provided in the 2003-05 biennium for extraordinary repairs and capital projects	($1,737,531)	($26,000,000)	($27,737,531)
	• Provides special funds spending authority for major capital projects for the 2005-07 biennium--hazardous material handling and storage facility ($3.5 million), Memorial Union renovation and addition ($22 million), and Wellness Center addition ($12 million)		$37,500,000	$37,500,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
238	**State College of Science**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($24,642,931)		($24,642,931)
	• Removes one-time funding provided in the 2003-05 biennium ($3,300,000 for Student Union remodeling/addition and $368,920 for Blikre Activities Center addition)		($3,668,920)	($3,668,920)
	• Provides funding for major capital projects for the 2005-07 biennium--electrical distribution Phase II of IV ($736,000 of bond proceeds) and Blikre Activities Center addition ($368,920 of special funds)		$1,104,920	$1,104,920
239	**Dickinson State University**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($14,063,495)		($14,063,495)
	• Removes major capital project funding provided in the 2003-05 biennium ($5,882,047 for Murphy Hall Phase I and $5,000,000 for Whitney Stadium renovation)		($10,882,047)	($10,882,047)
	• Provides funding for major capital projects for the 2005-07 biennium--Murphy Hall Phase II ($4,100,557 of bond proceeds) and Whitney Stadium renovation ($5,000,000 in special funds)		$9,100,557	$9,100,557
240	**Mayville State University**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($8,816,924)		($8,816,924)
	• Removes one-time funding provided in the 2003-05 biennium ($50,000 for the Old Main sound system, $1,355,000 for steamline replacement, $4,000,000 for fieldhouse renovation and addition, and $150,000 for remodel of East Hall)	($50,000)	($5,505,000)	($5,555,000)
	• Provides funding for major capital projects for the 2005-07 biennium--fieldhouse entrance, concession, and restroom ($1,000,000) and outdoor athletic complex ($500,000)		$1,500,000	$1,500,000
241	**Minot State University**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($26,503,196)		($26,503,196)
	• Provides funding for major capital project for the 2005-07 biennium--Crane Hall renovation		$3,535,000	$3,535,000
242	**Valley City State University**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($11,570,006)		($11,570,006)
	• Removes major capital project funding provided in the 2003-05 biennium ($785,300 for Graichen Gymnasium elevator and emergency exits and $3,300,000 for renovation of Kolstoe Hall)		($4,085,300)	($4,085,300)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding for major capital project for the 2005-07 biennium--W. E. Osmon bleacher replacement	$250,000	$32,000	$282,000
243	**Minot State University - Bottineau**			
	• Consolidates operations and extraordinary repair funding for all higher education institutions into the University System budget	($4,215,519)		($4,215,519)
	• Removes one-time funding provided for the 2003-05 biennium (Thatcher Hall air-conditioning project)	($97,000)		($97,000)
244	**Forest Service**			
	• Increases funding for 3 percent per year salary increases ($82,775), health insurance premium increase ($59,192), and a 2.2 percent operating inflationary increase ($18,033)	$160,000		$160,000
	• Provides funding for additional part-time help for the Towner state nursery and Turtle Mountain state forests	$53,000		$53,000
	• Removes funding for 2003-05 major capital projects		($115,000)	($115,000)
	• Provides funding for a major capital project for the 2005-06 biennium--seed processing facility	$65,000		$65,000
	• Provides funding for extraordinary repairs equal to the level of funding provided in the 2003-05 biennium ($31,061) and a proportionate share of the $1 million capital assets increases that is included by the North Dakota University System in the base budget requests ($5,577)	$5,577		$5,577
250	**State Library**			
	• Provides funding for the purchase of online reference resources that would be available to all North Dakota citizens	$200,000		$200,000
	• Increases funding for state aid to public libraries by $155,693 from $844,307 to $1,000,000	$155,693		$155,693
252	**School for the Deaf**			
	• Adjusts funding for salaries and wages for the costs to continue 2003-05 biennium salary levels, including an increase in funding of $149,975 to fund the agency's teachers according to the 2005-07 salary schedule for state teachers developed by Human Resource Management Services	$265,997	($5,003)	$260,994
	• Removes 1.91 FTE positions not requested by the agency	($147,690)		($147,690)
	• Adjusts funding for operating expenses, including $54,642 for additional food costs with the addition of Head Start students, $32,468 for increase in utilities, $97,802 for travel, $47,789 for professional services, and $52,034 for information technology equipment under $5,000	$57,746	$214,352	$272,098
	• Removes one-time extraordinary repair funding provided for the 2003-05 biennium of $72,723 and provides extraordinary repair funding of $279,495 for the 2005-07 biennium, including $232,850 of special funds for implementing facility enhancement measures which would increase cost savings and manage energy consumption campuswide	($26,078)	$232,850	$206,772

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
253	**North Dakota Vision Services - School for the Blind**			
	• Adjusts funding for salaries and wages to fund the agency's teachers according to the 2005-07 salary schedule for state teachers developed by Human Resource Management Services	$131,541		$131,541
	• Provides additional funding for salaries and wages for a .45 FTE braille instructor position	$59,710		$59,710
	• Reduces funding for operating expenses	$129,349	($229,402)	($100,053)
	• Removes one-time capital asset funding provided for the 2003-05 biennium of $18,233 and provides capital asset funding of $67,470 for the 2005-07 biennium	$42,380	$6,857	$49,237
270	**State Board for Career and Technical Education**			
	• Increases funding for grants for the new and expanding programs ($690,000 from the general fund) and high tech consortiums ($1,500,000 from the general fund)	$2,190,000	$191,033	$2,381,033
	• Adds funding for adult farm management to increase the reimbursement rate from 60 to 65 percent	$75,000		$75,000
HEALTH AND HUMAN SERVICES				
301	**State Department of Health**			
	• Adds 2.5 FTE positions (1 FTE position to assist businesses in establishing worksite wellness programs and 1.5 FTE positions to address health disparities in North Dakota) and increases funding for salaries and wages ($282,240), operations ($100,526), and grants ($135,000) for the Healthy North Dakota program	$517,766		$517,766
	• Adds 1 FTE human service program administrator III position for tobacco prevention to coordinate tobacco cessation activities. Funding is from the community health trust fund.		$95,666	$95,666
	• Decreases federal funding for the women, infant, and children (WIC) program in the Community Health Section for food and clothing expenses from $17.68 million to $15.75 million to reflect a decrease in actual costs due to fewer eligible participants		($1,930,000)	($1,930,000)
	• Adds 1 FTE environmental health practitioner II position and related funding for salaries and wages to conduct additional food and lodging inspections, as recommended by the federal government	$27,023	$63,054	$90,077
	• Reduces federal funding for bioterrorism programs. The amount anticipated to be received during the 2005-07 biennium is $10,935,474 from the Centers for Disease Control and Prevention (CDC) and $4,597,754 from the Health Resources Services Administration (HRSA), for a total of $15,533,228. The department's 2003-05 biennium appropriation included $15,997,399 from the CDC and $4,075,399 from HRSA, for a total of $20,072,798.		($4,539,570)	($4,539,570)
313	**Veterans Home**			
	• Adds funding for 1.56 FTE positions (.73 in skilled nursing, .50 in basic nursing, and .33 in dietary) to support hours actually worked by staff	$83,915		$83,915

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for extraordinary repairs to replace the roof on the skilled unit addition to the Veterans Home ($54,920) and to make repairs to the bathroom in the Commandant's residence ($6,957)	$61,877		$61,877
	• Adds funding needed to operate the in-house pharmacy. The Fargo Veterans Administration Medical Center will cease providing medications to the Veterans Home residents on January 1, 2005. The Veterans Administration Medical Center previously provided the medications despite medication costs being included in the monthly Veterans Administration per diem.	$603,000		$603,000
	• Reduces other funds spending authority in administration for temporary, overtime, and shift differential primarily due to an anticipated reduction in federal Veterans Administration reimbursement and special funds		($865,833)	($865,833)
321	**Department of Veterans Affairs**			
	• Adds 1.5 FTE positions and funding for salaries ($100,516) and operating expenses ($14,600) which are currently being paid for with off-budget veterans' postwar trust fund money	$115,116		$115,116
	• Adds funding for operating costs to implement the performance audit recommendations and purchase software for the veterans' aid loan program	$30,000		$30,000
	• Adds funding for Administrative Committee on Veterans Affairs board member travel expenses which are currently being paid for with off-budget veterans' postwar trust fund money	$20,000		$20,000
324	**Children's Services Coordinating Committee**			
	• Eliminates funding for the agency due to the discontinuation of the "refinancing" system resulting from a federal appeals board decision regarding eligible claims for reimbursement under the federal foster care program		($2,514,600)	($2,514,600)
325	**Department of Human Services**			
	• Reflects the additional state matching funds required to maintain existing programs due to changes in the federal medical assistance percentage (FMAP). The FMAP determines the state and federal share of Medicaid, foster care and other programs. The FMAP is decreasing from 67.49 percent in federal fiscal year 2005, to 65.85 percent in federal fiscal year 2006, to a projected 63.23 percent in federal fiscal year 2007.	$31,952,573	($31,952,573)	$0
	• Removes funding from the lands and minerals trust fund for making developmental disability loan payments to the common schools trust fund. Section 7 of Senate Bill No. 2013, the Land Department appropriations bill, as recommended by the Governor, contains a continuing appropriation to the Land Department for making these loan payments.		($3,261,556)	($3,261,556)
	• Adds funding for rewriting the Medicaid management information system (MMIS) computer application	$3,667,820	$25,521,039	$29,188,859
	• Adds funding for ConnectND fees paid to the Information Technology Department	$639,953	$223,047	$863,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides $2.8 million for the Indian county allocation compared to the $2.6 million for the 2003-05 biennium. The grants are provided at 90 percent of the excess costs calculated pursuant to NDCC Section 50-01.2-03.2(3).	$186,437		$186,437
	• Provides $22 million for child care assistance grants compared to the $27.1 million appropriated for the 2003-05 biennium. Although $27.1 million was appropriated for the 2003-05 biennium, the department anticipates that only $21.6 million will be available for the biennium.		($5,098,081)	($5,098,081)
	• Provides $105.8 million of federal funds for food stamps compared to $82.9 million appropriated for the 2003-05 biennium		$22,962,769	$22,962,769
	• Provides $36.5 million of federal funds for the low-income home energy assistance program (LIHEAP) compared to $17.6 million appropriated for the 2003-05 biennium		$18,942,781	$18,942,781
	• Provides $24.5 million for temporary assistance for needy families (TANF) compared to the $29.5 million for the 2003-05 biennium		($5,027,940)	($5,027,940)
	• Provides $2.6 million of federal funds for job opportunities and basic skills (JOBS) transportation grants compared to $3.2 million appropriated for the 2003-05 biennium		($589,890)	($589,890)
	• Adds funding for payment error rate measurement (PERM) eligibility reviews to comply with proposed federal Medicaid and children's health insurance program regulations that, if approved, will become effective October 1, 2005	$615,000	$615,000	$1,230,000
	• Provides $215,016 from the general fund for the Lake Region Child Support Enforcement Unit, the same amount provided during the 2003-05 biennium			
	• Removes funding for intergovernmental transfer payments due to the discontinuation of the program at the federal level	($8,682,211)	($18,813,444)	($27,495,655)
	• Increases funding for prescription drugs in the medical assistance program to $107.9 million, of which $38.4 million is state matching funds. The 2003 Legislative Assembly appropriated $95.2 million, of which $30.5 million is from state matching funds.	$7,886,553	$4,834,125	$12,720,678
	• Reduces funding for outpatient hospital services in the medical assistance program to $33.8 million, of which $11.9 million is state matching funds. The 2003 Legislative Assembly appropriated $36.3 million, of which $11.6 million is state matching funds.	$247,763	($2,715,002)	($2,467,239)
	• Adds funding to provide a 2 percent inflationary increase each year of the biennium for the department's service providers under the medical services program	$2,369,898	$4,492,638	$6,862,536
	• Adds funding to allow Medicaid recipients to set aside up to $5,500 for funeral expenses rather than $3,000	$445,915	$816,585	$1,262,500
	• Adds funding to provide a 2 percent inflationary increase each year of the biennium for the department's service providers under the long-term care program	$642,489	$391,797	$1,034,286
	• Provides $348.8 million for nursing facility care under the long-term care program, of which $122.6 million is from the general fund compared to $318.4 million provided for the 2003-05 biennium, of which $102.1 million is from the general fund	$20,517,114	$9,815,788	$30,332,902

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for rebasing nursing facility payment rates from 1999 to 2003	$2,916,435	$5,222,315	$8,138,750
	• Changes the method of calculating nursing facility payment limits from the percentile method to a median plus method and sets the limits for direct, other direct, and indirect costs at the median plus 20 percent, 20 percent, and 10 percent, respectively	$228,000	$406,000	$634,000
	• Provides $12.8 million for basic care under the long-term care program, of which $5.2 million is from the general fund compared to $8.4 million provided for the 2003-05 biennium, of which $750,000 is from the general fund	$4,440,512	($23,515)	$4,416,997
	• Reduces funding for aged and disabled waiver services to $2.6 million, of which $900,000 is from the general fund. The 2003 Legislative Assembly appropriated $9.5 million for these services for the 2003-05 biennium, of which $3 million is from the general fund.	($2,132,601)	($4,771,875)	($6,904,476)
	• Provides $14.4 million for service payments for elderly and disabled (SPED), of which $13.5 million is from the general fund compared to $14.7 million for the 2003-05 biennium, of which $13.7 million is from the general fund	($262,192)	($17,776)	($279,968)
	• Provides $1.2 million from the general fund for the expanded SPED program compared to the $800,000 provided for the 2003-05 biennium	$354,348		$354,348
	• Provides $14.7 million for personal care option funding under the long-term care program, of which $5.2 million is from the general fund compared to the $2.8 million provided for the 2003-05 biennium, of which $900,000 is from the general fund	$4,254,906	$7,605,929	$11,860,835
	• Provides $1.7 million from the general fund for senior citizen mill levy matching grants, the same as the 2003-05 biennium			
	• Provides $62.3 million for foster care services, of which $10.4 million is from the general fund compared to $52.2 million, of which $8.0 million is from the general fund for the 2003-05 biennium. Increases relate to providing a 2 percent inflationary increase for each year of the biennium, anticipated caseload and cost increases, and the FMAP change referred to above.	$2,432,566	$7,662,952	$10,095,518
	• Provides $12.9 million for adoption services, of which $5.4 million is from the general fund compared to $10.9 million, of which $4.5 million is from the general fund. Increases relate to providing a 2 percent inflationary increase for each year of the biennium, anticipated caseload and cost increases, and the FMAP change referred to above.	$896,978	$1,113,784	$2,010,762
	• Provides $150,000 from the general fund for compulsive gambling treatment services, the same amount as the 2003-05 biennium. This amount is in addition to the funding appropriated pursuant to a continuing appropriation of 5 percent of the gross profits from the North Dakota lottery of up to $400,000 per biennium to the Department of Human Services for compulsive gambling treatment services.			
	• Provides $206.2 million for developmental disabilities services grants, of which $73.2 million is from the general fund compared to the $190.6 million provided for the 2003-05 biennium, of which $61.9 million is from the general fund	$11,362,437	$4,313,728	$15,676,165
	• Adds funding to provide a 2 percent inflationary increase each year of the biennium for the	$2,177,036	$3,882,585	$6,059,621

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	department's service providers under the Disability Services Division			
	• Provides $1.1 million for grants to independent living centers, of which $292,000 is from the general fund, the same as the 2003-05 biennium			
	• Provides additional funding and expands the secure services unit (sexual offender treatment services and services to individuals that are mentally ill and dangerous) at the State Hospital from a 22-bed unit to a 42-bed unit	$3,072,744	($60,364)	$3,012,380
	• Increases funding from the general fund for State Hospital traditional services to replace an anticipated reduction in third-party collections	$1,326,431	($1,326,431)	$0
	• Anticipates salaries and wages savings from vacant positions and employee turnover at the State Hospital	($657,288)		($657,288)
	• Authorizes the issuance of bonds for replacing an electrical transformer ($40,000), repairing a roof ($65,000), and for repairing and painting the water tower ($110,000) at the State Hospital		$215,000	$215,000
	• Increases funding from the general fund for the Development Center to restore the $1 million general fund budget reduction made the 2003 Legislative Assembly	$1,000,000		$1,000,000
	• Anticipates salaries and wages savings from vacant positions and employee turnover at the Developmental Center	($724,930)		($724,930)
	• Authorizes the issuance of bonds for roof repairs on the Cedar Grove building ($135,000) and for pool filtration repairs and roof repairs on the Collette Gym building ($105,000) at the Developmental Center		$240,000	$240,000
	• Removes funding for the mental health funding pool provided for the 2003-05 biennium to be distributed to human service centers for mental health and substance abuse services based on the needs of the regions	($250,000)		($250,000)
	• Adds funding to the human service centers for service provider inflationary increases of 2 percent for each year of the biennium	$380,350		$380,350
360	**Protection and Advocacy**			
	• Removes funding for the alternative financial loan program. This was a one-time federal passthrough grant received during the 2003-05 biennium.		($1,270,981)	($1,270,981)
	• Adds 1 FTE disabilities advocate position for the Turtle Mountain Indian Reservation	$9,150	$82,346	$91,496
	• Increases funding for operating expenses, primarily due to costs related to the agency's responsibilities under the Help America Vote Act (HAVA)	$1,170	$205,070	$206,240
380	**Job Service North Dakota**			
	• Increases funding for the Work Force 2000 program due to the carryover of funding from the 2001-03 biennium	$225,000		$225,000
	• Removes 10.37 FTE positions not requested by the agency		($951,549)	($951,549)
	• Provides funding of $525,000 of federal Reed Act funds to prepare an estimate of the cost of		$525,000	$525,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	replacing the present unemployment insurance tax and benefit systems			
	• Provides funding for bond payments for the Bismarck customer service office		$205,000	$205,000
REGULATORY				
401	**Insurance Commissioner, including insurance tax payments to fire departments**			
	• Removes one-time funding provided by the 2003 Legislative Assembly for implementing a pharmaceutical manufacturers drug access program	($100,000)		($100,000)
	• Increases funding for salaries and wages for 1 new FTE position		$72,860	$72,860
	• Increases funding for operating expenses, including information technology data processing $116,827, and operating fees and services $100,000		$216,827	$216,827
405	**Industrial Commission**			
	• Removes funding and a total of 7 FTE positions--reduction of 5 FTE positions as a result of the Oil and Gas Division and Geological Survey merger--reduction of 2 FTE geologic mapping technician positions due to the completion of the statewide soil mapping project	($607,812)	($71,999)	($679,811)
	• Reduces funding for the lignite research program		($1,070,000)	($1,070,000)
	• Increases funding for bond payments reflecting the debt service payments required for those projects authorized by the 2003 Legislative Assembly		$7,461,422	$7,461,422
	• Provides funding for equipment to replace a 23-year-old forklift for the geological core library located at the University of North Dakota	$22,000		$22,000
	• Provides funding for information technology equipment for a 42-inch graphic printer for printing maps and a widebed plotter	$23,500		$23,500
406	**Labor Commissioner**			
	• Authorizes 1 additional FTE position to be paid from federal funds currently in the agency's budget			
	• Adjusts funding for salaries and wages to continue 2003-05 biennium salary levels	$88,265	($75,658)	$12,607
	• Reduces operating expenses to reflect a reduction in expenses for HUD partnership initiative activities	($85,500)	($53,703)	($139,203)
	• Provides funding for legal services	$20,000		$20,000
	• Provides funding for a salary equity increase for the appointed deputy position	$6,000		$6,000
408	**Public Service Commission**			
	• Adds funding for a "simplified" rail rate complaint case to be filed with the Surface Transportation Board	$900,000		$900,000
	• Increases funding and the operating line item for space rental of a new metrology laboratory. The current laboratory which is located on the Capitol grounds in a Facility Management maintenance building has failed to meet the standards for certification.	$70,000		$70,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
412	**Aeronautics Commission**			
	• Increases funding for operating expenses for office space rental ($20,000), information technology contractual services ($20,000), information technology equipment ($14,000), and travel ($11,000)		$65,000	$65,000
	• Provides additional funding of $27,500 from the general fund for the air service grant program	$27,500		$27,500
	• Removes federal funding for the air service airport grant program ($1,750,000) and the general aviation airport grant program ($1,750,000). The appropriation of federal funds was to accommodate the possibility of the Federal Aviation Administration directing the states to administer the federal airport block grant program, and the Federal Aviation Administration has not yet decided if the federal airport block grant program will be transferred to the states.		($3,500,000)	($3,500,000)
413	**Department of Financial Institutions**			
	• Adds funding for maintaining 2003-05 biennium salary levels		$122,990	$122,990
	• Adds funding and a bank examiner position for the Minot area		$96,193	$96,193
	• Adds funding for operating expenses to open a Minot field office		$60,807	$60,807
	• Adds funding to the contingency line item for unforeseen legal fees		$20,000	$20,000
	• Adds funding for the electronic data management system (EDMS) project--scanner ($7,500), data processing fees ($15,600), and software ($8,375)		$31,475	$31,475
414	**Securities Commissioner**			
	• Adds 1 FTE securities investigator position and related salaries ($115,592) and operating expenses ($48,150) to conduct broker-dealer and investment examinations. The new position would be located in the eastern part of North Dakota and most likely collocated in office space with other state agencies.	$163,742		$163,742
	• Increases funding to allow the department to contract for services with legal counsel specializing in securities law	$154,000		$154,000
471	**Bank of North Dakota**			
	• Adds funding for maintaining 2003-05 biennium salary levels		$595,666	$595,666
	• Provides special funds for the construction of a new Bank building		$11,000,000	$11,000,000
	• Reduces the contingency line item from $2,452,780 to $1,700,000--the contingency line item is for information technology projects that are difficult to assess before the Bank has completed its three-year information technology plan (the 2003-05 legislative appropriation for the contingency line was $1,500,000 and the Bank was allowed to carryover $952,780 of contingency funds from the 2001-03 biennium)		($752,780)	($752,780)
	• Increases funding for information technology production operating needs		$990,024	$990,024
	• Adds funding for information technology contractual services		$564,080	$564,080

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds funding for increased usage and increased rates/fees for services provided in the IT - telephone, postage, and lease/rent equipment line items		$334,000	$334,000
	• Reduces funding for the IT-software/supplies line due to changes in computer software and supply needs		($651,625)	($651,625)
	• Changes the funding source for the transfer to the Ag PACE fund from the general fund to the beginning farmers revolving loan fund	($1,425,000)	$1,425,000	
	• Changes the funding source for the beginning farmers program from the general fund to the beginning farmers revolving loan fund	($950,000)	$950,000	
473	**Housing Finance Agency**			
	• Adds funding for salaries to reclassify two positions and to continue 2003-05 biennium salary levels		$198,567	$198,567
	• Reduces grants primarily due to a decrease in HUD grants received		($577,100)	($577,100)
	• Increases funding for operating expenses, primarily due to the anticipated increase in the service release premium		$395,728	$395,728
475	**Mill and Elevator Association**			
	• Adds funding for maintaining 2003-05 biennium salary levels		$268,543	$268,543
	• Adds funding and 2 FTE positions for anticipated additional bulk loading as a result of the mill upgrade completion		$177,176	$177,176
	• Increases funding for operating expenses due to increases in ongoing operations as a result of the mill upgrade completion		$1,967,817	$1,967,817
	• Increases the contingency line item from $250,000 to $300,000		$50,000	$50,000
485	**Workforce Safety and Insurance**			
	• Removes 3.86 FTE positions not requested by the agency		($309,436)	($309,436)
	• Reduces funding for workforce safety grants from $1,184,400 to $1,000,000		($184,400)	($184,400)
	• Adjusts funding for operating expenses--information technology software ($274,250), information technology contractual services ($447,000), and dues and professional development ($316,545)		($143,795)	($143,795)
PUBLIC SAFETY				
504	**Highway Patrol**			
	• Includes funding to continue 2003-05 biennium salary levels	$387,450	$227,550	$615,000
	• Removes funding and 15 FTE positions relating to the closure of weigh inspection stations located at Beach, Bowman, Mooreton, Joliette, West Fargo, and Williston	($896,730)	($366,270)	($1,263,000)
	• Adds federal funding and 4 FTE positions for northern border security		$463,256	$463,256
	• Increases funding for motor pool costs	$186,000	$76,000	$262,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Transfers Capitol security responsibilities from OMB Facility Management to the Highway Patrol, including 4 FTE positions	$438,855		$438,855
	• Adds funding for 1 new FTE trooper position	$166,258	$28,209	$194,467
	• Reduces federal funding for grants from $4,450,000 to $2,750,000		($1,700,000)	($1,700,000)
	• Provides funding from the highway tax distribution fund for enhanced wireless field reporting		$200,000	$200,000
	• Provides funding for replacing the current case management computer software system	$200,000		$200,000
512	**Division of Emergency Management**			
	• Includes funding and 29 FTE positions for State Radio Communications transferred from OMB	$3,947,329	$1,070,126	$5,017,455
	• Removes one-time funding provided in the 2003-05 biennium for disaster relief funding (interest relating to Bank of North Dakota loan)	($437,800)	$0	($437,800)
	• Adjusts funding for operating expenses and grants to properly account for grant changes and closeout of disasters	($7,634)	($20,630,033)	($20,637,667)
	• Provides funding for the continuation of 5 FTE positions authorized during the interim by the Emergency Commission relating to homeland security	$0	$445,357	$445,357
	• Provides funding for the conversion of the State Radio communications system from an analog to a digital system		$4,957,923	$4,957,923
530	**Department of Corrections and Rehabilitation**			
	• Adds funding for a salary equity pool	$1,000,000		$1,000,000
	Juvenile Services			
	• Reduces funding for the Division of Juvenile Services due to the reduction or elimination of various federal grants used to provide juvenile community services	$6,000	($3,172,443)	($3,166,443)
	• Provides funding to the Youth Correctional Center for the department's bond payments due during the 2005-07 biennium	$540,052		$540,052
	• Provides funding to the Division of Juvenile Services for the intensive in-home program due to the loss of federal funds	$510,960		$510,960
	• Provides funding for an air exchange system in the welding shop at the Youth Correctional Center		$135,000	$135,000
	• Provides funding for necessary upgrades to the department's computer system that is used to manage inmate and resident administration (ITAG system)	$172,825		$172,825
	Adult Services			
	• Increases general fund support for Field Services due to the reduction or elimination of various federal grants	$596,853	($1,390,754)	($793,901)
	• Provides funding to Roughrider Industries for the purchase of the raw materials necessary for a general issue of license plates		$2,600,000	$2,600,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding to the Prisons Division for the department's bond payments due during the 2005-07 biennium	$2,498,534		$2,498,534
	• Provides increased funding for the Tompkins Rehabilitation and Correction Center due to increased program costs and the expiration of the federal reentry grant	$1,481,516	($107,207)	$1,374,309
	• Increases funding for housing female inmates at the Dakota Women's Correctional Rehabilitation Center in New England	$2,178,983		$2,178,983
	• Provides additional funding for housing male inmates	$1,913,549		$1,913,549
	• Provides funding to the Prisons Division for various extraordinary repairs	$722,000		$722,000
	• Authorizes the issuance of bonds for the Missouri River Correctional Center for a multipurpose building to replace the current dining building and also to be used as a multipurpose recreational facility		$2,022,510	$2,022,510
	• Authorizes the issuance of bonds for building improvements and code improvements at the James River Correctional Center in Jamestown		$1,564,000	$1,564,000
	• Provides funding for a new Roughrider Industries building located at the Missouri River Correctional Center		$320,000	$320,000
	• Provides funding for a proposed 30-bed assessment facility for male inmates	$910,800		$910,800
	• Provides a funding source change for the Bismarck Transition Center due to the end of the federal grant and provides an increase in funding due to increases in rates and population	$2,326,791	($1,885,590)	$441,201
	• Provides funding for female inmate transition housing	$635,100		$635,100
	• Provides funding for necessary upgrades to the department's computer system that is used to manage inmate and resident administration (ITAG system)	$238,825		$238,825
	• Provides funding for operating expenses and adds 8.50 FTE positions related to sexual offender treatment, converts 2 FTE temporary sexual offender parole officers to permanent positions and adds 1 FTE program manager, 4 FTE social workers, 1 FTE psychologist, and a .5 FTE administrative assistant	$647,698		$647,698
	• Adds salaries and wages funding to hire 1 FTE physician and 1 FTE nurse practitioner to the Prisons Division and reduces operating expenses relating to the cost of contracting for these services	($94,722)		($94,722)
	• Adds salaries and wages funding to hire 1 FTE dentist and 1 FTE dental assistant to the Prisons Division and reduces operating expenses relating to the cost of contracting for these services	$11,551		$11,551
	• Adds salaries and wages funding to hire 7.60 FTE positions to convert long-term temporary positions to permanent positions	$42,900		$42,900
	• Provides funding and adds 3 FTE positions to the Missouri River Correctional Center for the relapse program	$259,819		$259,819
	• Provides funding and adds 6 FTE treatment staff positions for the State Penitentiary and the	$523,618		$523,618

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	James River Correctional Center			
	• Provides funding and adds 2 FTE mental health technician positions to work with all treatment department and unit management staff to coordinate the release planning and transition from prison to community for each offender (converts temporary positions to permanent positions)	$110,728		$110,728
540	**Adjutant General/National Guard**			
	• Adjusts funding for Air Guard and Army Guard contracts	$20,000	$788,136	$808,136
	• Increases funding for the tuition reimbursement program by $1,000,000 from $1,007,500 to $2,007,500	$1,000,000		$1,000,000
	• Provides funding for a new veterans' bonus program which would provide bonuses to North Dakota veterans serving in active duty after September 11, 2001	$5,000,000		$5,000,000
	• Provides additional funding for maintenance and repair of state-supported facilities	$420,000		$420,000
	• Provides funding for utilities for the new medical detachment building to be constructed in early 2005 located at the Raymond J. Bohn Armory Complex in Bismarck	$75,000		$75,000
	• Provides funding to replace the roof of the Raymond J. Bohn Armory in Bismarck	$250,000	$250,000	$500,000
	• Provides funding for special assessments on properties owned by the National Guard ($170,000 for Hector Field in Fargo and $56,000 for the Wahpeton Armed Forces Reserve Center)	$226,000		$226,000
AGRICULTURE AND ECONOMIC DEVELOPMENT				
601	**Department of Commerce**			
	• Adds funding for 1 FTE economic analyst to provide information on the impact of economic development incentives on the state's economy	$112,320		$112,320
	• Removes funding for grants to the Lewis and Clark Interpretive Center in Washburn ($150,000) and to Fort Abraham Lincoln in Mandan ($150,000)	($300,000)		($300,000)
	• Increases funding for Lewis and Clark marketing due to estimated additional revenue from the 1 percent lodging tax during 2005-07 biennium	$176,610		$176,610
	• Reduces funding for workforce development programs due to loss of federal funds		($987,033)	($987,033)
	• Provides funding from the general fund for grants to centers of excellence and authorizes the department to borrow up to $50 million from the Bank of North Dakota for additional grants to centers of excellence.	$5,000,000	$50,000,000	$55,000,000
	• Removes funding provided by the 2003 Legislative Assembly for transfer to the Development Fund	($1,550,000)		($1,550,000)
	• Requires the department to provide up to $500,000 to the Trade Promotion Authority from the Development Fund to match other funds raised by the authority.			
	• Provides $400,000 from the general fund for a marketing grant to the Red River Valley	$200,000		$200,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	Research Corridor compared to the $200,000 provided for the second year of the 2003-05 biennium			
	• Provides $250,000 for the partners in marketing program compared to $175,000 for the 2003-05 biennium	$75,000		$75,000
	• Adds funding for a grant to the Center for Technology	$50,000		$50,000
	• Adds funding for grants to recruit and retain dairy farmers in the state	$50,000		$50,000
	• Reduces funding for Agricultural Product Utilization Commission grants from $3.2 million to $2.5 million	$3,922	($724,664)	($720,742)
602	**Department of Agriculture**			
	• Changes the funding source for the Agriculture in the Classroom program by decreasing the general fund appropriation by $45,000 and funding from the environment and rangeland protection fund by $50,000, and increasing special funds from gifts, grants, and donations by $95,000	($45,000)	$45,000	$0
	• Increases funding for Pride of Dakota program operations ($182,403) for the department to receive funding generated from Pride of Dakota events. The Department of Agriculture's general fund authority is limited to the amount actually generated from the events.	$182,403		$182,403
	• Decreases federal funds for Pride of Dakota program grants ($61,700)		($61,700)	($61,700)
	• Increases federal funds for biosecurity and animal disease programs within the Board of Animal Health		$560,793	$560,793
	• Adds 1 FTE meat inspector position and increases salaries and wages by $73,068 and operating expenses by $46,500 to provide meat inspection services for additional plants	$61,495	$58,073	$119,568
	• Adds 2 FTE positions for the Board of Animal Health, including a veterinarian ($152,265) and a program specialist position ($95,792) to assist with federal grant requirements. Associated operating costs are increased by $30,000.	$191,663	$86,394	$278,057
	• Decreases funding from the environment and rangeland protection fund ($308,635) and increases funding from the general fund ($6,707) and federal funds ($53,450) for noxious weed control grants and operating costs	$6,707	($255,185)	($248,478)
	• Increases funding from the environment and rangeland protection fund to transfer to the minor use fund for crop harmonization efforts. This amount is based on statutory change required to continue the additional $50 pesticide registration fee (Section 10 of House Bill No. 1009 (2005).		$200,000	$200,000
627	**Upper Great Plains Transportation Institute**			
	• Adds federal funds for grants related to the Mountain-Plains Consortium		$1,290,000	$1,290,000
	• Adds 7 FTE positions and funding for salaries and wages primarily from additional federal funds		$955,514	$955,514
	• Increases federal funds for operating costs		$1,749,419	$1,749,419

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
628	**Branch Research Centers**			
	• **Dickinson** - Increases special funds from oil revenues for operating expenses ($1,049,651) and equipment over $5,000 ($350,349) needed to convert the Manning Ranch from a conventional minimal tillage operation to no till, developing sustainable and integrated production strategies that match current conditions of western North Dakota, and grant funded research activities		$1,400,000	$1,400,000
	• **Central Grasslands** - Increases special funds from livestock trades and grants for increases in the cost of livestock and related operations		$300,000	$300,000
	• **Hettinger** - Increases special funds from gifts, grants, and contracts for the "Southwest Feeders" project and multistate feeding initiatives		$200,000	$200,000
	• **North Central** - Adds special funds for an agronomy laboratory and greenhouse. The funding source is from gifts, grants, and contracts ($880,000) and bond proceeds ($440,000).		$1,320,000	$1,320,000
	• **North Central** - Increases special funds from gifts, grants, and contracts for operations ($138,210) and equipment over $5,000 ($235,681)		$373,891	$373,891
	• **Williston** - Increases special funds for operating costs to reflect anticipated increases in gifts, grants, contracts, and agricultural product sales		$300,000	$300,000
	• **Carrington** - Increases special funds from gifts, grants, and contracts for operations ($247,333) and equipment over $5,000 ($152,667)		$400,000	$400,000
630	**NDSU Extension Service**			
	• Increases special funds to deliver educational programs to rural North Dakota under partnership agreement with private organizations		$450,000	$450,000
638	**Northern Crops Institute**			
	• Increases special funds from fee-for-services technical projects for operating costs ($30,000) and equipment over $5,000 ($126,500)		$156,500	$156,500
640	**NDSU Main Research Center**			
	• Adds funding for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million), federal funds ($2 million), and gifts, grants, and contracts ($500,000).		$4,500,000	$4,500,000
	• Increases special funds from anticipated additional gifts, grants, and contracts for operating expenses		$4,677,000	$4,677,000
	• Adds 2 FTE beef research positions	$320,427		$320,427
	• Replaces general fund spending authority with funding from the environment and rangeland protection fund for existing environmental research	($200,000)	$200,000	$0

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
665	**State Fair Association**			
	• Adjusts funding for premiums from $391,750, of which $371,750 is from the general fund, to $380,000 from the general fund	$8,250	($20,000)	($11,750)
NATURAL RESOURCES				
701	**State Historical Society**			
	• Removes funding for 2003-05 biennium capital projects	($565,044)	($1,543,500)	($2,108,544)
	• Removes funding for bonding authority for the Chateau de Mores and Fort Abercrombie State Historic Site Interpretive Center projects that was authorized by the 2003 Legislative Assembly		($2,000,000)	($2,000,000)
	• Removes funding for the veterans' oral history project due to completion of the grant		($150,000)	($150,000)
	• Reduces funding for the Lewis and Clark Bicentennial due to the completion of the bicentennial during the 2005-07 biennium	($257,000)		($257,000)
	• Provides funding for 2005-07 biennium capital assets--renovation and expansion of the interpretive center for the Chateau de Mores State Historic Site in Medora ($1.6 million special funds), compact storage shelving units for the Heritage Center ($250,000 general fund), extraordinary repairs ($251,319 general fund), and historic site maintenance equipment ($81,000 general fund)	$582,319	$1,600,000	$2,182,319
	• Provides federal fund authority to upgrade the agency's security system for the Heritage Center and historic sites		$56,000	$56,000
709	**Council on the Arts**			
	• Decreases funding for the Lewis and Clark line as a result of the Lewis and Clark Commemoration only being during one year of the 2005-07 biennium	($55,450)		($55,450)
	• Increases funding for grants due to anticipated increases in federal funds		$40,400	$40,400
	• Provides funding for the cultural endowment fund	$20,000		$20,000
	• Provides funding for a new grant program to support infrastructure and capital equipment needs of local art organizations	$30,000		$30,000
720	**Game and Fish Department**			
	• Approves 5 FTE positions relating to management of game animals and the licensing of resident and nonresident hunters, including 1 license clerk, 1 wildlife technician, 2 biologist I, and 1 fisheries biologist		$395,137	$395,137
	• Removes funding for 2003-05 biennium capital assets		($2,443,944)	($2,443,944)
	• Provides funding for 2005-07 biennium capital assets, including two storage buildings at the Bismarck shop ($400,000), fishing area projects ($870,000), land acquisitions ($750,000), wildlife management area projects ($150,000), extraordinary repairs ($416,116), and equipment over $5,000 ($485,000)		$3,071,116	$3,071,116

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Increases funding for grants, primarily due to the receipt of a new federal grant program for nongame wildlife studies		$1,262,072	$1,262,072
	• Increases funding from grants, gifts, and donations, primarily due to the receipt of an estate donation for the benefit of fishermen and hunters in North Dakota		$550,000	$550,000
750	**Parks and Recreation Department**			
	• Increases funding for grants due to an anticipated increase in various federal grants		$2,144,000	$2,144,000
	• Provides funding and adds 2.25 FTE positions and temporary salaries--converts four .75 FTE park maintenance positions to full-time positions, converts one .75 FTE park ranger position at Beaver Lake State Park to a full-time position, and adds 1 FTE position for a snowmobile and ATV safety instructor		$178,866	$178,866
	• Removes funding for 2003-05 biennium capital assets	($762,794)	($2,145,000)	($2,907,794)
	• Provides funding for 2005-07 biennium capital assets--capital projects ($2,870,000), extraordinary repairs ($784,700), and equipment over $5,000 ($380,500)	$1,632,700	$2,402,500	$4,035,200
	• Provides funding and adds 2 FTE positions and temporary salaries for the Elkhorn Ranch project	$145,461		$145,461
	• Decreases funding for the Lewis and Clark Bicentennial line due to the end of the bicentennial during the 2005-07 biennium	($64,001)		($64,001)
	• Provides funding to increase pay rates for temporary seasonal employees at the state parks	$80,000		$80,000
770	**State Water Commission**			
	• Decreases funding for professional services and other operating costs primarily due to an anticipated reduction in federal funds	($98,875)	($3,904,573)	($4,003,448)
	• Decreases funding for water project grants based on anticipated available federal and special funding sources		($50,671,636)	($50,671,636)
	• Adds funding for other capital payments related to state water projects ($28.4 million) and estimated bond payments ($14.3 million) based on available federal and special funding sources		$42,699,560	$42,699,560
	• Adds 2 FTE positions and increases special funds from the water development trust fund for salaries and wages ($160,924), temporary salaries ($26,400), and operating expenses ($1,904,400) for Devils Lake outlet operations. The outlet is anticipated to be completed during the 2003-05 biennium and will require funding for staffing and operating costs during the 2005-07 biennium.		$2,091,724	$2,091,724
	• Continues funding for the State Water Commission to construct a new shop. The State Water Commission has authority to sell its existing shop building and land, and use the proceeds to construct a replacement facility. Although the executive recommendation included $1.3 million for this project, the appropriations bill includes $977,100 based on more recent information. The remaining $322,900 of special funds spending authority is available for water projects.		$977,100	$977,100

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
TRANSPORTATION				
801	**Department of Transportation**			
	• Anticipates federal highway construction funds of $199.7 million per year compared to $182.5 million for each year of the 2003-05 biennium			
	• Increases motor vehicle registration fees by $15 per year and deposits the collections from the increase estimated at $20.1 million for the 2005-07 biennium directly in the state highway fund rather than the highway tax distribution fund			
	• Provides $504 million for highway construction projects compared to $475.8 million for the 2003-05 biennium		$28,178,005	$28,178,005
	• Provides funding for consulting engineers of $32.3 million compared to $24.3 million provided for the 2003-05 biennium		$8,018,000	$8,018,000
	• Provides funding for information technology projects, including the pavement management system, roadway information management system, traffic data editing analysis, construction priority system, motor carrier systems, commercial vehicle information systems, and networks		$1,388,018	$1,388,018
	• Adds federal funding for grants for traffic safety-related activities		$890,000	$890,000
	• Provides $23.7 million from the Fleet Services fund for replacing Fleet Services vehicles		($683,244)	($683,244)
	• Provides $10.1 million for Fleet Services vehicle maintenance and repair compared to $8.3 million for the 2003-05 biennium		$1,797,484	$1,797,484

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2005-07 biennium executive budget recommendation provides a general fund appropriation of $512,153,759 for state school aid, an increase of $22,773,769, or 4.7 percent, from the 2003-05 appropriation of $489,379,990. The recommended per student payment amounts are $2,726 during the first year of the biennium and $2,826 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 (appropriation)	$2,287	$57	2.6%
2002-03 (appropriation)	$2,347	$60	2.6%
2003-04 (appropriation)	$2,509	$162	6.9%
2004-05 (appropriation)	$2,623	$114	4.5%
2005-06 (recommendation)	$2,726	$103	3.9%
2006-07 (recommendation)	$2,826	$100	3.7%

In relation, the executive budget recommendation provides for changes in the calculation of school district weighting factors used for the calculation of weighted student units and the distribution of state school aid, including the consolidation of school district-size categories and the increase of weighting factors so no factor is set below 1.0.

TEACHER COMPENSATION

The executive budget recommendation provides $50,912,120 from the general fund for teacher compensation payments, a decrease of $941,880, or 1.8 percent, from the 2003-05 appropriation of $51,854,000. The funding continues the current level of teacher compensation payments of $1,000 for first-year teachers and $3,000 for second-year returning teachers. Section 5 of House Bill No. 1153 provides that each school district shall use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment for the purpose of increasing the compensation paid to teachers.

SPECIAL EDUCATION

The executive budget recommendation provides $52,500,000 from the general fund for special education grants, an increase of $2,601,305, or 5.2 percent, from the 2003-05 appropriation of $49,898,695. Section 6 of 2005 House Bill No. 1013 provides legislative intent that the special education appropriation be distributed as follows:

- $15,500,000 to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities ($2,500,000 more than the amount appropriated for the 2003-05 biennium).
- $400,000 to reimburse school districts or special education units for gifted and talented programs (no change from the amount appropriated for the 2003-05 biennium).
- $36,600,000 to distribute on a per student basis pursuant to North Dakota Century Code (NDCC) Section 15.1-27-10 ($101,305 more than the amount appropriated for the 2003-05 biennium).

TUITION FUND

The executive budget recommendation includes tuition fund distributions of $71,600,000, an increase of $2,104,629, or 3 percent, from the 2003-05 appropriation of $69,495,371. The recommended appropriation will provide payments of approximately $351 per census unit, an increase of $16, or 4.8 percent, from the 2003-04 and 2004-05 appropriated payment of $335.

OTHER RECOMMENDATIONS

The executive budget recommendation also provides for:

- **Revenue supplemental payments** - The executive budget recommends **$7.5 million** from the general fund for revenue supplemental payments to school districts pursuant to NDCC Section 15.1-27-11, an increase of $2.5 million from the 2003-05 appropriation of $5 million.
- **Reorganization bonuses** - The executive budget recommends including **$500,000** from the general fund for reorganization bonus payments, the same level of funding provided in the 2003-05 biennium.
- **Joint powers incentives** - The executive budget includes a **$2 million** general fund appropriation for incentives to school districts entering into joint powers agreements to encourage school district cooperation and efficiency.
- **Governor's school program** - The executive budget recommends increasing the general fund appropriation for support of the Governor's school program by **$45,000**, from $225,000 to $270,000, for the creation of a Governor's school for the arts.
- **National writing projects** - The executive budget recommends increasing the general fund appropriations for the Red River Valley Writing Project and the Northern Plains Writing Project by **$40,000**, from $48,000 to $88,000.
- **North Dakota Museum of Art** - The executive budget recommends increasing the general fund appropriation for support of the North Dakota Museum of Art educational outreach initiative by **$125,000**, from $125,000 to $250,000.
- **North Dakota LEAD Center** - The executive budget recommends increasing the general fund appropriation for support of the North Dakota LEAD Center by **$21,500**, from $215,000 to $236,500.
- **Other grants** - The executive budget recommends increasing federal funding for other grants by approximately **$25.3 million**, or 14.1 percent, from the 2003-05 appropriation of $179.2 million, including an increase of $9.8 million for Title I basic grants, $4.6 million for 21st century community learning centers, $4.1 million for IDEA Part B special education grants, and $3.8 million for Title II teacher and principal training and recruiting grants.
- **Contingent state school aid distributions** - The executive budget recommends that any state school aid funds remaining unspent at the end of the 2005-07 biennium will be distributed as follows:

  The first $900,000 as reorganization bonus payments to school districts pursuant to NDCC Section 15.1-12-11.1 and reorganization bonus advanced payments pursuant to Section 15.1-12-11.2.

  Any remaining amount as additional per student payments.

STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2005-07 EXECUTIVE BUDGET TO 2003-05 APPROPRIATION AND ESTIMATED EXPENDITURES

	2003-05 Appropriation \1	2003-05 Estimated Expenditures \3	2005-07 Executive Budget	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Estimated Expenditures	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Appropriation
State school aid					
Statutory per student payments	$555,800,961	$550,641,890	$598,727,111	$48,085,221	$42,926,150
Less mill deduct and excess fund balance deduct	101,870,971	99,857,028	122,023,352	22,166,324	20,152,381
General fund per student payments	$453,929,990	$450,784,862	$476,703,759	$25,918,897	$22,773,769
Limited English proficient student payments	650,000	650,000	650,000		
Transportation payments	34,800,000	34,745,200	34,800,000	54,800	
Total state school aid regular distributions - General fund	$489,379,990	$486,180,062	$512,153,759	$25,973,697	$22,773,769
State school aid contingent distributions		3,199,928 \4		(3,199,928)	
Total state school aid - General fund	$489,379,990	$489,379,990	$512,153,759	$22,773,769	$22,773,769
Other grants - General fund					
Teacher compensation payments	$51,854,000	$51,468,682	$50,912,120	($556,562)	($941,880)
Teacher compensation contingent distributions		385,318 \5		(385,318)	
Special education	49,898,695	49,898,695	52,500,000	2,601,305	2,601,305
Revenue supplemental payments	5,000,000	5,000,000	7,500,000	2,500,000	2,500,000
Reorganization bonuses	500,000	500,000	500,000		
Joint powers agreement incentives			2,000,000 \6	2,000,000	2,000,000
Teacher center network	230,000	230,000	230,000		
School food services	1,080,000	1,080,000	1,080,000		
Adult education grants	920,000	920,000	920,000		
LEAD Consortium	215,000	215,000	236,500	21,500	21,500
Governor's school	225,000	225,000	270,000	45,000	45,000
National writing projects	48,000	48,000	88,000	40,000	40,000
Rural art outreach project	125,000	125,000	250,000	125,000	125,000
FINDET	33,117	33,117	33,117		
National board certification	40,000	40,000	40,000		
Total other grants - General fund	$110,168,812	$110,168,812	$116,559,737	$6,390,925	$6,390,925
Total state school aid and other grants - General fund	$599,548,802	$599,548,802	$628,713,496	$29,164,694	$29,164,694
Other grants - Other funds					
Federal grants	$179,139,127	$194,139,127	$204,517,966	$10,378,839	$25,378,839
State tuition fund	69,495,371	69,495,371	71,600,000	2,104,629	2,104,629
Displaced homemaker program	240,000	240,000	240,000		
Total other grants - Other funds	$248,874,498	$263,874,498	$276,357,966	$12,483,468	$27,483,468
Total other grants - All funds	$359,043,310	$374,043,310	$392,917,703	$18,874,393	$33,874,393
Total state school aid and other grants - All funds	$848,423,300	$863,423,300	$905,071,462	$41,648,162	$56,648,162

	2003-05 Appropriation \1	2003-05 Estimated Expenditures \3	2005-07 Executive Budget	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Estimated Expenditures	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Appropriation
Agency administration					
Administration (salaries, operating, equipment) - General fund	$5,216,204	$5,216,204	$5,431,444	$215,240	$215,240
Administration (salaries, operating, equipment) - Other funds	17,184,305	17,184,305	19,518,706	2,334,401	2,334,401
Total agency administration - All funds	$22,400,509	$22,400,509	$24,950,150	$2,549,641	$2,549,641
Total Department of Public Instruction - All funds	$870,823,809	$885,823,809	$930,021,612	$44,197,803	$59,197,803
General fund	$604,765,006	$604,765,006	$634,144,940	$29,379,934	$29,379,934
Other funds	266,058,803	281,058,803	295,876,672	14,817,869	29,817,869
Total	$870,823,809	$885,823,809	$930,021,612	$44,197,803	$59,197,803
FTE	92.75 \2	92.75	92.75		

\1 2003-05 appropriation - The 2003-05 appropriation amounts include $40,000 appropriated from the general fund to the Education Standards and Practices Board for the purpose of procuring federal matching grants to provide for the national board certification of teachers.

The 2003-05 appropriation amounts do not include $105,000 of general fund carryover authority from the 2001-03 biennium authorized by the 2003 Legislative Assembly to be used in conjunction with special funds received by the department for the purpose of providing a grant to fund the North Dakota Central Council of School Television licensing of educational television programs for classroom use by North Dakota elementary and secondary schools.

\2 The number of FTE positions for the 2003-05 biennium has been adjusted to reflect the reduction and transfer of a .5 FTE position relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services from the Department of Public Instruction to the Information Technology Department as of November 1, 2003, provided for in Section 10 of House Bill No. 1505.

\3 2003-05 estimated expenditures - The 2003-05 estimated expenditures include $40,000 appropriated from the general fund to the Education Standards and Practices Board for the purpose of procuring federal matching grants to provide for the national board certification of teachers.

The 2003-05 estimated expenditures do not include $105,000 of general fund carryover authority from the 2001-03 biennium authorized by the 2003 Legislative Assembly to be used in conjunction with special funds received by the department for the purpose of providing a grant to fund the North Dakota Central Council of School Television licensing of educational television programs for classroom use by North Dakota elementary and secondary schools.

\4 Contingent state school aid distributions - Senate Bill No. 2421 (2003) provided that if any funds appropriated for per student and transportation aid payments remain unspent after all statutory obligations are met, the Department of Public Instruction shall distribute the funds as follows:

The first $250,000 for providing reimbursements to the chief administrators of joint powers agreements.

The next $1 million for providing reorganization bonuses, pursuant to North Dakota Century Code Section 15.1-12-11.1, to school districts having reorganizations effective after July 1, 2003, and before July 1, 2005.

Any remaining amounts as additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

\5 Contingent teacher compensation distributions - Senate Bill No. 2421 (2003) provided that if any funds appropriated for teacher compensation payments remain unspent after all statutory obligations are met, the Department of Public Instruction shall distribute "hold harmless" payments to school districts. The payments will be calculated as follows:

The department must calculate the difference between the following:

Option A - The total payments the district will receive during the 2003-05 biennium for per student payments at the rates of $2,509 and $2,623 and teacher compensation payments, as appropriated by the Legislative Assembly.

Option B - The total payments the district would have received during the 2003-05 biennium for per student payments if the rates had included the total amount appropriated for teacher compensation payments.

If the amount a district would have received under Option B above exceeds the amount a district is estimated to receive under Option A, the department must calculate the difference and pay that amount to the district on or before June 30, 2005. If insufficient funds are available to make all of the payments required by this section, the department shall prorate the available amount among the eligible districts.

If any money remains after completing the payment requirements of subsections 1 and 2, the department shall use the remaining money to provide additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

\6 Joint powers agreement incentives - The executive budget recommendation includes a $2 million general fund appropriation for incentives to school districts entering into joint powers agreements to encourage school district cooperation and efficiency.

PER STUDENT STATE AID AND TUITION FUND PAYMENTS, WEIGHTED STUDENT UNITS, TEACHER COMPENSATION PAYMENTS, AND MILL LEVY DEDUCTS FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Legislative Appropriation	2003-05 Actual	2005-07 Executive Budget
First-Year Payments			
Per student state aid payments	$2,509	$2,509	$2,726
Tuition fund distributions	335	332	351
Total first-year payments	$2,844	$2,841	$3,077
Second-Year Payments			
Per student state aid payments	$2,623	$2,623	$2,826
Tuition fund distributions	335	332[1]	351
Total second-year payments	$2,953	$2,955[1]	$3,177
Weighted Student Units			
First year	108,381	107,927	107,510[2]
Second year	106,258	106,220[1]	106,059[2]
Teacher Compensation Payments			
First-year teachers	$1,000	$1,000	$1,000
Second-year returning teachers	$3,000	$3,000	$3,000
Qualifying teacher full-time equivalent positions	8,809	8,656	8,656
Mill Levy Deducts			
First year	34 mills	34 mills	38 mills
Second year	36 mills	36 mills	40 mills

[1]Estimated.

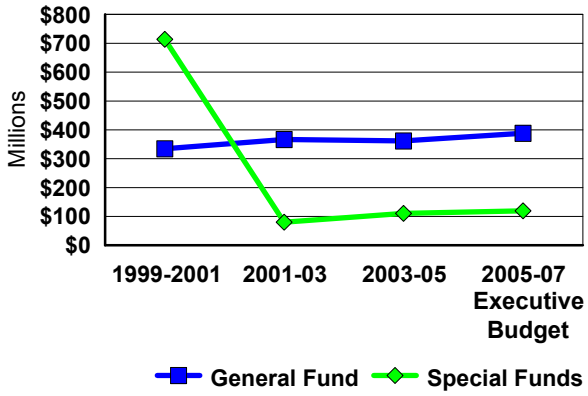
[2]The executive budget recommends changes in the calculation of school district weighting factors used for the calculation of weighted student units and the distribution of state school aid, including the consolidation of school district-size categories and the increase of weighting factors so no factor is set below 1.0. The changes result in an increase in the estimated number of weighted student units for the 2005-07 biennium. Based on existing school district-size categories and weighting factors, the estimated number of weighted student units for the 2005-07 biennium would be 105,306 for the first year and 103,950 for the second year.

HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2005-07 executive budget recommends the following higher education funding changes compared to 2003-05 legislative appropriations for higher education:

- Increases **general fund** support by $26,696,649, or 7.4 percent, due in part to increasing funding for campus operations by approximately $24.8 million. Provides $388.2 million, or 19.3 percent, of total general fund appropriations.
- Increases support from **special funds** by $9,082,333, or 8.2 percent, due to increasing major capital projects funded from special funds by approximately $8.1 million.
- Adjusts the authorized number of **FTE positions** from 2,400.38 to 2,196.67 to adjust the number of FTE positions to the level supported by the general fund.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
1999-2001	$334,449,287	$713,538,799	$1,047,988,086
2001-03	$366,953,836	$80,367,201	$447,321,037
2003-05	$361,541,418	$110,546,775	$472,088,193
2005-07 - Executive budget	$388,238,067	$119,629,108	$507,867,175

The special funds amounts prior to 2001-03 reflect the appropriation of tuition and local funds.

Key recommendations include:

1. The consolidation of the **higher education institutions' operating and extraordinary repair budgets** into two line items in the University System office budget--campus operations and contingency, extraordinary repairs, and capital emergency.
2. Funding of $6,376,288, of which $6,204,288 is from the general fund and $172,000 is from federal funds for the **student financial assistance grant program**. The funding includes $2 million from the general fund for a new student financial assistance grant child care component. This level of funding represents a total funds increase of $3,446,073 from the 2003-05 legislative appropriation of $2,930,215.
3. Funding of $7,114,339 from the general fund is recommended for **contingency, extraordinary repairs, and capital emergency funding**. This represents an increase of $5,361,572 from the 2003-05 legislative appropriation of $1,752,767, of which $296,693 was from the general fund and $1,456,074 was from the water development trust fund. The funding is to be used for campus extraordinary repairs and unforeseen operations or capital asset needs and opportunities as determined by the State Board of Higher Education.
4. Funding of $5,190,000 from the general fund is recommended for **competitive research** matching funding. This represents an increase in funding of $440,000 from the 2003-05 legislative appropriation of $4,750,000.
5. Funding of $915,940 from the general fund for **board initiatives** to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The funding includes $449,798 for an economic enhancement initiative that would target out-of-state and out-of-country recruitment. This level of funding represents an increase of $744,104 from the 2003-05 adjusted appropriation of $171,836.
6. A **common information services pool** of $21,924,083 from the general fund is provided for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes $3,368,300 for information technology priorities, including parity ($1,018,300), network growth

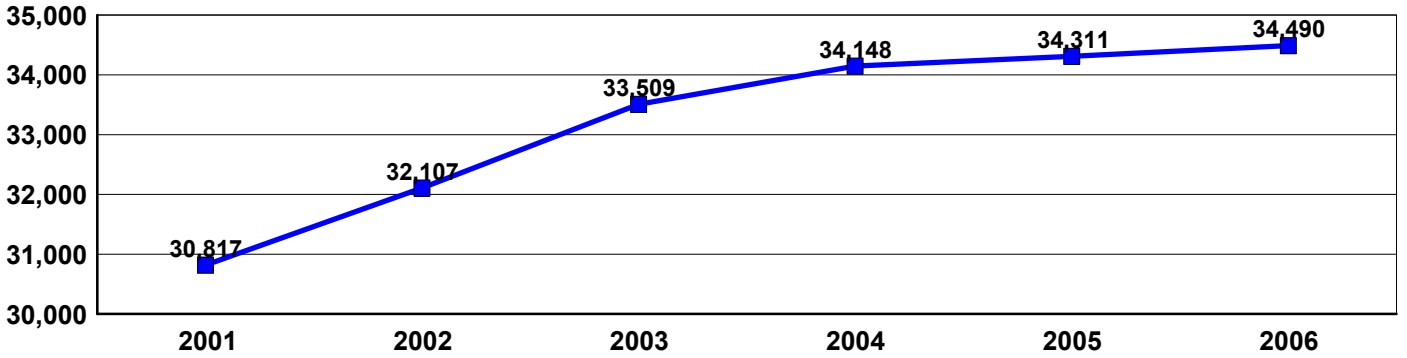
($825,000), antivirus software licenses ($175,000), an ODIN service librarian ($100,000), a systemwide learning management system ($950,000), and IVN equipment refurbishment ($300,000). This represents an increase of $3,368,300 from the 2003-05 adjusted appropriation of $18,555,783.

7. Funding of $1,350,000 from the general fund for **professional liability insurance**. This represents a decrease in funding of $500,000 from the 2003-05 legislative appropriation of $1,850,000.
8. A **campus operations** line item of $319,927,548 from the general fund is provided for support of the operations of the higher education institutions. No less than $300,848,627 must be allocated to support base campus operations with the additional funds being available for parity and equity. This level of funding represents an increase in funding for campus operations of $24.8 million from the 2003-05 legislative appropriations.
9. Funding of $131,290,485 is provided for **capital assets**, including:
   - $14,278,141 for capital construction lease payments.
   - $2,368,192 for campus extraordinary repairs.
   - $114,644,152 for major capital projects.

   Of the $131,290,485, $13,693,904 is from the general fund, $2,500,000 is from federal funds, $106,760,024 is from special funds, including revenue bonds, and $8,336,557 is from bond proceeds. Please refer to the schedules under the “Capital Construction” section for additional information regarding capital improvements.
10. The **continuation of** the following **statutory provisions**:
    - The continuing appropriation authority for higher education institutions' special revenue funds, including tuition.
    - The requirement that the budget request for the North Dakota University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the North Dakota University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding.
    - The North Dakota University System's authority to carry over at the end of the biennium unspent general fund appropriations.

    Senate Bill Nos. 2034, 2035, and 2036 (2005) as recommended by the interim Higher Education Committee provide for the continuation of these statutory provisions through June 30, 2007. The executive budget recommendation provides for the continuation of the provisions without a sunset clause.

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS[1]



	Actual Enrollments				Projected Enrollments	
Institution	**Fall 2001**	**Fall 2002**	**Fall 2003**	**Fall 2004**	**Fall 2005**	**Fall 2006**
Bismarck State College	2,320	2,384	2,575	2,625	2,700	2,775
Dickinson State University	1,637	1,818	1,867	1,907	1,945	1,984
Lake Region State College	624	640	693	692	694	694
Mayville State University	620	616	657	713	737	737
Minot State University	2,739	2,789	2,840	2,844	2,850	2,850
Minot State University - Bottineau	389	447	443	419	420	420
North Dakota State University	9,056	9,368	9,701	10,073	10,073	10,073
State College of Science	2,106	2,112	2,177	2,129	2,192	2,257
University of North Dakota	9,906	10,458	11,073	11,185	11,185	11,185
Valley City State University	841	864	824	896	895	895
Williston State College	579	611	659	665	620	620
Total	30,817	32,107	33,509	34,148	34,311	34,490

[1]The State Board of Higher Education adopted a new enrollment reporting policy in April 2001. The policy, which is consistent with national Integrated Postsecondary Education Data Systems (IPEDS) reporting, provides for each higher education institution to report fall and spring semesters enrollments for degree-credit students based on the number of students enrolled on the 15th day of the fall and spring semesters. The information presented in this schedule reflects the enrollments for degree-credit students and was provided by the University System office.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2001-02 through 2004-05. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. House Bill No. 1003 (2003) continues this authority through June 30, 2005. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2001-02	2002-03[1]	2003-04[1]	2004-05[1]
Bismarck State College[2]				
Undergraduate				
Resident	$1,703	$1,784	$2,016	$2,629
	3.3%	4.8%	13.0%	30.4%
Minnesota resident[3]	$2,435	$2,663	$2,600	$3,390
	11.0%	9.4%	(2.4%)	30.4%
Contiguous state/province[4]	$2,129	$2,231	$2,520	$3,286
	3.3%	4.8%	13.0%	30.4%
Other nonresident	$4,547	$4,764	$5,383	$7,019
	3.3%	4.8%	13.0%	30.4%
Dickinson State University				
Undergraduate				
Resident	$2,067	$2,202	$2,554	$3,040
	4.3%	6.5%	16.0%	19.0%
Minnesota resident[3]	$2,316	$2,554	$2,923	$3,406
	9.2%	10.3%	14.4%	16.5%
Contiguous state/province[4]	$2,584	$2,753	$3,193	$3,800
	4.3%	6.5%	16.0%	19.0%
Other nonresident	$5,519	$5,879	$6,820	$8,117
	4.3%	6.5%	16.0%	19.0%
Lake Region State College				
Undergraduate				
Resident	$1,682	$1,782	$2,040	$2,328
	3.1%	5.9%	14.5%	14.1%
Minnesota resident[3]	$2,402	$2,660	$3,002	$3,404
	10.8%	10.7%	12.9%	13.4%
Contiguous state/province[4]	$2,103	$2,228	$2,040	$2,328
	3.1%	5.9%	(8.4%)	14.1%
Other nonresident	$4,491	$4,758	$2,040	$2,328
	3.1%	5.9%	(57.1%)	14.1%
Mayville State University				
Undergraduate				
Resident	$2,067	$2,202	$2,576	$3,014
	4.3%	6.5%	17.0%	17.0%
Minnesota resident[3]	$2,316	$2,554	$2,948	$3,376
	9.2%	10.3%	15.4%	14.5%

Institution	2001-02	2002-03[1]	2003-04[1]	2004-05[1]
Contiguous state/province[4]	$2,584	$2,753	$3,220	$3,768
	4.3%	6.5%	17.0%	17.0%
Other nonresident	$5,519	$5,879	$6,878	$8,047
	4.3%	6.5%	17.0%	17.0%
Minot State University[5]				
Undergraduate				
Resident	$2,244	$2,384	$2,730	$3,160
	4.7%	6.2%	14.5%	15.8%
Minnesota resident[3]	$2,514	$2,766	$3,125	$3,540
	9.6%	10.0%	13.0%	13.3%
Contiguous state/province[4]	$2,805	$2,980	$3,413	$3,950
	4.7%	6.2%	14.5%	15.7%
Other nonresident	$5,991	$6,365	$7,289	$8,437
	4.7%	6.2%	14.5%	15.7%
Graduate				
Resident	$2,964	$3,154	$3,612	$4,180
	5.3%	6.4%	14.5%	15.7%
Minnesota resident[3]	$3,766	$4,209	$4,778	$5,494
	11.4%	11.8%	13.5%	15.0%
Contiguous state/province[4]	$4,446	$4,732	$5,418	$6,270
	5.3%	6.4%	14.5%	15.7%
Other nonresident	$7,914	$8,421	$9,644	$11,160
	5.3%	6.4%	14.5%	15.7%
Minot State University - Bottineau				
Undergraduate				
Resident	$1,682	$1,782	$2,042	$2,362
	3.1%	5.9%	14.6%	15.7%
Minnesota resident[3]	$2,402	$2,660	$3,002	$3,404
	10.8%	10.7%	12.9%	13.4%
Contiguous state/province[4, 6]	$2,103	$2,228	$2,553	$2,953
	3.1%	5.9%	14.6%	15.7%
All provinces[6]		$1,782	$2,042	$2,362
			14.6%	15.7%
Other nonresident	$4,491	$4,758	$5,452	$6,307
	3.1%	5.9%	14.6%	15.7%
State College of Science[7, 8]				
Undergraduate				
Resident	$1,682	$1,782	$2,052	$2,670
	3.1%	5.9%	15.2%	30.1%
Minnesota resident[3]	$2,402	$2,660	$3,002	$3,390
	10.8%	10.7%	12.9%	12.9%
Contiguous state/province[4]	$2,103	$2,228	$2,565	$3,338
	3.1%	5.9%	15.1%	30.1%

Institution	2001-02	2002-03[1]	2003-04[1]	2004-05[1]
Other nonresident	$4,491	$4,758	$5,478	$7,129
	3.1%	5.9%	15.1%	30.1%
Business and Industry Partnership Program[9]				
Resident	$1,682	$1,782	$2,052	$2,670
		5.9%	15.2%	30.1%
Minnesota resident[3]	$2,402	$2,660	$3,002	$3,390
		10.7%	12.9%	12.9%
Contiguous state/province[4]	$1,682	$1,782	$2,052	$2,670
		5.9%	15.2%	30.1%
Other nonresident	$1,682	$1,782	$2,052	$2,670
		5.9%	15.2%	30.1%
North Dakota State University				
Undergraduate				
Resident	$2,754	$2,904	$3,374	$3,982
	5.8%	5.4%	16.2%	18.0%
Minnesota resident[3]	$3,074	$3,396	$3,900	$4,476
	10.7%	10.5%	14.8%	14.8%
Contiguous state/province[4]	$4,131	$4,356	$5,061	$5,972
	5.8%	5.4%	16.2%	18.0%
Other nonresident	$7,353	$7,754	$9,009	$10,630
	5.8%	5.5%	16.2%	18.0%
Graduate				
Resident	$2,964	$3,114	$3,618	$4,270
	5.3%	5.1%	16.2%	18.0%
Minnesota resident[3]	$3,766	$4,156	$4,778	$5,494
	11.4%	10.4%	15.0%	15.0%
Contiguous state/province[4]	$4,446	$4,671	$5,427	$6,404
	5.3%	5.1%	16.2%	18.0%
Other nonresident	$7,914	$8,314	$9,660	$11,400
	5.3%	5.1%	16.2%	18.0%
University of North Dakota				
Undergraduate				
Resident	$2,754	$2,954	$3,441	$4,009
	5.8%	7.3%	16.5%	16.5%
Minnesota resident[3]	$3,074	$3,396	$3,900	$4,476
	10.7%	10.5%	14.8%	14.8%
Contiguous state/province[4]	$4,131	$4,431	$5,163	$6,013
	5.8%	7.3%	16.5%	16.5%
Other nonresident	$7,353	$7,887	$9,187	$10,703
	5.8%	7.3%	16.5%	16.5%
Graduate				
Resident	$2,964	$3,179	$3,703	$4,313
	5.3%	7.3%	16.5%	16.5%

Institution	2001-02	2002-03[1]	2003-04[1]	2004-05[1]
Minnesota resident[3]	$3,766	$4,156	$4,778	$5,494
	11.4%	10.4%	15.0%	15.0%
Contiguous state/province[4]	$4,446	$4,769	$5,555	$6,471
	5.3%	7.3%	16.5%	16.5%
Other nonresident	$7,914	$8,488	$9,889	$11,519
	5.3%	7.3%	16.5%	16.5%
School of Law				
Resident	$3,174	$3,472	$4,045	$4,713
	5.0%	9.4%	16.5%	16.5%
Minnesota resident[3]	$3,766	$4,156	$4,778	$5,494
	11.4%	10.4%	15.0%	15.0%
Contiguous state/province[4]	$4,761	$5,208	$6,067	$7,069
	5.0%	9.4%	16.5%	16.5%
Other nonresident	$8,475	$9,270	$10,801	$12,581
	5.0%	9.4%	16.5%	16.5%
School of Medicine and Health Sciences				
Resident	$12,537	$13,447	$15,343	$17,507
	5.0%	7.3%	14.1%	14.1%
Minnesota resident[3]	$14,041	$15,600	$17,561	$19,608
	9.9%	11.1%	12.6%	11.7%
Other nonresident	$33,474	$35,903	$40,963	$46,741
	5.0%	7.3%	14.1%	14.1%
Physical Therapy[10]				
Resident	$5,070	$5,438	$7,091	$8,091
	5.8%	7.3%	30.4%	14.1%
Resident (enrolled as of the 2001-02 academic year)	$5,794	$6,215	$7,091	$8,091
		7.3%	14.1%	14.1%
Minnesota resident[3]	$5,070	$5,438	$7,091	$8,091
		7.3%	30.4%	14.1%
Minnesota resident (enrolled as of the 2001-02 academic year)[3]	$5,794	$6,216	$7,091	$8,091
		7.3%	14.1%	14.1%
Contiguous state/province[4]	$8,016	$8,598	$9,811	$11,195
		7.3%	14.1%	14.1%
Other nonresident	$8,016	$8,598	$9,811	$11,195
		7.3%	14.1%	14.1%
Valley City State University				
Undergraduate				
Resident	$2,067	$2,202	$2,652	$3,130
	4.3%	6.5%	20.4%	18.0%
Minnesota resident[3]	$2,316	$2,554	$3,035	$3,506
	9.2%	10.3%	18.8%	15.5%
Contiguous state/province[4]	$2,584	$2,753	$3,315	$3,913

Institution	2001-02	2002-03[1]	2003-04[1]	2004-05[1]
	4.3%	6.5%	20.4%	18.0%
Other nonresident	$5,519	$5,879	$7,081	$8,357
	4.3%	6.5%	20.4%	18.0%
Williston State College[11]				
Undergraduate				
Resident	$1,682	$1,811	$1,920	$2,074
	3.1%	7.7%	6.0%	8.0%
Minnesota resident[3]	$2,402	$2,699	$2,600	$2,938
	10.8%	12.4%	(3.7%)	13.0%
Contiguous state/province[4]	$2,103	$1,811	$1,920	$2,074
	3.1%	(13.9%)	6.0%	8.0%
Other nonresident	$4,491	$2,717	$2,880	$3,111
	3.1%	(39.5%)	6.0%	8.0%

[1]For the 2002-03, 2003-04, and 2004-05 academic years, the State Board of Higher Education authorized each higher education institution president to set the final tuition rate for each campus within an approved range.

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

[3]Under the current North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate.

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

[5]Minot State University instituted a tuition rate increase for both the fall and spring semesters of the 2002-03 academic year. The following is a summary of the fall and spring tuition costs per semester for the 2002-03 academic year:

	Fall 2002	Spring 2003
Undergraduate		
Resident	$1,172	$1,212
Minnesota resident	$1,360	$1,406
Contiguous state/province	$1,465	$1,515
Other nonresident	$3,129	$3,236
Graduate		
Resident	$1,557	$1,597
Minnesota resident	$2,078	$2,131
Contiguous state/province	$2,336	$2,396
Other nonresident	$4,157	$4,264

[6]Beginning with the 2002-03 academic year, Minot State University - Bottineau charges resident tuition rates to students from all Canadian provinces.

[7]For academic years 2002-03, 2003-04, and 2004-05, the State College of Science is offering special reduced tuition rates to contiguous state/province and other nonresident students who live on campus with a meal plan. The following is a summary of the special reduced tuition rates:

	2002-03	2003-04	2004-05
Undergraduate			
Contiguous state/province	$1,782	$2,052	$2,670
Other nonresidents	$2,673	$3,078	$4,005

Institution	2001-02	2002-03[1]	2003-04[1]	2004-05[1]

[8]State College of Science implemented a per credit tuition model beginning in the 2004-05 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours except for the 17th and 18th 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.

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

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

[11]Williston State College implemented a per credit tuition model beginning in the 2002-03 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours except for the 14th, 15th, and 16th credits, which are at no charge. The tuition rates shown are based on a credit load of 15 credit hours per semester, which is the number of credit hours taken by an average full-time student.

DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Adds $32 million of additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 67.49 percent in federal fiscal year 2005 to 65.85 percent in federal fiscal year 2006, to an estimated 63.23 in federal fiscal year 2007.
- Adds $16.3 million, of which $6.1 million is from the general fund for providing **inflationary increases** to the department's service providers of 2 percent for each year of the biennium.

MANAGEMENT

- Provides $29.2 million, of which $3.7 million is from the general fund for rewriting the **Medicaid management information system (MMIS)** computer application.
- Provides $863,000, of which $639,953 is from the general fund for **ConnectND fees** paid to the Information Technology Department.

ECONOMIC ASSISTANCE

- Reduces funding for **temporary assistance for needy families (TANF)** benefits by $5 million of federal and special funds to provide a total of $24.5 million for the 2005-07 biennium. The reduction is the result of an anticipated reduction in both the number of TANF recipients and average monthly payments.
- Adds $1.2 million, of which $600,000 is from the general fund for **payment error rate measurement (PERM) eligibility reviews** to comply with proposed federal Medicaid and children's health insurance program regulations that, **if approved**, will become effective October 1, 2005.
- Removes $27.5 million, of which $8.7 million is from the general fund, relating to **intergovernmental transfer payments** due to discontinuation of the program at the federal level.
- Provides $107.9 million for **prescription drugs** in the medical assistance program, an increase of $12.7 million, or 13.4 percent, compared to the 2003-05 biennium appropriation.
- Reduces funding for **outpatient hospital services** in the medical assistance program to $33.8 million, a $2.5 million, or 6.8 percent, reduction compared to the 2003-05 biennium appropriation.
- Adds $1.3 million, of which $446,000 is from the general fund to allow Medicaid recipients to set aside up to $5,500 for **funeral expenses** rather than $3,000.
- Provides $348.8 million for **nursing facility care**, an increase of $30.3 million compared to the 2003-05 biennium appropriation of $318.4 million. The $30.3 million increase includes $24.5 million for **inflationary increases required by statute**, $8.1 million for **rebasing** nursing home costs from 1999 to 2003, $634,000 for **changing the method of calculating nursing facility payment limits** from the percentile method to a median-plus method, and a reduction of $3 million relating to an anticipated reduction in **nursing facility residents** on Medicaid.
- Provides $12.8 million for **basic care**, of which $5.2 million is from the general fund, an increase of $4.4 million, all of which is from the general fund compared to the 2003-05 biennium appropriation. The department is anticipating that federal funds available under the basic care personal care option will be decreasing due to certain basic care costs no longer being eligible for Medicaid reimbursement under North Dakota's basic care personal care option as approved by the federal government.
- Reduces funding for **aged and disabled waiver services** from the $9.5 million appropriated for the 2003-05 biennium to $2.6 million for the 2005-07 biennium. The general fund share is reduced by $2.1 million, from $3 million in 2003-05 to $900,000 for 2005-07. The department anticipates serving a number of the individuals under the personal care option rather than the aged and disabled waiver during the 2005-07 biennium.
- Provides $15.6 million for **service payments for elderly and disabled (SPED)** and expanded SPED programs, $74,000 more than the $15.5 million appropriated for the 2003-05 biennium. The department anticipates serving a number of SPED recipients under the personal care option during the 2005-07 biennium.
- Provides $14.7 million for the Medicaid **personal care option**, $11.9 million more than the $2.8 million appropriated for the 2003-05 biennium. The general fund share of the 2005-07 biennium appropriation is $5.2 million, $4.3 million more than the $900,000 appropriated for the 2003-05 biennium.

PROGRAM AND POLICY

- Increases funding for **foster care services** by $10.1 million, of which $2.4 million is from the general fund to provide a total of $62.3 million, of which $10.4 million is from the general fund for the 2005-07 biennium. Increases relate to anticipated caseload and cost increases and the 2 percent inflationary increases referred to above.
- Increases funding for **adoption services** by $2 million, of which $900,000 is from the general fund, to provide a total of $12.9 million, of which $5.4 million is from the general fund. Increases relate to anticipated caseload and cost increases and the 2 percent inflationary increases referred to above.
- Provides $206.2 million for **developmental disabilities services grants**, of which $73.2 million is from the general fund. Compared to the 2003-05 biennium, the 2005-07 biennium funding is an increase of $15.7 million, of which $11.3 million is from the general fund. The increase relates to caseload and cost increases of $9.6 million, and the 2 percent inflationary increases referred to above of $6.1 million.
- Provides $31.1 million, of which $14.5 million is from the general fund for **mental health services** in the central office and human service centers. Compared to the 2003-05 biennium adjusted appropriations, the funding recommended is an increase of $450,000. The general fund is increasing by $1.75 million and estimated income is decreasing by $1.3 million.

STATE HOSPITAL

- Adds $3.1 million from the general fund for increased costs and costs relating to **expanding the secure services unit** at the State Hospital from a 22-bed to a 42-bed unit. The secure services unit provides sexual offender treatment services and services to individuals that are mentally ill and dangerous.
- Adds $1.3 million from the general fund for State Hospital traditional services to replace an **anticipated reduction in third-party collections**.
- Anticipates general fund salaries and wages savings of $657,288 from vacant positions and employee turnover.
- Authorizes the **issuance of bonds** to provide $215,000 for replacing an electrical transformer, repairing a roof, and for repairing and painting the water tower at the State Hospital.

DEVELOPMENTAL CENTER

- Adds $1 million from the general fund to **restore the $1 million general fund reduction** made by the 2003 Legislative Assembly.
- Anticipates general fund salaries and wages savings of $724,930 from vacant positions and employee turnover.
- Authorizes the **issuance of bonds** to provide $240,000 for roof repairs on the Cedar Grove and Collette Gym buildings and for swimming pool filtration repairs at the Developmental Center.

HUMAN SERVICE CENTERS

- Removes $250,000 from the general fund provided for the 2003-05 biennium as a **funding pool** to be distributed to human service centers for mental health and substance abuse services based on the needs of each region.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2005-07 executive budget recommendation includes funding of $24,480,000, $5,027,940 less than the 2003-05 appropriation. The reduction is based on the number of temporary assistance for needy families (TANF) recipients and average monthly payments during the 2003-05 biennium, both of which have been lower than anticipated.

The 2005-07 executive budget recommendation includes funding to serve an estimated average monthly caseload of 3,000. The September 2004 caseload was 2,824.

The 2005-07 executive budget recommendation anticipates monthly assistance payments to average $340 per case for the 2005-07 biennium. The average payment per case in September 2004 was $330.

The following schedule compares the 2001-03 and 2003-05 biennium appropriations to the 2005-07 executive budget:

	2001-03 Biennium Adjusted Appropriation		2003-05 Biennium Appropriation	2005-07 Executive Budget Recommendation	2003-05 Executive Budget Increase (Decrease) Compared to 2001-03 Adjusted Appropriations
Temporary Assistance for Needy Families					
Federal funds	$13,614,095		$13,341,867	$8,375,352	($4,966,515)
General fund	3,950,382		3,939,432	3,939,432	0
Retained funds \1	8,300,123		8,392,385	8,301,681	(90,704)
Other funds - Child support collections	2,891,860		3,834,256	3,863,535	29,279
Total - TANF	$28,756,460	\2	$29,507,940	$24,480,000	($5,027,940)

\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.

\2 The 2001-03 biennium legislative appropriation of $25,626,056 was increased by $3,130,404, of which $2,463,544 was federal TANF block grant funds and $666,860 was from projected additional child support collections.

MEDICAL SERVICES, LONG-TERM CARE SERVICES, AND HEALTHY STEPS

MEDICAL SERVICES FUNDING, EXCLUDING LONG-TERM CARE

The 2005-07 executive recommendation for medical services includes a total of $587.4 million. Of this total, $174.7 million is from the general fund.

The executive budget projects that 52,909 individuals will be eligible for the medical assistance program during the 2005-07 biennium, 1,377 more than the 51,532 originally projected by the department at the beginning of the 2003-05 biennium. The actual number of eligible individuals in September 2004 was 52,370.

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

	2001-03 Actual Expenditures	2003-05 Appropriation	2003-05 Projected Expenditures*	2005-07 Executive Budget	2005-07 Increase (Decrease) to 2003-05 Projected
Federal funds	$333,400,309	$363,595,378	$394,531,246	$387,241,229	($7,290,017)
General fund	123,097,004	146,717,523	153,391,633	174,690,185	21,298,552
Other funds	22,182,191	13,280,972	16,142,872	25,430,091	9,287,219
Total	$478,679,504	$523,593,873	$564,065,751	$587,361,505	$23,295,754

*Based upon actual expenditures incurred through September 2004.

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

Federal Fiscal Year	FMAP	Fiscal Relief FMAP	Federal Fiscal Year	FMAP	
1998	70.43%		2005	67.49%	
1999	69.94%		2006	65.85%	
2000	70.42%		2007	63.23%	Estimate
2001	69.99%				
2002	69.87%				
2003	68.36%	72.82% [1]			
2004	68.31%	71.31% [1]			

[1] The federal fiscal relief FMAP was in effect for five quarters, from April 2003 through June 2004.

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

	Actual		Actual		Recommended	
	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment
Inpatient hospital	2.20%	0.00%	0.00%	2.70% [1]	2.00%	2.00%
Outpatient hospital	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Home health	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Dental services	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Drugs	Undeterminable	Undeterminable	7.00%	7.00%	13.80%	13.80%
Physician services	2.20%	0.00%	0.00%	1.83% [1]	2.00%	2.00%
Community-based DD care	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%

[1] Effective April 2004

The following schedule compares the 2001-03 biennium actual expenditures and 2003-05 biennium projected expenditures for medical assistance to the 2005-07 executive budget recommendation:

	2001-03 Actual Expenditures	2003-05 Projected Expenditures*	Percentage Change from Previous Biennium	2005-07 Executive Budget	Percentage of Total	2005-07 Executive Budget Increase (Decrease) to 2003-05	Percentage Increase (Decrease)
Inpatient hospital	$66,953,484	$79,342,681	18.50%	$80,035,720	13.63%	$693,039	0.87%
Outpatient hospital	37,108,605	42,014,049	13.22%	33,808,948	5.76%	(8,205,101)	(19.53%)
Home health	4,644,285	4,515,619	(2.77%)	5,078,120	0.86%	562,501	12.46%
Premiums	10,643,838	14,719,355	38.29%	15,412,408	2.62%	693,053	4.71%
Physicians' services	47,725,831	56,768,638	18.95%	55,395,968	9.43%	(1,372,670)	(2.42%)
Drugs (net)	82,358,261	98,191,860	19.23%	107,930,917	18.38%	9,739,057	9.92%
Durable medical equipment	3,971,117	4,429,993	11.56%	4,161,208	0.71%	(268,785)	(6.07%)
Treatment services for children	7,109,659	9,633,827	35.50%	10,660,644	1.82%	1,026,817	10.66%
Rural health clinics	3,773,318	3,663,953	(2.90%)	3,855,040	0.66%	191,087	5.22%
Indian health services	16,373,612	20,236,816	23.59%	22,325,368	3.80%	2,088,552	10.32%
Community-based developmental disabilities care	163,293,000	186,044,385	13.93%	206,232,292	35.11%	20,187,907	10.85%
Chiropractic services	404,618	393,756	(2.68%)	436,884	0.07%	43,128	10.95%
Dental	11,366,799	12,878,064	13.30%	13,148,796	2.24%	270,732	2.10%
Hospice services	2,099,543	5,106,974	143.24%	1,105,300	0.19%	(4,001,674)	(78.36%)
Private duty nursing	10,910	5,563	(49.01%)	6,656	0.00%	1,093	19.65%
Other, excluding Healthy Steps	20,842,624	26,120,218	25.32%	27,767,236	4.72%	1,647,018	6.31%
Total - Excluding intergovernmental transfer	$478,679,504	$564,065,751	17.84%	$587,361,505	100.00%	$23,295,754	4.13%
Federal funds	$333,400,309	$394,531,246	18.34%	$387,241,229	65.93%	($7,290,017)	(1.85%)
General fund	123,097,004	153,391,633	24.61%	174,690,185	29.74%	21,298,552	13.89%
Other funds	22,182,191	16,142,872	(27.23%)	25,430,091	4.33%	9,287,219	57.53%
Total - Excluding intergovernmental transfer	$478,679,504	$564,065,751	17.84%	$587,361,505	100.00%	$23,295,754	4.13%
Intergovernmental transfer program	$50,298,973	$28,318,634	(43.70%)	$0		($28,318,634)	(100.00%)
Total - Including intergovernmental transfer	$528,978,477	$592,384,385	11.99%	$587,361,505		($5,022,880)	(0.85%)
Federal funds	$368,570,773	$414,727,068	12.52%	$387,241,229	65.93%	($27,485,839)	(6.63%)
General fund	138,225,513	161,514,445	16.85%	174,690,185	29.74%	13,175,740	8.16%
Other funds	22,182,191	16,142,872	(27.23%)	25,430,091	4.33%	9,287,219	57.53%
Total - Including intergovernmental transfer	$528,978,477	$592,384,385	11.99%	$587,361,505	100.00%	($5,022,880)	(0.85%)

*Based upon actual expenditures incurred through September 2004.

LONG-TERM CARE SERVICES FUNDING

The 2005-07 executive recommendation for the long-term care services totals $400.6 million. Of this total, $150.7 million is from the general fund.

The schedule below presents the total funding recommended for long-term care services.

	2001-03 Actual Expenditures	2003-05 Appropriation	2003-05 Projected Expenditures *	2005-07 Executive Budget	2005-07 Increase (Decrease) to 2003-05 Projected
Federal funds	$214,590,424	$232,604,115	$228,905,860	$246,904,106	$17,998,246
General fund	91,419,711	122,422,157	113,130,207	150,658,939	37,528,732
Other funds	18,965,176	3,012,020	2,845,545	2,994,244	148,699
Total	$324,975,311	$358,038,292	$344,881,612	$400,557,289	$55,675,677

*Based upon actual expenditures incurred through September 2004.

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

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

	Actual		Actual		Recommended	
	July 2001 Inflationary Adjustment	July 2002 Inflationary Adjustment	July 2003 Inflationary Adjustment	July 2004 Inflationary Adjustment	July 2005 Inflationary Adjustment	July 2006 Inflationary Adjustment
Nursing facilities	3.78%	3.70%	3.66%	3.66%	3.52%	3.92%
Basic care	2.80%	1.20%	1.20%	1.20%	1.50%	1.50%
Service payments for elderly and disabled (SPED)	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Expanded SPED	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Aged and disabled waiver	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Traumatic brain injury waiver	2.20%	0.00%	0.00%	0.00%	2.00%	2.00%
Targeted case management	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%

The following schedule compares 2001-03 expenditures and 2003-05 projected expenditures for long-term care services to the 2005-07 executive budget recommendation:

	2001-03 Actual Expenditures	2003-05 Projected Expenditures*	Percentage Change from Previous Biennium	2005-07 Executive Budget	Percentage of Total	2005-07 Executive Budget Increase (Decrease) to 2003-05	Percentage Increase (Decrease)
Nursing home care	$288,449,733	$306,803,862	6.36%	$348,777,523	87.07%	$41,973,661	13.68%
Basic care assistance	9,104,283	10,953,097	20.31%	12,812,722	3.20%	1,859,625	16.98%
Service payments for elderly and disabled (SPED)	13,908,262	11,383,185	(18.16%)	14,423,230	3.60%	3,040,045	26.71%
Expanded SPED	1,243,765	790,388	(36.45%)	1,188,889	0.30%	398,501	50.42%
Aged and disabled waiver	10,218,823	11,434,130	11.89%	2,573,636	0.64%	(8,860,494)	(77.49%)
Traumatic brain injury waiver	1,594,180	1,662,898	4.31%	2,330,357	0.58%	667,459	40.14%
Targeted case management	456,265	687,271	50.63%	3,789,824	0.95%	3,102,553	451.43%
Personal care option		1,166,781		14,661,108	3.66%	13,494,327	1156.54%
Total	$324,975,311	$344,881,612	6.13%	$400,557,289	100.00%	$55,675,677	16.14%

Federal funds	$214,590,424	$228,905,860	6.67%	$246,904,106	61.64%	$17,998,246	7.86%
General fund	91,419,711	113,130,207	23.75%	150,658,939	37.61%	37,528,732	33.17%
Other funds	18,965,176	2,845,545	(85.00%)	2,994,244	0.75%	148,699	5.23%
Total	$324,975,311	$344,881,612	6.13%	$400,557,289	100.00%	$55,675,677	16.14%

*Based upon actual expenditures incurred through September 2004.

The following schedule compares the 2003-05 biennium original appropriations to the 2005-07 executive recommendation for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Total Funds
Nursing home care						
2005-07 executive recommendation	$226,187,191	$122,590,332	$0			$348,777,523
2003-05 original appropriation	216,371,403	102,073,218				318,444,621
Increase (decrease)	$9,815,788	$20,517,114	$0	$0	$0	$30,332,902
Basic care assistance						
2005-07 executive recommendation	$5,339,991	$5,188,369		$2,284,362		$12,812,722
2003-05 original appropriation	5,363,506	747,857		2,284,362		8,395,725
Increase (decrease)	($23,515)	$4,440,512	$0	$0	$0	$4,416,997
SPED						
2005-07 executive recommendation	$225,720	$13,487,628			$709,882	$14,423,230
2003-05 original appropriation	225,720	13,749,820			727,658	14,703,198
Increase (decrease)	$0	($262,192)	$0	$0	($17,776)	($279,968)
Expanded SPED						
2005-07 executive recommendation		$1,188,889				$1,188,889
2003-05 original appropriation		834,541				834,541
Increase (decrease)	$0	$354,348	$0	$0	$0	$354,348
Aged and disabled waiver						
2005-07 executive recommendation	$1,670,116	$903,520				$2,573,636
2003-05 original appropriation	6,441,991	3,036,121				9,478,112
Increase (decrease)	($4,771,875)	($2,132,601)	$0	$0	$0	($6,904,476)
Traumatic brain injury waiver						
2005-07 executive recommendation	$1,512,170	$818,187				$2,330,357
2003-05 original appropriation	1,545,558	728,514				2,274,072
Increase (decrease)	($33,388)	$89,673	$0	$0	$0	$56,285
Targeted case management						
2005-07 executive recommendation	$2,459,924	$1,329,900				$3,789,824
2003-05 original appropriation	752,872	354,878				1,107,750
Increase (decrease)	$1,707,052	$975,022	$0	$0	$0	$2,682,074
Personal care option						
2005-07 executive recommendation	$9,508,994	$5,152,114				$14,661,108
2003-05 original appropriation	1,903,065	897,208				2,800,273
Increase (decrease)	$7,605,929	$4,254,906	$0	$0	$0	$11,860,835
Total - Long-term care programs						
2005-07 executive recommendation	$246,904,106	$150,658,939	$0	$2,284,362	$709,882	$400,557,289
2003-05 original appropriation	232,604,115	122,422,157	0	2,284,362	727,658	358,038,292
Increase (decrease)	$14,299,991	$28,236,782	$0	$0	($17,776)	$42,518,997

HEALTHY STEPS FUNDING
(CHILDREN'S HEALTH INSURANCE PROGRAM)

The 2005-07 executive recommendation for the Healthy Steps program includes a total of $10.0 million, $2.5 million of which is from the general fund. Compared to the 2003-05 projected expenditures, the executive budget is recommending an increase of $1.4 million, $575,000 of which is from the general fund.

The executive budget recommends continuing eligibility requirements for the program at 140 percent of poverty based on net income and serving an average caseload of 2,300 children each month of the 2005-07 biennium. In September 2004, 2,214 children were covered by the program. The executive budget includes funding for a monthly premium increase of $27.09 or 17.5 percent, from $154.78 to $181.87.

The schedule below compares the 2003-05 projected expenditures to the 2005-07 executive budget recommedation.

	2001-03 Expenditures	2003-05 Projected Expenditures*	2005-07 Executive Budget	2005-07 Executive Budget Increase (Decrease) to 2003-05	Percentage Increase (Decrease)
Healthy Steps	$7,036,901	$8,630,854	$10,039,224	$1,408,370	14.03%
Federal funds	$5,558,447	$6,738,764	$7,572,416	$833,652	11.01%
General fund	1,478,454	1,892,090	2,466,808	574,718	23.30%
Other funds	0	0	0	0	
Total	$7,036,901	$8,630,854	$10,039,224	$1,408,370	14.03%

*Based upon actual expenditures incurred through September 2004.

The schedules below represent statistical information regarding the Healthy Steps program, including the federal medical assistance percentage (FMAP) for the program, North Dakota's allocation of federal funds, the average number of children enrolled each year, and premium expenditures and premium rates in effect for the majority of the year for the majority of children covered.

Federal Fiscal Year Ending		FMAP	North Dakota Allocation \1
September 30, 1998		79.30%	$5,041,000
September 30, 1999		78.96%	$5,017,000
September 30, 2000		79.29%	$5,656,000
September 30, 2001		78.99%	$6,576,000
September 30, 2002		78.91%	$5,333,000
September 30, 2003		77.85%	$5,437,000
September 30, 2004		77.82%	$5,437,000
September 30, 2005		77.24%	$5,437,000
September 30, 2006		76.10%	$5,437,000
September 30, 2007	Estimate	74.26%	$5,437,000

\1 The federal government allows states two years to spend their federal fund allocation.

State Fiscal Year Ending	Children Enrolled		Premium Expenditures		Premium Rates	
June 30, 2000	1,168		$1,321,417		$108.64	
June 30, 2001	2,092		$2,955,445		$110.35	
June 30, 2002	2,534		$3,823,196		$127.17	
June 30, 2003	2,099		$3,213,705		$127.67	
June 30, 2004	2,301		$4,220,838		$154.30	
June 30, 2005	2,300	\1	$4,271,928	\1	$154.78	
June 30, 2006	2,300	\1	$5,019,612	\1	$181.87	Executive recommendation
June 30, 2007	2,300	\1	$5,019,612	\1	$181.87	Executive recommendation

\1 This amount is projected.

NOTE: The Healthy Steps program began on October 1, 1999.

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 2005-07 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 1997-99 THROUGH 2003-05 APPROPRIATIONS

	1997-99 Biennium Appropriations	1999-2001 Biennium Appropriations	2001-03 Biennium Appropriations	2003-05 Biennium Appropriations	2005-07 Executive Budget Recommendation	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Appropriations
Developmental Center at Grafton						
Total appropriation (excluding capital improvements)	$39,157,533	$39,305,692	$40,165,023	$40,023,854	$42,453,146	$2,429,292
Less estimated income	30,097,389	29,770,472	30,221,013	31,849,828	31,349,952	(499,876)
General fund	$9,060,144	$9,535,220	$9,944,010	$8,174,026	$11,103,194	$2,929,168
Department of Human Services						
Developmental disabilities grants						
Adult day care	$2,416,454	$3,074,184	$0	$0	$0	$0
Developmental day activity	5,938,760	8,493,238	0	0	0	0
Prevocational work activity	3,202,455	9,197,052	0	0	0	0
Developmental work activity	2,929,114	172,596	0	0	0	0
Day supports			20,725,614	26,858,543	29,936,698	3,078,155
Transitional community living	6,885,557	8,309,606	10,210,167	11,046,988	11,477,823	430,835
Minimally supervised living	4,303,344	4,306,112	5,498,138	6,524,252	9,708,818	3,184,566
Supported living arrangement	1,095,354	1,394,782	1,362,486	1,324,904	637,427	(687,477)
Congregate care	2,371,042	2,905,569	2,794,924	3,062,549	3,221,445	158,896
Family subsidy	952,031	1,368,653	1,881,548	1,792,256	1,465,844	(326,412)
Infant development	1,556,877	1,723,065	1,913,403	2,371,965	4,315,029	1,943,064
Family support services - In-home support	3,536,083	5,508,872	4,353,602	5,227,494	7,135,824	1,908,330
Family support services - Short-term family care			390,818	374,817	435,624	60,807
Family support services - Family care option			737,274	2,639,705	1,495,741	(1,143,964)
Individual supervised living arrangement	29,821,940	36,927,119	40,214,650	45,039,409	45,766,885	727,476
Emergency services	205,584	223,528	91,105		0	0
Extended family care	1,660,413	1,165,011	1,356,506		0	0
Room and board	57,944	93,617	0	0	0	0
Specialized placements	717,078	615,695	807,135	838,537	970,571	132,034
Title XIX waivered services	1,313,198	1,183,980	1,362,110	1,277,232	1,105,752	(171,480)
Extended services	4,901,280	4,920,410	4,456,339	4,845,895	4,057,454	(788,441)
Adult education transition services			270,135	124,432	48,966	(75,466)
Self-directed supports - Families					2,534,490	2,534,490
Self-directed supports - Adults					341,815	341,815
Self-directed supports - Fiscal agent					428,298	428,298
Subtotal	$73,864,508	$91,583,089	$98,425,954	$113,348,978	$125,084,504	$11,735,526

	1997-99 Biennium Appropriations	1999-2001 Biennium Appropriations	2001-03 Biennium Appropriations	2003-05 Biennium Appropriations	2005-07 Executive Budget Recommendation	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Appropriations
Community ICF care	49,439,357	57,339,600	65,700,412	77,207,149	81,147,788	3,940,639
Total DD grants	$123,303,865	$148,922,689	$164,126,366	$190,556,127	$206,232,292	$15,676,165
Less estimated income	78,301,998	99,619,970	110,420,996	128,703,919	133,017,647	4,313,728
General fund - DD grants	$45,001,867	$49,302,719	$53,705,370	$61,852,208	$73,214,645	$11,362,437
Vocational rehabilitation - Supported employment						
Total	$730,275	$492,030	$499,457	$202,198	$210,000	$7,802
Less estimated income	639,111	371,330	378,757	202,198	165,270	(36,928)
General fund	$91,164	$120,700	$120,700	$0	$44,730	$44,730
Additional Department of Human Services DD costs						
Central office	$5,715,493	$5,350,954	$5,085,208	$4,432,090	$5,273,524	$841,434
Regional human service centers	10,497,654	11,070,745	11,657,215	11,249,124	13,043,748	1,794,624
Total additional DD costs	$16,213,147	$16,421,699	$16,742,423	$15,681,214	$18,317,272	$2,636,058
Less estimated income	8,032,322	9,083,124	9,479,851	7,736,590	9,663,135	1,926,545
General fund - Additional DD costs	$8,180,825	$7,338,575	$7,262,572	$7,944,624	$8,654,137	$709,513
Developmentally disabled facility loan funds - Lands and minerals trust fund	$1,840,956	$1,840,956	$2,261,556	$3,261,556	$0 [1]	($3,261,556)
Protection and Advocacy Project						
Total	$2,107,834	$2,284,040	$2,992,841	$3,226,255	$3,713,439	$487,184
Less estimated income	1,410,787	1,507,492	2,186,315	2,443,532	2,902,975	459,443
General fund	$697,047	$776,548	$806,526	$782,723	$810,464	$27,741
Grand total - DD	$183,353,610	$209,267,106	$226,787,666	$252,951,204	$270,926,149	$17,974,945
Less grand total estimated income	120,322,563	142,193,344	154,948,488	174,197,623	177,098,979	2,901,356
Grand total - General fund - DD services	$63,031,047	$67,073,762	$71,839,178	$78,753,581	$93,827,170	$15,073,589

NOTE: The amounts shown for the 1997-99, 1999-2001, 2001-03, and 2003-05 bienniums are the adjusted appropriations.

[1] The executive budget recommends the developmentally disabled facility loan fund payments to the common schools trust fund be made pursuant to a continuing appropriation (Section 7 of Senate Bill No. 2013 (2005) - the Land Department appropriations bill).

MENTAL HEALTH SERVICES
EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2005-07 BIENNIUM
COMPARED TO THE 1997-99 THROUGH 2003-05 BIENNIUM LEGISLATIVE APPROPRIATIONS

	1997-99 Biennium Appropriations	1999-2001 Adjusted Appropriations	2001-03 Adjusted Appropriations	2003-05 Adjusted Appropriations	2005-07 Executive Budget Recommendation	2005-07 Executive Budget Increase (Decrease) Compared to 2003-05 Adjusted Appropriations
State Hospital						
Traditional services	$48,785,731	$42,713,025	$43,213,213	$32,229,564	$34,377,487	$2,147,923
Secure services				2,443,180	5,455,560	3,012,380
Capital improvements	2,118,079	2,133,967	1,258,778	910,840	732,634	(178,206)
Total	$50,903,810	$44,846,992	$44,471,991	$35,583,584	$40,565,681	$4,982,097
Less estimated income	17,236,092	14,364,923	13,879,532	11,715,381	11,001,792	(713,589)
General fund	$33,667,718	$30,482,069	$30,592,459	$23,868,203	$29,563,889	$5,695,686
Department of Human Services						
Central office - Mental health	$7,473,068	$3,608,211	$2,311,363	$2,702,553	$2,249,675	($452,878)
Human service centers - Mental health	28,664,044 \1	32,333,850 \1	30,025,003 \1	27,994,663 \1	28,897,178 \1	902,515
Total	$36,137,112	$35,942,061	$32,336,366	$30,697,216	$31,146,853	$449,637
Less estimated income	23,882,174	22,210,636	18,334,225	17,930,549	16,613,707	(1,316,842)
General fund	$12,254,938	$13,731,425	$14,002,141	$12,766,667	$14,533,146	$1,766,479
Grand total - Mental health services	$87,040,922	$80,789,053	$76,808,357	$66,280,800	$71,712,534	$5,431,734
Less grand total estimated income	41,118,266	36,575,559	32,213,757	29,645,930	27,615,499	(2,030,431)
Grand total - General fund - Mental health	$45,922,656	$44,213,494	$44,594,600	$36,634,870	$44,097,035	$7,462,165

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

	1997-99 Biennium Appropriations	1999-2001 Adjusted Appropriations	2001-03 Adjusted Appropriations	2003-05 Adjusted Appropriations	2005-07 Executive Budget Recommendation	Increase (Decrease) Compared to 2003-05 Appropriations
General fund	$10,859,617	$12,179,611	$12,543,591	$11,690,111	$13,429,572	$1,739,461
Other funds	17,804,427	20,154,239	17,481,412	16,304,552	15,467,606	(836,946)
Total	$28,664,044	$32,333,850	$30,025,003	$27,994,663	$28,897,178	$902,515

CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive recommendation includes a total of $747,153,830 for capital projects. As reflected in the following schedules, the total includes:

- $162,193,588 for major capital projects.
- $11,793,923 for extraordinary repairs.
- $573,166,319 for other projects (including $504,001,529 for the Department of Transportation and $43,022,460 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	$1,841,255	$160,352,333
Extraordinary repairs	3,329,159	8,464,764
Bond payments	18,249,556	2,146,611
Other projects	334,000	552,436,152
Total	$23,753,970	$723,399,860

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 $2,331,554 for state facility energy improvement program capital improvements at the University of North Dakota. This total includes projects in nine separate buildings, and the average estimated payback period is seven years.

LEASE PAYMENTS

The executive recommendation includes a total of $18,021,705 from the general fund for 2005-07 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, and Job Service North Dakota.

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 2005-07 biennium is estimated to be $19,482,600 based on projected sales, use, and motor vehicle excise tax collections included in the 2005-07 executive budget.

The executive budget recommendation includes bonding for $25,555,758 of capital projects during the 2005-07 biennium. The executive budget anticipates capitalizing the interest on these bonds for three years rather than two years, as previously done. By capitalizing the interest for three years, the first bond payment will be delayed until the second year of the 2007-09 biennium, which allows the state to bond for the recommended $25,555,758 of capital projects during the 2005-07 biennium and still keep the bond payments for the 2007-09 biennium within the statutory limit of 10 percent of 1 percent of sales tax.

Please see the schedule on capital construction lease payments and outstanding principal balances for additional information.

MAJOR NEW CAPITAL CONSTRUCTION EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2005-07 BIENNIUM COMPARED TO 2003-05 LEGISLATIVE APPROPRIATIONS

			2005-07 Executive Budget Recommendations			2003-05 Legislative Appropriations		
Bill No.	Agency or Institution	Project	General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
HB 1015	Office of Management and Budget (110)	Fire suppression system			$3,155,000 [1]			
SB 2021	Information Technology Department (112)	Division of Independent Study - Thordarson Hall		$60,000				
HB 1003	Office of Attorney General (125)	Crime lab building addition and remodeling			3,632,691			
SB 2003	Bismarck State College (227)	Plant services building		502,800				
		Student apartments (revenue bonds)			1,800,000			
SB 2003	Lake Region State College (228)	Science lab renovation	$343,875					
SB 2003	Williston State College (229)	Energy and transportation training center addition		910,000				
		Rural development center		6,000,000				
SB 2003	University of North Dakota (230)	American Indian Center		3,500,000				
		Carnegie Library renovation		3,000,000				
		Dining center renovation (Wilkerson and/or Squires) (revenue bonds)			1,500,000			
		Indoor track facility		6,000,000				
		Parking ramp structure (revenue bonds)			12,000,000			
		SOMHS Allied Health facility		7,500,000				
		SOMHS laboratory renovation		2,500,000				
		University housing replacement (revenue bonds)			16,000,000			
SB 2003	North Dakota State University (235)	Hazardous material handling and storage facility			3,500,000			
		Memorial Union renovation and addition (revenue bonds)			22,000,000			
		Wellness Center addition (revenue bonds)			12,000,000			
SB 2003	State College of Science (238)	Blikre Activities Center addition		368,920				
		Electrical distribution - Phase II of IV			736,000			
SB 2003	Dickinson State University (239)	Murphy Hall renovation addition (Stage II)			4,100,557			
		Whitney Stadium renovation addition		5,000,000				
SB 2003	Mayville State University (240)	Fieldhouse entrance, concession and restroom expansion		1,000,000				
		Outdoor athletic complex		500,000				
SB 2003	Minot State University (241)	Crane Hall renovation		3,535,000				
SB 2003	Valley City State University (242)	W. E. Osmon bleacher replacement	250,000	32,000				
SB 2003	Forest Service (244)	Seed processing facilities	65,000					
HB 1013	North Dakota Vision Services (253)	South wing air-conditioning replacement	42,380					
HB 1012	Department of Human Services (325)	Cedar Grove roofing (Developmental Center)			135,000			
		Collette pool filtration and roof (Developmental Center)			105,000			
		Electrical transformer replacement (State Hospital)			40,000			
		Roof repairs (State Hospital)			65,000			
		Water tower repairs and painting (State Hospital)			110,000			
SB 2014	Bank of North Dakota (471)	New Bank building		11,000,000				
SB 2015	Department of Corrections and Rehabilitation (530)	ET building improvements (JRCC)			980,000			
		Programs building code improvements (JRCC)			584,000			
		Multipurpose building (MRCC)			2,022,510			

Bill No.	Agency or Institution	Project	2005-07 Executive Budget Recommendations General Fund	Special Funds	Bonding	2003-05 Legislative Appropriations General Fund	Special Funds	Bonding
		Roughrider Industries building (MRCC)		320,000				
		Air exchange system in welding shop (YCC)		135,000				
HB 1017	Adjutant General (540)	Army Guard contracts construction		10,215,755				
SB 2020	Branch research centers (628)	Agronomy laboratory and greenhouse (North Central)		880,000	440,000			
SB 2020	NDSU Main Research Center (640)	Research greenhouse complex (Main Station)			4,500,000 [2]			
HB 1019	State Historical Society (701)	Chateau Interpretive Center planning		500,000	1,100,000 [3]			
		Compact storage units for the Heritage Center	250,000					
HB 1018	Game and Fish Department (720)	Bismarck storage buildings		400,000				
		Fishing area projects		870,000				
		Land acquisition		750,000				
		Wildlife management area projects		150,000				
HB 1020	Parks and Recreation Department (750)	CORPS authority for potential boat ramp capital projects		500,000				
		Coast Guard authority for potential floating breakwater projects - Fort Stevenson State Park		250,000				
		Elkhorn preserve development	110,000	110,000				
		FEMA authority for potential capital projects		100,000				
		Campground rehabilitation - Fort Stevenson State Park	160,000					
		Campground upgrade - Icelandic State Park	95,000	95,000				
		Boat ramp improvements - Lake Sakakawea State Park	25,000	25,000				
		Campground utilities upgrade - Lake Sakakawea State Park	145,000					
		Campground rewire - Lake Sakakawea State Park	55,000					
		Peace Garden Conflict Resolution Center	250,000					
		Pembina Gorge trails	50,000	200,000				
		Administrative office - Turtle River State Park		350,000	350,000			
HB 1021	State Water Commission (770)	Construction of a replacement shop		977,100				
SB 2012	Department of Transportation (801)	District section and storage buildings		1,260,000				
Total 2005-07 executive budget recommendation			$1,841,255 [4]	$69,496,575 [4]	$90,855,758 [4]			
Total 2003-05 legislative appropriations						$395,500 [5]	$64,692,420 [5]	$55,040,428 [5]

[1] The executive budget recommendation classifies the Capitol fire suppression system as an extraordinary repair.

[2] Senate Bill No. 2023 provides $4,500,000 of special funds from state bonding proceeds for the Main Research Center greenhouse complex; $2,000,000 of federal funds and $500,000 of special funds are to be used to repay the bonds.

[3] Senate Bill No. 2023 provides $1,100,000 of special funds from state bonding proceeds for the Historical Society Chateau Interpretive Center; $300,000 of special funds are to be used to repay the bonds.

[4] The executive budget recommendation also includes $573,166,319 for other projects consisting of:
$504,001,529 for contractor payments in the Department of Transportation (all from other funds).
$43,022,460 for water projects and bond payments (all from other funds).
$20,396,167 for bond payments ($18,249,556 from the general fund, $2,146,611 from other funds).
$5,392,163 for ConnectND bond payments from Information Technology Department charges to agencies.
$354,000 for other projects and payments ($334,000 from the general fund, $20,000 from other funds).

[5] Represents the total appropriation for major new capital construction provided by the 2003 Legislative Assembly. Please refer to the Legislative Council's "Analysis of 58th Legislative Assembly's Changes to the Executive Budget for the 2003-05 Biennium" for details regarding the 2003-05 appropriations. The 2003 Legislative Assembly provided for $12,260,102 of bonding; authorized the State Board of Higher Education to issue $40,675,000 of revenue bonds; authorized the State Historical Society to issue $2 million of bonds to be paid from federal, local, or donated funds collected by the State Historical Society; and authorized a state facility energy improvement program capital project for the Department of Corrections and Rehabilitation of $105,326 to be repaid with resulting energy cost-savings.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2005-07 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs.

Agency or Institution	2005-07 Executive Budget Recommendations		
	General Fund	Special Funds	Total
Office of Management and Budget (110)			
Energy savings project		$1,800,000	$1,800,000
Judicial wing parking lot repair	$150,000		150,000
New parking area	245,000		245,000
Other projects	335,000		335,000
Total - Office of Management and Budget	$730,000	$1,800,000 [1]	$2,530,000 [1]
University of North Dakota (230)			
Energy projects		$2,331,554	$2,331,554
Forest Service (244)			
Well and walking bridge repairs	$8,000		$8,000
Irrigation well repairs	28,638		28,638
Total - Forest Service	$36,638		$36,638
School for the Deaf (252)			
Pool building roof repair	$36,645		$36,645
Roads and parking lot repair	10,000		10,000
Facility enhancement measures		$232,850	232,850
Total - School for the Deaf	$46,645	$232,850	$279,495
North Dakota Vision Services (253)			
Replace carpet and roof cooling unit		$15,090	$15,090
State Department of Health (301)			
Repairs for laboratory building		$107,960	$107,960
Veterans Home (313)			
Roofing	$54,920		$54,920
Remodel bathroom at Commandant's house	6,957		6,957
Carpeting for skilled unit		$7,300	7,300
Replacement tile		8,651	8,651
Skilled sewage lift		6,500	6,500
Total - Veterans Home	$61,877	$22,451	$84,328
Aeronautics Commission (412)			
International Peace Garden airport		$134,000	$134,000
Highway Patrol (504)			
Remodeling and new carpet at the Law Enforcement Training Center	$17,680	$7,320	$25,000
Department of Corrections and Rehabilitation (530)			
Fire suppression system at James River Correctional Center	$155,000		$155,000
Perimeter security improvements at State Penitentiary	165,000		165,000
Counter tops at Missouri River Correctional Center	20,000		20,000
Various repair and maintenance projects at State Penitentiary	247,000		247,000
Various repair and maintenance projects at James River Correctional Center	135,000		135,000
Extraordinary repair projects at Youth Correctional Center	55,000		55,000
Total - Department of Corrections and Rehabilitation	$777,000		$777,000
Adjutant General (540)			
Replace roof of the Raymond J. Bohn Armory in Bismarck	$250,000	$250,000	$500,000

Agency or Institution	2005-07 Executive Budget Recommendations General Fund	Special Funds	Total
State Seed Department (616)			
Miscellaneous building repairs and maintenance		$100,000	$100,000
NDSU Main Research Center (640)			
General repairs and maintenance	$380,300		$380,300
Greenhouse repairs	20,000		20,000
Landscaping	15,000		15,000
Total - Main Research Center	$415,300		$415,300
State Historical Society (701)			
Repairs at various historical sites	$251,319		$251,319
Game and Fish Department (720)			
Repairs at the six regional facilities and the Bismarck headquarters		$416,116	$416,116
Parks and Recreation Department (750)			
Sully Creek State Park maintenance and repairs	$70,000		$70,000
Repairs and maintenance at various state parks	672,700	$42,000	714,700
Total - Parks and Recreation Department	$742,700	$42,000	$784,700
Department of Transportation (801)			
Asbestos abatement in State Highway building		$2,488,423	$2,488,423
Miscellaneous district improvements		517,000	517,000
Total - Department of Transportation		$3,005,423	$3,005,423
Total 2005-07 executive budget recommendation - Extraordinary repairs	$3,329,159	$8,464,764 [1]	$11,793,923 [1]

[1] The executive budget recommendation includes $3,155,000 of general fund supported bonding for the Office of Management and Budget for the installation of a fire suppression system in extraordinary repairs, for an extraordinary repair total of $14,948,923 in the executive recommendation. This project has been included in the previous schedule with the major new capital construction.

CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments 2001-03 Actual Payments	Lease Payments 2003-05 Estimated Payments	Lease Payments 2005-07 Estimated Payments	Outstanding Principal Balance June 30, 2003	Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007
1985 Legislative Assembly approved: Developmental Center renovations ($3,900,000) State Penitentiary Phase II construction ($7,500,000) State Hospital renovations ($3,400,000)	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds) Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011)	$17,275,000	$11,340,000	$3,072,055	$2,960,800	$2,813,637	$9,090,000	$6,880,000	$4,595,000
1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center ($2,475,000)									
1989 Legislative Assembly approved: North Dakota State University computer center ($5,375,000) University of North Dakota United Hospital north unit ($1,720,000) State College of Science agricultural mechanics building ($2,916,000) University of North Dakota Abbott Hall addition ($3,300,000)	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds) - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C (2010)	28,808,000	15,145,000 [1]	6,061,336	5,479,013	5,475,306	15,145,000	11,305,000	6,865,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments 2001-03 Actual Payments	Lease Payments 2003-05 Estimated Payments	Lease Payments 2005-07 Estimated Payments	Outstanding Principal Balance June 30, 2003	Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007
Minot State University library ($7,728,000) State Board of Higher Education selected handicapped access projects ($1,600,000) State Penitentiary Phase III construction ($5,000,000) Veterans Home construction and remodeling ($1,169,000)									
1993 Legislative Assembly approved: North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments ($8,423,061) Minot State University - Memorial Library renovation ($2,550,000) Job Service North Dakota - Grand Forks office building ($1,735,000) Adjutant General - Grand Forks Armory ($375,000) Youth Correctional Center - Building demolition and asbestos removal ($250,000)	2002 Series C lease revenue refunding bonds used to refund 1993 Series B North Dakota Building Authority revenue bonds (3% to 4.3% - 12-year bonds) (2014)	13,333,061 [2]	10,665,000	2,267,902	2,067,370	2,008,418	10,665,000	9,350,000	7,995,000
1995 Legislative Assembly approved: Bismarck State College Science and Mathematics Center ($8,060,000) University of North Dakota Abbott Hall renovations ($2,371,769) North Dakota State University emission	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds)	15,326,769 [3]	16,425,000	1,637,347	2,738,140	2,620,095	15,480,000	13,890,000	12,215,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments 2001-03 Actual Payments	Lease Payments 2003-05 Estimated Payments	Lease Payments 2005-07 Estimated Payments	Outstanding Principal Balance June 30, 2003	Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007
control renovations on power plant ($2,145,000) Dickinson State University Klinefelter Hall renovations ($2,750,000)	(2017)								
1997 Legislative Assembly approved: State College of Science - Bute Gym remodeling ($1,700,000) Minot State University - Moore Hall renovation ($4,000,000) Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation ($1,400,000)	1998 Series A North Dakota Building Authority revenue bonds (4.4% to 5.125% - 20-year bonds) (2018)	7,100,000 [4]	8,360,000	1,266,176	1,320,063	1,314,929	7,255,000	6,625,000	5,930,000
1997 Legislative Assembly approved: University of North Dakota - Renovation and addition to the Ed James Wing of the medical school building ($3,000,000)	1998 Series C North Dakota Building Authority revenue bonds (3.2% to 4.35% - 10-year bonds) (2008)	3,000,000 [5]	3,400,000	703,659	780,460	779,071	2,300,000	1,685,000	1,020,000
1999 Legislative Assembly approved: North Dakota State University - Animal facility ($2,207,500) Youth Correctional Center - Pine Cottage ($1,475,000)	2000 Series A North Dakota Building Authority revenue bonds (5.5% - 20-year bonds) (2020)	3,682,500 [6]	4,430,000	526,745	735,704	701,870	4,145,000	3,835,000	3,485,000
1999 Legislative Assembly approved: Williston State College - Health and Wellness Center ($3,000,000)	2001 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2021)	10,850,000 [7]	13,165,000	452,476	1,546,756	2,071,753	12,950,000	12,505,000	11,565,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments 2001-03 Actual Payments	Lease Payments 2003-05 Estimated Payments	Lease Payments 2005-07 Estimated Payments	Outstanding Principal Balance June 30, 2003	Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007
2001 Legislative Assembly approved: Minot State University - Old Main renovation ($7,850,000)									
2001 Legislative Assembly approved: State Department of Health - Laboratory addition ($2,700,000) Job Service North Dakota Bismarck service delivery office ($2,302,000)	2002 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2022)	5,002,000 [8]	6,035,000		697,938	990,338	6,035,000	5,920,000	5,480,000
2003 Legislative Assembly approved: State Department of Health Morgue and storage annex ($960,000) Department of Corrections and Rehabilitation Food service/laundry renovations - Phase II (JRCC) ($2,662,890) Dickinson State University Murphy Hall - Phase I addition ($5,882,047) Mayville State University Steamline replacement - Phase II ($1,355,000) Valley City State University Graichen Gymnasium elevator and emergency exits ($785,300)	2003 Series B North Dakota Building Authority revenue bonds (4.09% 20-year bonds) (2023)	11,645,237 [9]	13,080,000 [10]			1,900,005	13,080,000	13,080,000	12,070,000
2005-07 executive budget recommended bonding (see previous schedule on major capital construction projects) [11]	(4.53% 20-year bonds)	25,555,758	32,265,000						
Total		$141,578,325	$134,310,000	$15,987,696	$18,326,244	$20,675,422	$96,145,000	$85,075,000	$71,220,000
Breakdown of payments: General fund Agency contributions Total				$13,910,272 [12] 2,077,424 $15,987,696	$15,848,226 [12] 2,478,018 $18,326,244	$18,021,705 [12] 2,653,717 $20,675,422			

[1] 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	Contributions Made Through the 2003-05 Biennium	Remaining Contributions	
North Dakota State University	Computer technology transfer center	$1,343,000	$1,232,250	$110,750	(Biennial contributions are $55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	237,500	62,500	(Biennial contributions are $31,250)
University of North Dakota	Abbott Hall addition	825,000	768,750	56,250	(Biennial contributions are $28,125)
Minot State University	Library facility	1,932,000	1,536,500	395,500	(Biennial contributions are $197,750)
Total		$4,400,000	$3,775,000	$625,000	

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

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

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

[2] 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	Contributions Made Through the 2003-05 Biennium	Remaining Contributions	
Minot State University	Library renovation	$255,000	$255,000	$0	(Biennial contributions were $42,500)
Job Service North Dakota	Grand Forks office building	1,735,000			
Total		$1,990,000	$255,000	$0	

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.

[3] 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	Contributions Made Through the 2003-05 Biennium	Remaining Contributions	
Bismarck State College	Science and Mathematics Center	$1,060,000	$1,060,000	$0	(Biennial contributions were $353,334)
University of North Dakota	Abbott Hall renovation	871,769	871,769	0	(Biennial contributions were $290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	275,000	0	(Biennial contributions were $91,666)
Total		$2,206,769	$2,206,769	$0	

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.

[4] 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	Contributions Made Through the 2003-05 Biennium	Remaining Contributions	
State College of Science	Bute Gym renovation	$300,000	$300,000	$0	(Biennial contributions were $100,000)

[5] 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.

[6] 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.

[7] 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 was available prior to construction, the State Building Authority only bonded for $3 million of the $4.5 million project. Williston State College will have paid $600,000 by the end of the 2003-05 biennium, with $900,000 remaining.

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

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

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

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

House Bill No. 1003 (2003) appropriated $8,022,347 of special funds for the issuance of bonds for three University System projects by the State Building Authority. In addition, $830,000 of capital bond payments from the 2001-03 biennium was used for bond issuance buydown. Dickinson State University will also provide $250,000 during the 2005-07 biennium to assist in the retirement of the bonds, which is included in the agency contribution total for the 2005-07 biennium.

[10] The 2005-07 biennium payment on this bond issue is $1,900,005. This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of $105,326. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings.

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

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

[11] The estimated 2007-09 biennium payment on this proposed bond issue, based on an estimated interest rate of 4.53 percent, is approximately $1.3 million. The source of the $1.3 million is not known at this time because the 2005-07 biennium executive budget recommendation has identified $2.8 million from non-general fund sources to be used for bond payments. However, a schedule for the receipt of those dollars is not available at this time.

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

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected general fund portion of the bond payments for the 2005-07 through the 2013-15 bienniums and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the December 2004 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments		Other Funds**	General Fund	10 Percent of Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2005-07	$20,675,422		$2,653,717	$18,021,705	$19,482,600	$1,460,895
2007-09	$22,426,405	*	$2,410,598	$20,015,807	$20,261,904	$246,097
2009-11	$19,947,513	*	$1,831,652	$18,115,861	$21,072,380	$2,956,519
2011-13	$18,056,497	*	$1,528,138	$16,528,359	$21,915,275	$5,386,916
2013-15	$16,765,277	*	$956,213	$15,809,064	$22,791,886	$6,982,822

* The future biennium bond payments reflect estimated payments related to the bonding recommended in the 2005-07 biennium executive budget but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The bond payment schedule for the $25.56 million of bonding included in the 2005-07 biennium executive budget capitalizes interest for three years, instead of two years which was done in previous bond issuances. Therefore, the first principal payment for the proposed 2005-07 biennium bonding would not be due until the second year of the 2007-09 biennium. The 1998 Series C bond issuance will be paid off during the 2007-09 biennium, and the 1998 Series B and 2003 Series A bond issuances will be paid off during the 2009-11 biennium.

** The $2,800,000 identified in the 2005-07 biennium executive budget recommendation from non-general fund sources has not been included with other funds in the schedule above, because a schedule for the receipt of those dollars is not available at this time.

STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to 4 percent of salaries effective July 1, 2005, and 3 percent effective July 1, 2006. Agencies may provide an additional 1 percent salary increase on July 1, 2006, to the extent the increase can be paid with existing agency resources. Specific language regarding the salary increases is included in Section 7 of House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2005-07 executive budget recommendation includes a $5 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. Of the $5 million, $2.5 million is from the general fund and $2.5 million from special funds.

HIGHER EDUCATION

The executive budget recommendation authorizes the State Board of Higher Education to adjust full-time equivalent (FTE) positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2007-09 budget request.

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

ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation provides funding for elected and appointed officials salary increases equal to 4 percent of salaries effective July 1, 2005, and 3 percent effective July 1, 2006, which is the same level as provided for other state employees. An additional 1 percent may be provided on July 1, 2006, to the extent the increase can be paid with existing agency resources. Specific language regarding the salary increases is included in Section 7 of House Bill No. 1015, the appropriations bill for the Office of Management and Budget.

JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of approximately 5.78 percent for the first year of the biennium and 4 percent for the second year of the biennium. Salary increases for Supreme Court judges are 5.78 percent the first year of the biennium and 4 percent 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 4 percent of salaries effective July 1, 2005, and 3 percent of salaries effective July 1, 2006, with an additional 1 percent authorized on July 1, 2006, to the extent the increase can be paid from existing judicial branch resources. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides $559.15 per month for employee health insurance (an increase of $70 compared to the 2003-05 premium). A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	$265
1997-99	$301
1999-2001	$350
2001-03	$409
2003-05	$489
2005-07 executive recommendation	$559

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program (EAP) increased from $1.35 to $1.42 per month. This is the first rate adjustment to EAP since the program began in 1997.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2005-07 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

	General Fund	Special Funds	Total
Salary increase - 4% July 2005 and 3% July 2006	$18,074,042	$19,876,901	$37,950,943
Health insurance ($14,292,502) and employee assistance program ($17,452) increase	5,777,512	8,532,442	14,309,954
Equity adjustment - State employee salary pool in the Office of Management and Budget	2,500,000	2,500,000	5,000,000
Equity adjustment - Department of Corrections and Rehabilitation correctional officers	1,000,000		1,000,000
Total	$27,351,554	$30,909,343	$58,260,897

FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2005-07 biennium includes a total of 10,618.15 FTE positions, 167.78 FTE positions fewer than the 2003-05 authorized level. This includes a reduction of 203.71 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund. The net increase, excluding the higher education positions, is 35.93 FTE positions. The recommendation includes the addition of 137.66 new FTE positions and the deletion of 101.73 FTE positions. The cost of the 137.66 new FTE positions totals $12,917,785 for the 2005-07 biennium, including salary and health insurance increases. Of this amount, $7,694,828 is from the general fund. Funding reductions relating to the 101.73 deleted positions totals $4,393,378 for the 2005-07 biennium. Of this amount, $2,277,162 is from the general fund.

ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS RECOMMENDED IN THE 2005-07 EXECUTIVE BUDGET

2003-05 FTE Positions	Executive Recommendation 2005-07 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2005-07 FTE Positions in Agency Budget Request \1
			GENERAL GOVERNMENT				
18.00	18.00	0.00	**101 - Governor's Office**				18.00
27.00	27.00	0.00	**108 - Secretary of State**				27.00
162.00	130.50	(31.50)	**110 - Office of Management and Budget**				128.50
			Adds:				
			1.00 FTE accounting manager (Fiscal Management)	$126,106		$126,106	
			1.00 FTE state procurement officer I (Central Services)	106,967		106,967	
			Transfers:				
			(4.00) FTE Capitol security officer positions to the Highway Patrol	(206,934)		(206,934)	
			(29.00) FTE State Radio positions to the Division of Emergency Managment	(1,985,974)	($664,912)	(2,650,886)	
			(1.00) FTE State Radio position to the Information Technology Department	(129,366)		(129,366)	
			0.50 FTE from the Information Technology Department for information technology functional consolidation			0	
			(31.50)	($2,089,201)	($664,912)	($2,754,113)	
256.70 \1	265.20	8.50	**112 - Information Technology Department**				255.20
			Adds:				
			1.00 FTE programmer analyst III		$126,106	$126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			Transfers:				
			1.00 FTE State Radio position from the Office of Management and Budget	$137,585		137,585	
			(0.50) FTE information technology functional consolidation position to the Office of Management and Budget			0	
			Deletes:				
			(2.00) FTE positions received from information technology functional consolidation			0	
			8.50	$137,585	$1,261,060	$1,398,645	
55.00	55.00	0.00	**117 - State Auditor**				55.00
6.00	6.00	0.00	**120 - State Treasurer**				6.00
182.00	177.00	(5.00)	**125 - Attorney General**				174.00
			Adds:				
			1.00 FTE Bureau of Criminal Investigation (BCI) agent	$107,061		$107,061	
			1.00 FTE BCI information processor	67,477		67,477	

			1.00 FTE crime lab forensic scientist	81,393		81,393	
			Deletes:				
			(6.00) FTE lottery positions funded pursuant to a continuing appropriation			0	
			(2.00) FTE telephone solicitation enforcement positions funded pursuant to a continuing appropriation			0	
			(5.00)	$255,931	$0	$255,931	
137.00	133.00	(4.00)	**127 - Tax Department**				133.00
			Deletes:				
			(1.00) FTE office assistant I (Income, Sales and Special Taxes Division)	($47,684)		($47,684)	
			(1.00) FTE withholding tax specialist (Income, Sales and Special Taxes Division)	(78,248)		(78,248)	
			(1.00) FTE data input operator II (Operations Division)	(44,424)		(44,424)	
			(1.00) FTE staff officer II (Operations Division)	(82,060)		(82,060)	
			(4.00)	($252,416)		($252,416)	
8.00	8.00	0.00	**140 - Office of Administrative Hearings**				8.00
33.00	33.00	0.00	**160 - Legislative Council**				33.00
336.00	332.00	(4.00)	**180 - Judicial Branch**				332.00
			Deletes:				
			(4.00) Vacant FTE positions removed to give employee salary increases during the 2003-05 biennium pursuant to 2003 SB No. 2423	($394,000)		($394,000)	
17.00	17.00	0.00	**190 - Retirement and Investment Office**				17.00
29.00	29.00	0.00	**192 - Public Employees Retirement System**				29.00
1,266.70	1,230.70	(36.00)	**TOTAL GENERAL GOVERNMENT**	($2,342,101)	$596,148	($1,745,953)	1,215.70
			OTHER EDUCATION				
92.75 \1	92.75	0.00	**201 - Department of Public Instruction**				92.75
17.75	18.75	1.00	**226 - Land Department**				17.75
			Adds:				
			1.00 FTE auditor II		$97,248	$97,248	
28.75	28.75	0.00	**250 - State Library**				28.75
51.85	49.94	(1.91)	**252 - School for the Deaf**				49.94
			Deletes:				
			(0.25) FTE custodian	$0		$0	
			(0.83) FTE administrative assistant	(55,330)		(55,330)	
			(0.83) FTE psychologist	(92,360)		(92,360)	
			(1.91)	($147,690)		($147,690)	

27.00	26.95	(0.05)	**253 - North Dakota Vision Services - School for the Blind**				26.50
			Deletes:				
			(0.05) FTE faculty not classified				
27.50	27.50	0.00	**270 - State Board for Vocational and Technical Education**				27.50
245.60	244.64	(0.96)	**TOTAL OTHER EDUCATION**	($147,690)	$97,248	($50,442)	243.19
			HEALTH AND WELFARE				
312.50 \1	317.00	4.50	**301 - State Department of Health**				315.50
			Adds:				
			2.50 FTE Healthy North Dakota program (Administrative Support)	$282,240	$0	$282,240	
			1.00 FTE human service program administrator III (Community Health)		95,666	95,666	
			1.00 FTE environmental health practitioner II (Health Resources)	27,023	63,054	90,077	
			4.50	$309,263	$158,720	$467,983	
89.41	90.97	1.56	**313 - Veterans Home**				89.41
			Adds:				
			0.50 FTE fractional adjustment to reflect actual hours worked (nursing - basic)	$34,783		$34,783	
			0.73 FTE fractional adjustment to reflect actual hours worked (nursing - skilled)	35,343		35,343	
			0.33 FTE fractional adjustment to reflect actual hours worked (dietary)	13,789		13,789	
			1.56	$83,915		$83,915	
3.00	3.00	0.00	**316 - Indian Affairs Commission**				3.00
4.50 \2	6.00	1.50	**321 - Department of Veterans Affairs**				4.50
			Adds:				
			0.50 FTE office assistant II (previously "off-budget")	$34,017		$34,017	
			1.00 FTE account technician (previously "off-budget")	66,499		66,499	
			1.50	$100,516		$100,516	
0.80	0.00	(0.80)	**324 - Children's Services Coordinating Committee**				0.00
			Deletes:				
			(0.80) FTE administrative staff officer I (the executive budget does not include funding for this agency)				
342.60 \3	332.40	(10.20)	**325 - Department of Human Services - Central office**				332.40
			Adds:				
			1.00 FTE pharmacy services position	$22,135	$66,403	$88,538	
			1.00 FTE Healthy Steps eligibility position	18,231	63,964	82,195	
			Deletes:				
			(3.00) FTE research positions due to 2003-05 general fund budget reductions				
			(2.00) FTE fiscal positions due to 2003-05 general fund budget reductions				
			(0.70) FTE human resource positions due to 2003-05 general fund budget reductions				
			(2.00) FTE legal positions due to 2003-05 general fund budget reductions				
			(1.50) FTE aging services positions due to 2003-05 general fund budget reductions				
			(1.00) FTE mental health services position due to 2003-05 general fund budget reductions				

			(1.00) FTE disability services assistive technology coordinator			(96,899)	(96,899)	
			(1.00) FTE disability services office assistant II			(101,635)	(101,635)	
		(10.20)		$40,366		($68,167)	($27,801)	
458.04 \3	451.54	(6.50)	**Department of Human Services - Developmental Center**					451.54
			Deletes:					
			(4.00) FTE direct training technicians due to 2003-05 general fund budget reductions				$0	
			(1.00) FTE social worker due to 2003-05 general fund budget reductions				0	
			(0.50) FTE speech pathologist due to 2003-05 general fund budget reductions				0	
			(1.00) FTE vocational training technician due to 2003-05 general fund budget reductions				0	
		(6.50)		$0		$0	$0	
414.90 \3	424.01	9.11	**Department of Human Services - State Hospital**					424.01
			Adds:					
			2.00 FTE activity assistants in secure services	$134,938			$134,938	
			6.00 FTE mental health care specialists in secure services	404,814			404,814	
			1.00 FTE social worker in secure services	86,165			86,165	
			0.85 FTE advanced clinical specialist in secure services	107,639			107,639	
			3.00 FTE licensed practical nurses in secure services	244,651			244,651	
			12.00 FTE mental health care specialists in secure services	773,096			773,096	
			5.00 FTE registered nurses in secure services	521,942			521,942	
			Deletes:					
			(20.74) FTE traditional services positions due to 2003-05 general fund budget reductions				0	
		9.11		$2,273,245		$0	$2,273,245	
835.88 \3	840.48	4.60	**Department of Human Services - Human Service Centers**					840.48
			Adds:					
			3.00 FTE community home counselors - NEHSC	$53,878		$125,714	$179,592	
			1.00 FTE activity therapist - NEHSC	20,515		47,867	68,382	
			0.40 FTE case manager - SEHSC	17,256		16,819	34,075	
			0.40 FTE addiction counselor - SEHSC	18,549		18,081	36,630	
			0.60 FTE addiction counselor - SEHSC	25,454		35,036	60,490	
			1.00 FTE activity therapist - SEHSC	38,534		53,040	91,574	
			0.50 FTE child care licensing position - WCHSC			51,118	51,118	
			Deletes:					
			(1.00) FTE human service center director - NCHSC				0	
			(0.80) FTE vocational rehabilitation supervisor - BLHSC			(83,766)	(83,766)	
			(0.50) FTE child care licensing positions - BLHSC			(35,724)	(35,724)	
		4.60		$174,186		$228,185	$402,371	
2,051.42	2,048.43	(2.99)	(2.99) Department of Human Services subtotal	$2,487,797		$160,018	$2,647,815	2,048.43
24.50	25.50	1.00	**360 - Protection and Advocacy Project**					25.50
			Adds:					
		1.00	FTE human service program administrator V	$9,150		$82,346	$91,496	

366.17 \1	355.80	(10.37)	**380 - Job Service North Dakota**				355.80
			Deletes:				
			(0.37) FTE customer tech support specialist I		($33,418)	($33,418)	
			(0.50) FTE office assistant II		(31,238)	(31,238)	
			(1.00) FTE customer service manager		(115,326)	(115,326)	
			(0.75) FTE customer service specialist		(58,386)	(58,386)	
			(0.10) FTE custodian		(3,419)	(3,419)	
			(0.02) FTE custodian		(810)	(810)	
			(0.02) FTE custodian		(810)	(810)	
			(1.00) FTE customer service specialist		(81,670)	(81,670)	
			(1.00) FTE customer service consultant		(89,290)	(89,290)	
			(0.37) FTE customer service senior consultant		(45,052)	(45,052)	
			(0.50) FTE customer service specialist		(46,812)	(46,812)	
			(1.00) FTE customer service consultant		(89,290)	(89,290)	
			(0.50) FTE customer service representative		(40,982)	(40,982)	
			(1.00) FTE customer service manager		(115,534)	(115,534)	
			(0.74) FTE customer service representative		(54,946)	(54,946)	
			(1.00) FTE research analyst III		(97,754)	(97,754)	
			(0.50) FTE research analyst II		(46,812)	(46,812)	
			(10.37)		($951,549)	($951,549)	
2,852.30	2,846.70	(5.60)	**TOTAL HEALTH AND WELFARE**	$2,990,641	($550,465)	$2,440,176	2,842.14
			REGULATORY				
45.50	46.50	1.00	**401 - Insurance Department**				46.50
			Adds:				
			1.00 FTE administrative officer I		$72,860	$72,860	
58.37	51.37	(7.00)	**405 - Industrial Commission**				51.37
			Deletes:				
			(1.00) FTE geologic map technician II	($81,451)		($81,451)	
			(1.00) FTE geologic map technician II	(87,878)		(87,878)	
			(1.00) FTE geologic map technician II		($71,999)	(71,999)	
			(1.00) FTE administrative officer I	(71,941)		(71,941)	
			(1.00) FTE geologist III	(141,278)		(141,278)	
			(1.00) FTE office assistant II	(39,166)		(39,166)	
			(1.00) FTE appointed - Not classified	(186,098)		(186,098)	
			(7.00)	($607,812)	($71,999)	($679,811)	
10.00	11.00	1.00	**406 - Labor Commissioner**				11.00
			Adds:				
			1.00 FTE administrative assistant I		$61,024	$61,024	
41.00	41.00	0.00	**408 - Public Service Commission**				40.00
6.00	6.00	0.00	**412 - Aeronautics Commission**				6.00

25.00	26.00	1.00	**413 - Department of Financial Institutions**				26.00
			Adds:				
			1.00 FTE financial institution examiner I		$96,193	$96,193	
8.00	9.00	1.00	**414 - Securities Department**				8.00
			Adds:				
			1.00 FTE financial and securities examiner and investigator	$115,592		$115,592	
178.50	178.50	0.00	**471 - Bank of North Dakota**				178.50
43.00	43.00	0.00	**473 - Housing Finance Agency**				43.00
125.00	127.00	2.00	**475 - Mill and Elevator Association**				127.00
			Adds:				
			1.00 FTE budgeted - Pending classification		$84,378	$84,378	
			1.00 FTE budgeted - Pending classification		92,798	92,798	
			2.00		$177,176	$177,176	
227.00 \1	223.14	(3.86)	**485 - Workforce Safety and Insurance**				223.14
			Deletes:				
			(1.00) FTE collection specialist		($77,276)	($77,276)	
			(1.00) FTE paralegal		(90,114)	(90,114)	
			(0.11) FTE intake coordinator		(20,122)	(20,122)	
			(0.75) FTE courier supply specialist		(48,822)	(48,822)	
			(1.00) FTE bill input specialist		(73,102)	(73,102)	
			(3.86)		($309,436)	($309,436)	
767.37	762.51	(4.86)	**TOTAL REGULATORY**	($492,220)	$25,818	($466,402)	760.51
			PUBLIC SAFETY				
192.00	186.00	(6.00)	**504 - Highway Patrol**				180.00
			Adds:				
			1.00 FTE Highway Patrol officer	$90,203	$36,844	$127,047	
			4.00 FTE northern border motor carrier inspectors		383,256	383,256	
			Transfers:				
			4.00 FTE Capitol security positions from the Office of Management and Budget	261,855		261,855	
			Deletes:				
			(15.00) FTE weigh inspection station positions	(875,244)	(357,494)	(1,232,738)	
			(6.00)	($523,186)	$62,606	($460,580)	

20.00	54.00	34.00	**512 - Division of Emergency Management**					54.00
			Adds:					
			1.00 FTE emergency program specialist II			$88,450	$88,450	
			1.00 FTE emergency program specialist II			88,450	88,450	
			1.00 FTE emergency program specialist II			91,557	91,557	
			1.00 FTE emergency program specialist II			88,450	88,450	
			1.00 FTE emergency program specialist II			88,450	88,450	
			Transfers:					
			29.00 FTE State Radio positions from the Office of Management and Budget	$2,118,213		708,736	2,826,949	
			34.00	$2,118,213		$1,154,093	$3,272,306	
644.18	675.28	31.10	**530 - Department of Corrections and Rehabilitation**					644.18
			Adds:					
			0.10 FTE administrative assistant II (Field Services)	$6,187			$6,187	
			1.00 FTE administrative assistant II (Field Services)	63,805			63,805	
			2.00 FTE parole and probation officer II (Field Services)	207,016			207,016	
			4.00 FTE administrative assistant II (Field Services)	255,220			255,220	
			0.25 FTE community corrections agent I (Field Services)	14,511			14,511	
			0.25 FTE community corrections agent I (Field Services)	14,331			14,331	
			1.00 FTE community corrections agent II (Field Services)	74,424			74,424	
			1.00 FTE community corrections agent II (Field Services)	68,805			68,805	
			1.00 FTE parole and probation program manager (Field Services)	118,298			118,298	
			1.00 FTE dentist - Not classified (Prisons Division - State Penitentiary)	379,278			379,278	
			1.00 FTE dental assistant (Prisons Division - State Penitentiary)	61,192			61,192	
			1.00 FTE physician - Not classified (Prisons Division - State Penitentiary)	379,278			379,278	
			1.00 FTE nurse practitioner (Prisons Division - State Penitentiary)	176,211			176,211	
			1.00 FTE social worker II (Prisons Division - State Penitentiary)	82,439			82,439	
			3.00 FTE social worker II (Prisons Division - State Penitentiary)	251,406			251,406	
			1.00 FTE addiction counselor II (Prisons Division - State Penitentiary)	97,767			97,767	
			1.00 FTE human relations counselor (Prisons Division - State Penitentiary)	87,324			87,324	
			2.00 FTE mental health care specialist II (Prisons Division - State Penitentiary)	118,916			118,916	
			1.00 FTE correctional unit case manager (Prisons Division - State Penitentiary)	75,522			75,522	
			1.00 FTE licensed psychologist II (Prisons Division - JRCC)	136,451			136,451	
			0.50 FTE administrative assistant II (Prisons Division - JRCC)	36,422			36,422	
			1.00 FTE human relations counselor (Prisons Division - JRCC)	87,324			87,324	
			1.00 FTE addiction counselor III (Prisons Division - JRCC)	101,970			101,970	
			1.00 FTE correctional unit case manager (Prisons Division - JRCC)	75,522			75,522	
			1.00 FTE addiction counselor II (Prisons Division - MRCC)	97,767			97,767	
			1.00 FTE human relations counselor (Prisons Division - MRCC)	87,324			87,324	
			1.00 FTE correctional unit case manager (Prisons Division - MRCC)	75,522			75,522	
			31.10	$3,230,232		$0	$3,230,232	
139.00	139.00	0.00	**540 - Adjutant General**					139.00
995.18	1,054.28	59.10	**TOTAL PUBLIC SAFETY**	$4,825,259		$1,216,699	$6,041,958	1,017.18

			AGRICULTURE AND ECONOMIC DEVELOPMENT				
57.00	59.00	2.00	**601 - Commerce Department**				57.00
			Adds:				
			1.00 FTE economic analyst	$112,320		$112,320	
			1.00 FTE Development Fund position (funding for the position is not included)			0	
			2.00	$112,320	$0	$112,320	
57.00	61.00	4.00	**602 - Agriculture Department**				58.00
			Adds:				
			1.00 FTE agriculture programs specialist II (plant services)		$90,813	$90,813	
			1.00 FTE agriculture program inspector I (livestock services)	$37,995	35,073	73,068	
			1.00 FTE veterinarian I (livestock services)	152,265		152,265	
			1.00 FTE agriculture programs specialist II (livestock services)	23,888	71,904	95,792	
			4.00	$214,148	$197,790	$411,938	
32.00	30.00	(2.00)	**616 - Seed Department**				32.00
			Deletes:				
			(1.00) FTE public information specialist I		($61,744)	($61,744)	
			(1.00) FTE administrative assistant I		(45,970)	(45,970)	
			(2.00)		($107,714)	($107,714)	
41.50 \4	48.50	7.00	**627 - Upper Great Plains Transportation Institute**				48.50
			Adds:				
			3.00 FTE other professional positions		$354,411	$354,411	
			1.00 FTE other office position		87,712	87,712	
			3.00 FTE other technical positions		513,391	513,391	
			7.00		$955,514	$955,514	
77.41 \4	77.41	0.00	**628 - Branch research centers**				77.41
266.10 \4	266.10	0.00	**630 - NDSU Extension Service**				266.10
7.62 \4	7.62	0.00	**638 - Northern Crops Institute**				7.62
337.05 \4	339.05	2.00	**640 - Main Research Center**				337.05
			Adds:				
			1.00 FTE beef research position	$169,921		$169,921	
			1.00 FTE beef research position	150,506		150,506	
			2.00	$320,427	$0	$320,427	
2.97 \8	2.97	0.00	**649 - Agronomy Seed Farm**				2.97
878.65	891.65	13.00	**TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT**	$646,895	$1,045,590	$1,692,485	886.65
			NATURAL RESOURCES AND HIGHWAYS				
57.00	57.00	0.00	**701 - State Historical Society**				57.00
5.00	5.00	0.00	**709 - Council on the Arts**				5.00

147.00	152.00	5.00	**720 - Game and Fish Department**				152.00
			Adds:				
			3.00 FTE biologist I		$265,626	$265,626	
			1.00 FTE wildlife technician I		70,261	70,261	
			1.00 FTE licensing clerk		59,250	59,250	
			5.00		$395,137	$395,137	
44.25	48.50	4.25	**750 - Department of Parks and Recreation**				46.50
			Adds:				
			1.00 FTE planner II		$87,856	$87,856	
			0.25 FTE maintenance supervisor I		16,058	16,058	
			0.25 FTE maintenance supervisor I		14,783	14,783	
			0.25 FTE maintenance supervisor I		14,476	14,476	
			0.25 FTE carpenter II		14,418	14,418	
			0.25 FTE park ranger		15,875	15,875	
			1.00 FTE park manager II (Elkhorn Ranch)	$88,134		88,134	
			1.00 FTE park ranger (Elkhorn Ranch)	44,127		44,127	
			4.25	$132,261	$163,466	$295,727	
82.00	84.00	2.00	**770 - State Water Commission**				82.00
			Adds:				
			1.00 FTE maintenance supervisor II		$87,856	$87,856	
			1.00 FTE equipment operator III		73,068	73,068	
			2.00		$160,924	$160,924	
1,044.50 /1	1,044.50	0.00	**801 - Department of Transportation**				1,044.50
1,379.75	1,391.00	11.25	**TOTAL NATURAL RESOURCES AND HIGHWAYS**	$132,261	$719,527	$851,788	1,387.00
			SUMMARY TOTALS				
1,266.70	1,230.70	(36.00)	General Government	($2,342,101)	$596,148	($1,745,953)	1,215.70
245.60	244.64	(0.96)	Other Education	(147,690)	97,248	(50,442)	243.19
2,852.30	2,846.70	(5.60)	Health and Welfare	2,990,641	(550,465)	2,440,176	2,842.14
767.37	762.51	(4.86)	Regulatory	(492,220)	25,818	(466,402)	760.51
995.18	1,054.28	59.10	Public Safety	4,825,259	1,216,699	6,041,958	1,017.18
878.65	891.65	13.00	Agriculture and Economic Development	646,895	1,045,590	1,692,485	886.65
1,379.75	1,391.00	11.25	Natural Resources and Highways	132,261	719,527	851,788	1,387.00
8,385.55	8,421.48	35.93	**TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)**	$5,613,045	$3,150,565	$8,763,610	8,352.37
			HIGHER EDUCATION				
20.00	2,184.27	2,164.27	**215 - North Dakota University System office**				20.00
			Adds:				
			2,164.27 FTE positions relating to higher education institutions				

123.30	0.00	(123.30)	**227 - Bismarck State College** Deletes: (123.30) FTE to transfer positions to the North Dakota University System office	123.30
36.85	0.00	(36.85)	**228 - Lake Region State College** Deletes: (36.85) FTE to transfer positions to the North Dakota University System office	36.85
46.17	0.00	(46.17)	**229 - Williston State College** Deletes: (46.17) FTE to transfer positions to the North Dakota University System office	46.17
706.74	0.00	(706.74)	**230 - University of North Dakota** Deletes: (706.74) FTE to transfer positions to the North Dakota University System office	706.74
198.91	0.00	(198.91)	**232 - University of North Dakota School of Medicine and Health Sciences** Deletes: (198.91) FTE to transfer positions to the North Dakota University System office	198.91
545.02	0.00	(545.02)	**235 - North Dakota State University** Deletes: (545.02) FTE to transfer positions to the North Dakota Universty System office	545.02
174.95	0.00	(174.95)	**238 - State College of Science** Deletes: (174.95) FTE to transfer positions to the North Dakota University System office	174.95
114.81	0.00	(114.81)	**239 - Dickinson State University** Deletes: (114.81) FTE to transfer positions to the North Dakota University System office	108.00
69.97	0.00	(69.97)	**240 - Mayville State University** Deletes: (69.97) FTE to transfer positions to the North Dakota University System office	66.80
217.49	0.00	(217.49)	**241 - Minot State University** Deletes: (217.49) FTE to transfer positions to the North Dakota University System office	198.80
92.12	0.00	(92.12)	**242 - Valley City State University** Deletes: (92.12) FTE to transfer positions to the North Dakota University System office	90.60
36.08	0.00	(36.08)	**243 - Minot State University - Bottineau** Deletes: (36.08) FTE to transfer positions to the North Dakota University System office	34.30

17.97	12.40	(5.57)	**244 - Forest Service** Deletes: (5.57) FTE to reflect positions funded from the general fund				12.40
2,400.38	2,196.67 \5	(203.71) \5	**TOTAL HIGHER EDUCATION**	$0	$0	$0	2,362.84
10,785.93	10,618.15	(167.78)	**TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)**	$5,613,045	$3,150,565	$8,763,610	10,715.21

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

\1 Section 10 of House Bill No. 1505 provides that on November 1, 2003, 24 FTE positions relating to information services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, must be reduced and transferred to the Information Technology Department. The project executive committee recommended the transfer of 8.5 FTE positions--7 full-time and .5 of five additional positions--to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. The 2003-05 FTE positions shown reflect the transfer of 8.5 FTE positions. The following is a summary of the project executive committee's recommendations:

	FTE Positions Identified in HB 1505	FTE Positions Recommended to Be Transferred	FTE Positions Exempted
Office of Management and Budget	1.00	0.00	1.00
Tax Department	1.00	0.00	1.00
Department of Public Instruction	1.00	0.50	0.50
State Department of Health	1.00	0.50	0.50
Department of Human Services	5.00	4.00	1.00
Job Service North Dakota	3.00	1.00	2.00
Industrial Commission	1.00	0.00	1.00
Bank of North Dakota	1.00	0.00	1.00
Housing Finance Agency	1.00	0.00	1.00
Workforce Safety and Insurance	2.00	1.00	1.00
Highway Patrol	1.00	0.00	1.00
Department of Corrections and Rehabilitation	2.00	0.00	2.00
Game and Fish Department	1.00	0.00	1.00
State Water Commission	1.00	0.00	1.00
Department of Transportation	2.00	1.50	0.50
Total	24.00	8.50	15.50

\2 The number of FTE positions for the 2003-05 biennium is reduced by .5 FTE position because funding for the position was from the veterans aid fund. The Attorney General determined that because the veterans aid fund is a revolving fund the department does not require appropriation authority for the position. An additional 1 FTE position of the department is funded from the veterans' postwar trust fund and has not been included as an FTE because it also was considered "off-budget." The executive recommendation provides general fund money for the 1.5 FTE positions, so that all 6 FTE positions will be "on-budget."

\3 The 2003-05 FTE positions for the Department of Human Services, Developmental Center, and State Hospital have been adjusted. Section 7 of Senate Bill No. 2012 (2003) authorizes the department to transfer appropriation authority among the department's programs during the 2003-05 biennium.

Position changes are as follows:

	2003-05 Legislative Authorized FTE	Adjustments		Adjusted 2003-05 Authorized FTE
Developmental Center	458.04			458.04
State Hospital	416.90	(2.00)		414.90
Human service centers	833.88	2.00	\a	835.88
Central office	348.60	(6.00)		342.60
Total	2,057.42	(6.00)		2,051.42

\a This reduction includes 4 FTE positions transferred to the Information Technology Department related to functional consolidation - See Footnote 1.

\4 The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 4 of House Bill No. 1021 (2003):

	2003-05 Legislative Authorization	Adjusted FTE Level	Variance
Upper Great Plains Transportation Institute	31.50	41.50	10.00
NDSU Extension Service	270.57	266.10	(4.47)
Northern Crops Institute	8.17	7.62	(0.55)
Agronomy Seed Farm	2.87	2.97	0.10
Branch research centers	73.65	77.41	3.76
Main Research Center	349.19	337.05	(12.14)
Total	735.95	732.65	(3.30)

\5 The executive budget recommends decreasing the FTE positions for higher education from 3,070.58 to 2,382.41 to reflect institutional reductions and to report only the estimated number of FTE positions funded from the general fund.

ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS RECOMMENDED IN THE 2005-07 EXECUTIVE BUDGET

2003-05 FTE Positions	Executive Recommendation 2005-07 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2005-07 FTE Positions in Agency Budget Request \1
			Deletes:				
			(2.00) FTE positions received from information technology functional consolidation			0	
			Deletes:				
			(6.00) FTE lottery positions paid for pursuant to a continuing appropriation			0	
			(2.00) FTE telephone solicitation enforcement positions paid for pursuant to a continuing appropriation			0	
			(1.00) FTE BCI position			0	
137.00	133.00	(4.00)	**127 - Tax Department**				133.00
			Deletes:				
			(1.00) FTE office assistant I (Income, Sales and Special Taxes Division)	($47,684)		($47,684)	
			(1.00) FTE withholding tax specialist (Income, Sales and Special Taxes Division)	(78,248)		(78,248)	
			(1.00) FTE data input operator II (Operations Division)	(44,424)		(44,424)	
			(1.00) FTE staff officer II (Operations Division)	(82,060)		(82,060)	
336.00	332.00	(4.00)	**180 - Judicial Branch**				332.00
			Deletes:				
			(4.00) Vacant FTE positions removed to give employee salary increases during the biennium pursuant to 2003 SB No. 2423	-394000		-394000	
51.85	49.94	(1.91)	**252 - School for the Deaf**				49.94
			Deletes:				
			(0.25) FTE custodian	0		0	
			(0.83) FTE administrative assistant	(55,330)		(55,330)	
			(0.83) FTE psychologist	(92,360)		(92,360)	
27.00	26.95	(0.05)	**253 - Vision Services - School for the Blind**				26.50
			Deletes:				
			(0.05) FTE faculty not classified				
0.80	0.00	(0.80)	**324 - Children's Services Coordinating Committee**				0.00
			Deletes:				
			(0.80) FTE administrative staff officer I (the executive budget does not include funding for this agency)				
342.60 \3	332.40	(10.20)	**325 - Department of Human Services - Central office**				332.40
			Deletes:				
			(3.00) FTE research positions due to 2003-05 general fund budget reductions				
			(2.00) FTE fiscal positions due to 2003-05 general fund budget reductions				
			(0.70) FTE human resource positions due to 2003-05 general fund budget reductions				
			(2.00) FTE legal positions due to 2003-05 general fund budget redutions				
			(1.50) FTE aging services positions due to 2003-05 general fund budget reductions				
			(1.00) FTE mental health services position due to 2003-05 general fund budget reductions				
			(1.00) FTE disability services assistive technology coordinator		(96,899)	(96,899)	
			(1.00) FTE disability services office assistant II		(101,635)	(101,635)	
458.04 \3	451.54	(6.50)	**Department of Human Services - Developmental Center**				451.54
			Deletes:				
			(4.00) FTE direct training technicians due to 2003-05 general fund budget reductions			$0	
			(1.00) FTE social worker due to 2003-05 general fund budget reductions			0	
			(0.50) FTE speech pathologist due to 2003-05 general fund budget reductions			0	
			(1.00) FTE vocational training technician due to 2003-05 general fund budget reductions			0	
414.90 \3	424.01	9.11	**Department of Human Services - State Hospital**				424.01
			Deletes:				
			(20.74) FTE traditional services positions due to 2003-05 general fund budget reductions			0	
835.88 \3	840.48	4.60	**Department of Human Services - Human Service Centers**				840.48
			Deletes:				
			(1.00) FTE human service center director - NCHSC			0	
			(0.80) FTE vocational rehabilitation supervisor - BLHSC		(83,766)	(83,766)	
			(0.50) FTE child care licensing positions - BLHSC		(35,724)	(35,724)	

366.17 \1	355.80	(10.37)	**380 - Job Service North Dakota**				355.80
			Deletes:				
			(0.37) FTE customer tech support specialist I		(33,418)	(33,418)	
			(0.50) FTE office assistant II		(31,238)	(31,238)	
			(1.00) FTE customer service manager		(115,326)	(115,326)	
			(0.75) FTE customer service specialist		(58,386)	(58,386)	
			(0.10) FTE custodian		(3,419)	(3,419)	
			(0.02) FTE custodian		(810)	(810)	
			(0.02) FTE custodian		(810)	(810)	
			(1.00) FTE customer service specialist		(81,670)	(81,670)	
			(1.00) FTE customer service consultant		(89,290)	(89,290)	
			(0.37) FTE customer service senior consultant		(45,052)	(45,052)	
			(0.50) FTE customer service specialist		(46,812)	(46,812)	
			(1.00) FTE customer service consultant		(89,290)	(89,290)	
			(0.50) FTE customer service representative		(40,982)	(40,982)	
			(1.00) FTE customer service manager		(115,534)	(115,534)	
			(0.74) FTE customer service representative		(54,946)	(54,946)	
			(1.00) FTE research analyst III		(97,754)	(97,754)	
			(0.50) FTE research analyst II		(46,812)	(46,812)	
58.37	51.37	(7.00)	**405 - Industrial Commission**				51.37
			Deletes:				
			(1.00) FTE geologic map technician II	($81,451)		(81,451)	
			(1.00) FTE geologic map technician II	(87,878)		(87,878)	
			(1.00) FTE geologic map technician II		-71999	(71,999)	
			(1.00) FTE administrative officer I	(71,941)		(71,941)	
			(1.00) FTE geologist III	(141,278)		(141,278)	
			(1.00) FTE office assistant II	(39,166)		(39,166)	
			(1.00) FTE appointed - not classified	(186,098)		(186,098)	
227.00 \1	223.14	(3.86)	**485 - Workforce Safety and Insurance**				223.14
			Deletes:				
			(1.00) Collection specialist		-77276	-77276	
			(1.00) Paralegal		(90,114)	(90,114)	
			(0.11) Intake coordinator		(20,122)	(20,122)	
			(0.75) Courier supply specialist		(48,822)	(48,822)	
			(1.00) Bill input specialist		(73,102)	(73,102)	
			Deletes:				
			(15.00) FTE weigh inspection station positions	(875,244)	(357,494)	(1,232,738)	
32.00	30.00	(2.00)	**616 - Seed Department**				32.00
			Deletes:				
			(1.00) FTE public information specialist I		-61744	-61744	
			(1.00) FTE administrative assistant I		(45,970)	(45,970)	
3,287.61	3,250.63	(12,203.40)	(101.73)	(2,277,162)	(2,116,216)	(4,393,378)	3,252.18

ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS RECOMMENDED IN THE 2005-07 EXECUTIVE BUDGET

2003-05 FTE Positions	Executive Recommendation 2005-07 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions: General Fund	Special Funds	Total	2005-07 FTE Positions in Agency Budget Request \1
			GENERAL GOVERNMENT				
162.00	130.50	(31.50)	**110 - Office of Management and Budget**				128.50
			Adds:				
			1.00 FTE accounting manager (Fiscal Management)	126106		126106	
			1.00 FTE state procurement officer I (Central Services)	106,967		106,967	
256.70 \1	265.20	8.50	**112 - Information Technology Department**				255.20
			Adds:				
			1.00 FTE programmer analyst III		$126,106	$126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			1.00 FTE programmer analyst III		126,106	126,106	
			Adds:				
			1.00 FTE Bureau of Criminal investigation (BCI) agent	107061		107061	
			1.00 FTE BCI information processor	67,477		67,477	
			1.00 FTE crime lab forensic scientist	81,393		81,393	
			1.00 FTE consumer protection position			0	
			Adds:				
			1.00 FTE auditor II		97,248	97,248	
			HEALTH AND WELFARE				
312.50 \1	317.00	4.50	**301 - State Department of Health**				315.50
			Adds:				
			2.50 FTE Healthy North Dakota program (Administrative sup	$282,240	$0	282,240	
			1.00 FTE human service program administrator III (Community Health)		95,666	95,666	
			1.00 FTE environmental health practioner II (Health Resourc	27,023	63,054	90,077	
89.41	90.97	1.56	**313 - Veterans Home**				89.41
			Adds:				
			0.50 FTE fractional adjustment to reflect actual hours worked	$34,783		$34,783	
			0.73 FTE fractional adjustment to reflect actual hours worked	35,343		35,343	
			0.33 FTE fractional adjustment to reflect actual hours worked	13,789		13,789	
4.50 \2	6.00	1.50	**321 - Department of Veterans Affairs**				4.50
			Adds:				
			0.50 FTE office assistant II (previously "off-budget")	34,017		34,017	
			1.00 FTE account technician (previously "off-budget")	66,499		66,499	
342.60 \3	332.40	(10.20)	**325 - Department of Human Services - Central office**				332.40
			Adds:				
			1.00 FTE pharmacy services position	$22,135	66,403	$88,538	
			1.00 FTE Healthy Steps eligibility position	$18,231	63,964	82,195	
414.90 \3	424.01	9.11	**Department of Human Services - State Hospital**				424.01
			Adds:				
			2.00 FTE activity assistants in secure services	134,938		134,938	
			6.00 FTE mental health care specialists in secure services	404,814		404,814	
			1.00 FTE social worker in secure services	86,165		86,165	
			0.85 FTE advanced clinical specialist in secure services	107,639		107,639	
			3.00 FTE licensed practical nurses in secure services	244,651		244,651	
			12.00 FTE mental health care specialists in secure services	773,096		773,096	

			5.00 FTE registered nurses in secure services	521,942		521,942	
835.88 \3	840.48	4.60	**Department of Human Services - Human Service Centers**				840.48
			Adds:				
			3.00 FTE community home counselors - NEHSC	$53,878	$125,714	$179,592	
			1.00 FTE activity therapist - NEHSC	$20,515	$47,867	$68,382	
			0.40 FTE case manager- SEHSC	17,256	16,819	34,075	
			0.40 FTE addiction counselor - SEHSC	18,549	18,081	36,630	
			0.60 FTE addiction counselor - SEHSC	25,454	35,036	60,490	
			1.00 FTE activity therapist - SEHSC	38,534	53,040	91,574	
			0.50 FTE child care licensing position - WCHSC		51,118	51,118	
24.50	25.50	1.00	**360 - Protection and Advocacy Project**				25.50
			Adds:				
			1.00 FTE human service program administrator V	9150	82346	91496	
45.50	46.50	1.00	**401 - Insurance Department**				46.50
			Adds:				
			1.00 FTE administrative officer I		72860	72860	
10.00	11.00	1.00	**406 - Labor Commissioner**				11.00
			Adds:				
			1.00 FTE administrative assistant I		61024	61024	
25.00	26.00	1.00	**413 - Department of Banking and Financial Institutions**				26.00
			Adds:				
			1.00 FTE financial institution examiner I		96193	96193	
8.00	9.00	1.00	**414 - Securities Department**				8.00
			Adds:				
			1.00 FTE financial and securities examiner and investigator	115592		115592	
125.00	127.00	2.00	**475 - Mill and Elevator Association**				127.00
			Adds:				
			1.00 FTE budgeted - Pending classification		$84,378	$84,378	
			1.00 FTE budgeted - Pending classification		92,798	92,798	
192.00	186.00	(6.00)	**504 - Highway Patrol**				180.00
			Adds:				
			1.00 FTE Highway Patrol officer	$90,203	$36,844	$127,047	
			4.00 FTE northern border motor carrier inspectors		383,256	383,256	
20.00	54.00	34.00	**512 - Division of Emergency Management**				54.00
			Adds:				
			1.00 FTE emergency program specialist II		88450	88450	
			1.00 FTE emergency program specialist II		88,450	88,450	
			1.00 FTE emergency program specialist II		91,557	91,557	
			1.00 FTE emergency program specialist II		88,450	88,450	
			1.00 FTE emergency program specialist II		88,450	88,450	
644.18	675.28	31.10	**530 - Department of Corrections and Rehabilitation**				644.18
			Adds:				
			0.10 FTE administrative assistant II (institutional offender ser	6187		6187	
			1.00 FTE administrative assistant II (institutional offender ser	63,805		63,805	
			2.00 FTE parole and probation officer II (field services)	207,016		207,016	
			4.00 FTE administrative assistant II (field services)	255,220		255,220	
			0.25 FTE community corrections agent I (field services)	14,511		14,511	
			0.25 FTE community corrections agent I (field services)	14,331		14,331	
			1.00 FTE community corrections agent II (field servies)	74,424		74,424	
			1.00 FTE community corrections agent II (field servies)	68,805		68,805	
			1.00 FTE parole and probation program manager (field servic	118,298		118,298	
			1.00 FTE dentist - not classified (prisons division - state penit	379,278		379,278	
			1.00 FTE dental assistant (prisons division - state penitentiar	61,192		61,192	
			1.00 FTE physician - not classified (prisons division - state pe	379,278		379,278	
			1.00 FTE nurse practitioner (prisons division - state penitenti	176,211		176,211	
			1.00 FTE social worker II (prisons division - state penitentiary	82,439		82,439	
			3.00 FTE social worker II (prisons division - state penitentiary	251,406		251,406	

			1.00 FTE addiction counselor II (prisons division - state penit		97,767		97,767	
			1.00 FTE human relations counselor (prisons division - state		87,324		87,324	
			2.00 FTE mental health care specialist II (prisons division - st		118,916		118,916	
			1.00 FTE correctional unit case manager (prisons division - s		75,522		75,522	
			1.00 FTE licenses psychologist II (prisons division - James R		136,451		136,451	
			0.50 FTE administrative assistant II (prisons division - James		36,422		36,422	
			1.00 FTE human relations counselor (prisons division - Jame		87,324		87,324	
			1.00 FTE addiction counselor III (prisons division - James Riv		101,970		101,970	
			1.00 FTE correctional unit case manager (prisons division - J		75,522		75,522	
			1.00 FTE addiction counselor II (prisons division - Missouri R		97,767		97,767	
			1.00 FTE human relations counselor (prisons division - Missc		87,324		87,324	
			1.00 FTE correctional unit case manager (prisons division - M		75,522		75,522	
57.00	59.00	2.00	**601 - Commerce Department**					57.00
			Adds:					
			1.00 FTE economic analyst		112320		$112,320	
			1.00 FTE development fund position (funding for the position is not included)				$0	
57.00	61.00	4.00	**602 - Agriculture Department**					58.00
			Adds:					
			1.00 FTE agriculture programs specialist II (plant services)			90813	90813	
			1.00 FTE agriculture program inspector I (livestock services)		37995	35,073	73,068	
			1.00 FTE veaterinarian I (livestock services)		152,265		152,265	
			1.00 FTE agriculture programs specialist II (livestock services		23,888	71,904	95,792	
41.50 \4	48.50	7.00	**627 - Upper Great Plains Transportation Institute**					48.50
			Adds:					
			3.00 FTE other professional positions			$354,411	$354,411	
			1.00 FTE other office position			87,712	87,712	
			3.00 FTE other technical positions			513,391	513,391	
337.05 \4	339.05	2.00	**640 - Main Research Center**					337.05
			Adds					
			1.00 FTE beef research position		169921		$169,921	
			1.00 FTE beef research position		150,506		150,506	
147.00	152.00	5.00	**720 - Game and Fish Department**					152.00
			Adds:					
			3.00 FTE biologist I			265626	265626	
			1.00 FTE wildlife technician I			70,261	70,261	
			1.00 FTE licensing clerk			59,250	59,250	
44.25	48.50	4.25	**750 - Department of Parks and Recreation**					46.50
			Adds:					
			1.00 FTE planner II			87856	87856	
			0.25 FTE maintenance supervisor I			16,058	16,058	
			0.25 FTE maintenance supervisor I			14,783	14,783	
			0.25 FTE maintenance supervisor I			14,476	14,476	
			0.25 FTE carpenter II			14,418	14,418	
			0.25 FTE park ranger			15,875	15,875	
			1.00 FTE park manager II (Elkhorn Ranch)		88134		88,134	
			1.00 FTE park ranger (Elkhorn Ranch)		44,127		44,127	
82.00	84.00	2.00	**770 - State Water Commission**					82.00
			Adds:					
			1.00 FTE maintenance supervisor II			87,856	87,856	
			1.00 FTE equipment operator III			73,068	73,068	
4,116.47	4,228.39	111.92		137.66	7,694,828	5,222,957	12,917,785	4,164.73

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%
1991	4% with a minimum of $50 per month	4.2%

Year	Salary Increase Provided or Proposed	Annual Inflation*
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)	1.5%
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% may be provided to the extent the increase can be paid with existing agency resources.	3.4%
2001\1	3% with a minimum of $35 per month - Increases over $35 are to be based on merit and equity	2.8%
2002\1	2% with a minimum of $35 per month - Increases over $35 are to be based on merit and equity	1.6%
2003	Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase can be provided from pooled savings realized from the eliminated full-time equivalent (FTE) positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided must be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The judicial branch eliminated four vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 1% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase can be provided from pooled savings realized from the eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided must be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. It is anticipated that neither the executive branch nor the judicial branch will provide a January 1, 2005, salary increase.	2.7% (projected)

Year	Salary Increase Provided or Proposed	Annual Inflation*
2005\2	4% recommended	2.1% (projected)
2006\2	3% recommended - An additional 1% may be provided to the extent the increase can be paid with existing agency resources.	2.0% (projected)

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

\1 In addition, the 2001 Legislative Assembly provided:

$5 million, $2.7 million of which is from the general fund, for market equity compensation adjustments for classified employees as approved by the Central Personnel Division.

$4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount may be used for salary increases to address equity issues.

$178,233, $142,697 of which is from the general fund, for salary equity adjustments for elected and appointed officials.

\2 In addition, the 2005 executive budget recommends:

$5 million, $2.5 million of which is from the general fund and $2.5 million of special funds for market equity salary adjustments based on market data for all classified employees. Those employees furthest from market will receive the largest increase. Employees at or above the midpoint of their salary range will not receive adjustments.

$1 million to the Department of Corrections and Rehabilitation to provide market equity salary increases for correctional officers.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2005-07 biennium contains funding to provide salary increases of 4 percent effective July 1, 2005, and 3 percent effective July 1, 2006, for elected officials. An additional 1 percent is provided on July 1, 2006, paid from existing agency resources. The statutory changes proposed by the Office of Management and Budget in the appropriation bills for the respective elected officials provide a salary increase of 4 percent for the first year of the biennium and up to 4 percent for the second year, except for the Governor and Lieutenant Governor who are provided a 2 percent first-year increase and up to a 4 percent second-year increase and judges as noted below who are provided a 5.78 percent increase the first year and a 4 percent increase for the second year. The schedule below shows for each elected official the salary authorized by the 2003 Legislative Assembly and the salary beingproposed in the executive budget.

	Statutory Annual Salary Authorized by 2003 Legislative Assembly	Proposed Annual Salary Included in the 2005-07 Executive Budget Recommendation	
State Official	Continuation of Increase Effective July 1, 2002	Effective July 1, 2005	Effective July 1, 2006 \1
Governor	$87,216	$88,926	$92,483
Lieutenant Governor	$67,708	$69,035	$71,797
Secretary of State	$68,018	$70,739	$73,568
Attorney General	$74,668	$77,655	$80,761
Superintendent of Public Instruction	$77,434	$80,531	$83,752
Tax Commissioner	$73,821	$76,774	$79,845
Insurance Commissioner	$68,018	$70,739	$73,568
Public Service Commissioner	$69,874	$72,669	$75,576
Public Service Commissioner	$69,874	$72,669	$75,576
Public Service Commissioner	$69,874	$72,669	$75,576
Agriculture Commissioner	$69,874	$72,669	$75,576
State Auditor	$68,018	$70,739	$73,569
State Treasurer	$64,233	$66,802	$69,474

\1 The salaries represent an increase of 4 percent, effective July 1, 2006.

The budget as submitted by the judicial branch contains the funding needed to provide salary increases of approximately 5.78 percent for the first year of the biennium and 4 percent for the second year of the biennium for judges and justices.

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

	Statutory Annual Salary Authorized by 2003 Legislative Assembly	Proposed Annual Salary Included in the 2005-07 Judicial Branch Budget Request	
	July 1, 2002	July 1, 2005	July 1, 2007
Supreme Court Chief Justice	$102,021	$107,917	$112,234
Other Supreme Court justices	$99,122	$104,851	$109,045
District court presiding judges	$93,343	$98,737	$102,687
Other district court judges	$90,671	$95,911	$99,748

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$33,153,183		$19,379,478
Add estimated revenues				
2002 government nursing facility funding pool payment (July 2003)	$13,646,405			
2003 government nursing facility funding pool payment (July 2004)	6,349,417			
Investment earnings	2,019,756		870,019	
Loan repayments - Principal and interest	915,867		963,185	
Total estimated revenues		$22,931,445		$1,833,204
Total available		$56,084,628		$21,212,682
Less estimated expenditures				
State Department of Health				
Quick response unit pilot project	$225,000		$225,000	
Scholarship and nurses' student loan repayment grant program	489,500		489,500	
Bank of North Dakota administrative fee	79,615		79,615	
Transfer to the general fund	35,911,035		16,900,000	
Total estimated expenditures		$36,705,150		$17,694,115
Estimated ending balance		$19,379,478		$3,518,567

The health care trust fund was established by the 1999 Legislative Assembly (Senate Bill No. 2168) for providing nursing alternative loans or grants. The 2001 Legislative Assembly in House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money is 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 $50,000 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. Money in the fund is invested by the State Investment Board and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004.

ANALYSIS OF THE LANDS AND MINERALS TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$641,126		$3,864,250
Add estimated revenues				
Production royalties	$2,914,276		$1,737,808	
Mineral leases	183,875		100,000	
Oil and gas bonuses	2,904,997		143,868	
Investment earnings	121,952		278,744	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,814,643		1,361,660	
Total estimated revenues		$7,939,743		$3,622,080
Total available		$8,580,869		$7,486,330
Less estimated expenditures and transfers				
Payments to common schools trust fund - DD loan fund Nos. 2 and 3 (2003 SB 2012; 2005 SB 2013 - Continuing appropriation)	$2,470,319 \1		$1,789,322 \2	
Industrial Commission - Oil and Gas Division	0		0	
Transfer to the general fund (2003 SB 2015; 2005 HB 1015)	2,000,000		5,000,000	
Administrative costs/other fees	246,300		261,300	
Total estimated expenditures and transfers		$4,716,619		$7,050,622
Estimated ending balance		$3,864,250		$435,708

\1 The 2003-05 biennium appropriation in 2003 Senate Bill No. 2012 totals $3,261,556.

\2 In previous bienniums this amount was appropriated in the Department of Human Services appropriations bill. The 2005-07 executive budget includes a recommendation to create a new section to North Dakota Century Code Chapter 15-08.1 providing a continuing appropriation from the lands and minerals trust fund for making these loan payments under DD loan fund Nos. 2 and 3 (Section 7 of Senate Bill No. 2013 (2005)).

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 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$12,800,761		$41,647,158
Add estimated revenues				
Oil and gas production tax and oil extraction tax collections	$40,756,397		$0	
Total estimated revenues		40,756,397[1]		0[2]
Total available		$53,557,158		$41,647,158
Less estimated expenditures				
Transfer to the general fund (Section 6 of 2003 Senate Bill No. 2015)	$11,910,000		0	
Total estimated expenditures		$11,910,000		$0[3]
Ending balance		$41,647,158		$41,647,158

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 $71 million are to be transferred into the permanent oil tax trust fund. The State Treasurer is to transfer the interest earned on the fund to the general fund at the end of each fiscal year. The principal may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

[1]Estimated revenues - 2003-05 - The revised December 2004 revenue forecast for the 2003-05 biennium projects state oil and gas production tax and oil extraction tax revenues to exceed $71 million by $40.8 million; therefore, there is a projected transfer of $40.8 million to the permanent oil tax trust fund at the end of the biennium.

[2]Estimated revenues - 2005-07 - The executive budget recommends amending NDCC Section 57-51.1-07.2 (in Section 18 of House Bill No. 1015 (2005)) to increase from $71 million to $84.5 million the general fund portion of oil extraction tax and oil and gas gross production tax. The executive revenue forecast estimates that oil tax collections during the 2005-07 biennium will total $84.3 million. Therefore, the executive budget does not anticipate any transfers to the permanent oil tax trust fund during the 2005-07 biennium.

[3]Estimated expenditures - 2005-07 - The executive budget recommends a contingent transfer from the permanent oil tax trust fund and the Bank of North Dakota to the state general fund. Section 13 of House Bill No. 1015 (2005) provides that if during the 2005-07 biennium, the director of the Office of Management and Budget determines through revised projections that general fund revenue collections will not meet the revenues as forecast in the March 2005 legislative forecast, the director may transfer funds, up to the amount of the projected shortfall, from the permanent oil tax trust fund to the general fund, and if additional funds are required, the Industrial Commission shall transfer an additional amount of up to $10 million from the earnings and accumulated and undivided profits of the Bank of North Dakota to the general fund.

ANALYSIS OF THE RESOURCES TRUST FUND 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$20,129,911		$37,492,816
Add estimated revenues				
Oil extraction tax collections	$15,424,146		$12,555,437	
Repayments and reimbursements	1,805,000		2,005,000	
Investment earnings/miscellaneous	133,759		824,050	
Reimbursement from bond proceeds	31,150,000[3]			
Total estimated revenues		$48,512,905[1]		$15,384,487
Total available		$68,642,816		$52,877,303
Less estimated expenditures				
State Water Commission				
Grants and administration	$31,150,000[2]		$52,863,116[4]	
Total estimated expenditures		$31,150,000		$52,863,116
Ending balance		$37,492,816		$14,187

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 Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

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

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

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

[1]Estimated revenues - 2003-05 - The estimated revenues for the 2003-05 biennium reflect actual revenues through September 30, 2004, and estimated revenues for the remainder of the biennium. The current estimate of revenues for the biennium is $6,074,202 more than the estimate of $11,288,703 made at the close of the 2003 legislative session. The increase is attributable to the following changes:

Increase in oil extraction tax collections	$6,026,109
Increase in repayments for previously funded water projects	4,296
Increase in investment income	43,797
Net increase from revenue amount previously estimated for 2003-05	$6,074,202

[2]The 2003 Legislative Assembly appropriated $13,650,000 from the resources trust fund to the State Water Commission for water development projects. Section 10 of Senate Bill No. 2022 provides that if 2003-05 biennium revenues are in excess of $13,650,000, any excess is appropriated to the State Water Commission, subject to Emergency Commission approval. In January 2004 the Emergency Commission and Budget Section approved a transfer of $14.5 million of spending authority within the special funds line item from the water development trust fund to the resources trust fund for water projects. The transfer of spending authority was requested to more accurately reflect the actual beginning balances of each of the funds. Actual expenditures during the 2001-03 biennium were higher than projected from the water development trust fund and less than projected from the resources trust fund (the July 1, 2003, beginning balance of the resources trust fund was estimated to be $3.7 million at the close of the 2003 legislative session). In addition, the Emergency Commission and Budget Section approved an additional $3 million of spending authority from the resources trust fund for water projects based on 2003-05 biennium estimated revenues. The adjusted spending authority for water projects is approximately $13 million (excluding estimated bond payments) from the water development trust fund and $31,150,000 from the resources trust fund.

[3]Based on the executive budget recommendation, the State Water Commission plans to reimburse the 2003-05 biennium expenditures incurred from the resources trust fund with bond proceeds prior to the end of the 2003-05 biennium. Actual expenditures of $29.6 million have been incurred from the resources trust fund as of December 15, 2004.

[4]Section 4 of House Bill No. 1021 (2005) provides $52,863,116, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$0		$0
Add estimated receipts				
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)		73,537,985		77,700,000
Total available		$73,537,985		$77,700,000
Less estimated expenditures				
Payments to political subdivisions				
County share (53.7%)	$39,489,898		$41,724,900	
City share (46.3%)	34,048,087		35,975,100	
Total estimated expenditures		$73,537,985		$77,700,000
Ending balance		$0		$0

NOTE: The amounts shown above reflect the revised 2003-05 revenue forecast (December 2004) and the executive budget revenue forecast for the 2005-07 biennium.

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 1, 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

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

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

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

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

ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium[1]		2005-07 Biennium[1]	
Beginning balance		$54,248,000		$27,789,031
Add estimated revenues				
Fund earnings (net)	$3,900,000		$3,900,000	
Total available		$58,148,000		$31,689,031
Less estimated expenditures				
Transfers to the general fund	$26,258,969[2]		$9,000,000[3]	
Funding for North Dakota Student Loan Guarantee Agency	4,100,000		0	
Total estimated expenditures		$30,358,969		$9,000,000
Estimated ending balance		$27,789,031		$22,689,031

[1]This analysis reflects estimated revenues, expenditures, and ending balance for the **first general bond resolution only**.

[2]The 2003 Legislative Assembly provided for the following transfers totaling $26,258,969 from the student loan trust fund to the general fund:
Section 12 of Senate Bill No. 2015 - $11,000,000
Section 19 of House Bill No. 1003 - $14,258,969
Section 6 of House Bill No. 1019 - $1,000,000

[3]The 2005-07 executive budget recommends transferring $9,000,000 from the student loan trust fund to the general fund.

FUND HISTORY

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

The student loan trust fund is not in the business of making loans to students or servicing loans which it acquires. The Bank of North Dakota continues to service those loans which the student loan trust fund holds.

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

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

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

In addition, North Dakota Century Code Section 6-09-40 provides that the Bank of North Dakota shall request from the Industrial Commission a transfer from the student loan trust fund to reimburse the Bank for any losses incurred from investments in North Dakota alternative and venture capital investments and early-stage capital funds. Section 10-30.5-04(3) provides that the maximum amount of funds that may be borrowed from the Bank of North Dakota for the purpose of investing in North Dakota alternative and venture capital investments and early-stage capital funds is $5 million.

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

The 2003 Legislative Assembly with the passage of Senate Bill No. 2232 authorized the Industrial Commission to issue subordinate or residual bonds of up to $23 million, and as a result the Industrial Commission issued $23 million of subordinate bonds on December 1, 2004.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$0		$0
Add revenues				
Tobacco settlement revenues collected to date	$23,238,627[1]			
Projected tobacco settlement revenues	22,972,067		$45,944,134	
Total revenues		46,210,694[2]		45,944,134[2]
Total available		$46,210,694[3]		$45,944,134
Less expenditures and transfers				
Transfers to the community health trust fund (10%)	$4,621,070		$4,594,414	
Transfers to the common schools trust fund (45%)	20,794,812		20,674,860	
Transfers to the water development trust fund (45%)	20,794,812		20,674,860	
Total expenditures and transfers		46,210,694		45,944,134
Estimated ending balance		$0		$0

[1]Four 2003-05 biennium tobacco settlement payments totaling $23,238,627 have been received by the state as of December 1, 2004. Total tobacco settlement collections of $129,775,774 have been received to date by North Dakota.

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

[3]The tobacco settlement proceeds for the 2003-05 biennium were estimated to be $51,271,214 at the end of the 1999 legislative session. The decrease in the amount of tobacco settlement revenues collected for the biennium of $5,060,520 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. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The total original estimated tobacco settlement collections made during the 1999 legislative session and the total estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	$57,593,770	$52,900,784
2001-03	61,143,578	53,636,363
2003-05	51,271,214	46,210,694
2005-07	51,271,214	45,944,134
2007-17 ($82,231,080/$73,687,266 per biennium)	411,155,400	368,436,330
2017-25 ($58,591,490/$52,503,832 per biennium)	234,365,960	210,015,328
Total	$866,801,136	$777,143,633

FUND HISTORY

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

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

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$5,753,089		$3,979,404
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	$2,323,863[1]			
Remaining transfers from the tobacco settlement trust fund	2,297,207		$4,594,414	
Total estimated revenues		$4,621,070[2]		$4,594,414[2]
Total available		$10,374,159		$8,573,818
Less estimated expenditures				
State Department of Health				
Tobacco prevention and control	$4,700,000[3]		$4,700,000[3]	
Dentists' loan program	300,000[4]		420,000[4]	
Community health grants	600,000[5]		495,000[5]	
Tobacco "quit line"	680,000[6]		884,000[6]	
Tobacco cessation coordinator and operating expenses			111,000[7]	
Department of Human Services				
Breast and cervical cancer assistance	114,755[8]		254,356[8]	
Total estimated expenditures		$6,394,755		$6,864,356
Estimated ending balance		$3,979,404		$1,709,462

[1]As of December 1, 2005, four transfers have been made from the tobacco settlement trust fund totaling $2,323,863. Total transfers of $12,977,577 have been made to date from the tobacco settlement trust fund to the community health trust fund.

[2]Revenues - Interest earned on the community health trust fund is deposited in the state general fund. The tobacco settlement revenues for the community health trust fund were estimated to be $5,127,121 for the 2003-05 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of $506,051 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. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The revenues for the community health trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	$5,759,377	$5,290,078
2001-03	6,114,358	5,363,636
2003-05	5,127,121	4,621,070
2005-07	5,127,121	4,594,414
2007-17 ($8,223,108/$7,368,727 per biennium)	41,115,540	36,843,633
2017-25 ($5,859,149/$5,250,383 per biennium)	23,436,596	21,001,532
Total	$86,680,113	$77,714,363

[3]House Bill No. 1475 (1999) (North Dakota Century Code (NDCC) Section 54-27-25) provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage. The executive budget recommendation provides an appropriation of $4.7 million, the same as the 2003-05 biennium, to the State Department of Health for tobacco prevention and control programs.

[4]Senate Bill No. 2276 (2001) provided an appropriation to the State Health Council for a dentists' loan repayment program. Each year the State Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds for the repayment of their educational loans. The funds are payable over a four-year period and may not exceed $80,000 per applicant. The 2001 Legislative Assembly added intent to Senate Bill No. 2276 (NDCC Chapter 43-28.1) that the 2003 Legislative Assembly provide sufficient funds for continuation of the program. The annual selection of the dentists is to be based on the size of the community that will be served as follows:

- One dentist serving a community with less than 2,500 residents.
- One dentist serving a community with less than 10,000 residents.
- One dentist serving a community with 10,000 or more residents.

Three dentists were accepted into the program during the 2001-03 biennium, serving communities over 10,000 residents (both Minot) and one serving a community with less than 2,500 residents (Larimore). The Legislative Assembly, as provided in 2003 Senate Bill No. 2378, changed the dental loan repayment program effective for the 2003-05 biennium from requiring one dentist from each of the community-size categories to providing the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. As of December 2004 six dentists have been approved for the dental loan repayment program serving--the Fargo Community Health Center, New Rockford, Grand Forks, Fargo, Bismarck, and West Fargo.

[5]The community health grant program was established in 2001 Senate Bill No. 2380 (NDCC Section 23-38-01) with the intent to prevent or reduce tobacco usage. The Legislative Assembly, as provided in 2003 Senate Bill No. 2297, appropriated $600,000 for funding the Community Health Grant Advisory Committee ($100,000) and for providing for city, county, and state employee tobacco education and cessation programs ($500,000). In addition, the Legislative Assembly authorized the total unexpended 2001-03 appropriated funds of $204,052 for city and county tobacco cessation and education programs to be carried forward to the 2003-05 biennium. The State Department of Health, however, does not anticipate expenditures for cessation programs will exceed the original $500,000 appropriation for the 2003-05 biennium. The grants to cities and counties for cessation programs are to be matched with $1 of local funds for every $3 of state funds. The 2005-07 biennium executive budget recommends $495,000 for tobacco cessation grants ($395,000) and for the Community Health Grant Advisory Committee ($100,000).

[6]The 2003 Legislative Assembly appropriated $680,000 for establishing a telephone tobacco "quit line." The executive recommendation includes $884,000 to operate the "quit line" for the entire 2005-07 biennium.

[7]The executive recommendation adds one FTE tobacco prevention coordinator position and related funding for salaries and wages ($95,666) and operations ($15,334).

[8]The executive budget recommends an appropriation of $254,356, an increase of $139,601 from the 2003-05 biennium, to the Department of Human Services for providing medical assistance coverage for women screened and found to have breast and cervical cancer.

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 money obtained by the state. Money in the fund must be transferred as follows, within 30 days of its deposit in the fund:

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

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS (REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$9,409,511		$12,677,816
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	$10,457,382[1]			
Remaining transfers from tobacco settlement trust fund	10,337,430		$20,674,860	
Reimbursement from bonding proceeds	13,021,452[5]			
Total estimated revenues		$33,816,264[2]		$20,674,860
Total available		$43,225,775		$33,352,676
Less estimated expenditures				
Transfer to the general fund	$10,070,373[3]		$0	
State Water Commission				
Water development projects and operations	13,021,452[4]		8,370,601[6]	
Bond payments	5,424,773[4,7]		14,332,160[7]	
Devils Lake operations	0		2,091,724[8]	
Intern salaries for cloud modification project	0		69,388[9]	
Repayment of 2001-03 loans used for the state's matching share of federal disaster relief funding				
University of North Dakota (HB 1003)	1,193,146			
North Dakota State University (HB 1003)	262,928			
Parks and Recreation Department (SB 2021)	575,287			
Total estimated expenditures		$30,547,959		$24,863,873[10]
Estimated ending balance		$12,677,816		$8,488,803

[1]As of December 2004, four transfers have been made from the tobacco settlement trust fund totaling $10,457,382. Total transfers of $58,399,098 have been made to date from the tobacco settlement trust fund to the water development trust fund.

[2]Revenues - Interest earned on the water development trust fund is deposited in the state general fund. The tobacco settlement revenues for the water development trust fund were estimated to be $23,072,046 for the 2003-05 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of $2,277,234 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. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The revenues for the water development trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	$25,917,197	$23,805,353
2001-03	27,514,610	24,136,363
2003-05	23,072,046	20,794,812
2005-07	23,072,046	20,674,860
2007-17 ($37,003,986/$33,159,270 per biennium)	185,019,930	165,796,350
2017-25 ($26,366,170/$23,626,724 per biennium)	105,464,680	94,506,896
Total	$390,060,509	$349,714,634

[3]The 2003 Legislative Assembly authorized, in Section 15 of Senate Bill No. 2022 (2003), a transfer of $10,070,373 from the water development trust fund to the general fund. As of December 2004, $5,035,186 or one-half of the total has been transferred to the general fund. The 2003-05 biennium appropriation for the State Water Commission administrative expenses of $9,385,396 is from the general fund.

[4]Senate Bill No. 2022 (2003) includes $32,946,225 from the water development trust fund to the State Water Commission. The funding is for bond payments (approximately $5.4 million), reimbursement to the State Department of Health for nonpoint sources of pollution control expenses (up to $300,000), and other water control projects (approximately $27.2 million). The Emergency Commission and Budget Section approved a transfer of $14.5 million of spending authority within the special funds line item from the water development trust fund to the resources trust fund for water projects. The transfer of spending authority was requested to more accurately reflect the actual July 1, 2003, beginning balances and the corresponding 2003-05 biennium appropriation of each of the funds. Actual expenditures during the 2001-03 biennium were higher than projected from the water development trust fund and less than projected from the resources trust fund (the July 1, 2003, beginning balance of the water development trust fund was estimated to be $23.3 million at the close of the 2003 legislative session). The adjusted spending authority from the water development trust fund for water development projects ($13,021,452) and bond payments ($5,424,773) is $18,446,225.

[5]The State Water Commission plans to reimburse the water development trust fund for 2003-05 biennium expenditures from bond proceeds prior to the end of the 2003-05 biennium. Actual water project expenditures of $7.6 million have been incurred from the water development trust fund as of December 15, 2004.

[6]The executive budget recommends that the administrative and support services division of the State Water Commission be funded from the general fund. The administrative expenses of the water and atmospheric resources division will be funded entirely from federal and special funds (primarily the water development trust fund). The administrative expenses included in the water and atmospheric resources division will be approximately $7.9 million. The remaining spending authority of approximately $470,000 will be available for water projects or if necessary costs associated with the shop building.

[7]Senate Bill No. 2188 (1999) (North Dakota Century Code (NDCC) Section 61-02.1-02) authorized the State Water Commission to borrow up to $84.8 million for state water projects to be repaid from the water development trust fund. In March 2000 the State Water Commission issued bonds totaling $27.5 million--$23 million for Grand Forks flood control and $4.5 million for the Southwest Pipeline Project. The 2003 Legislative Assembly authorized, in Senate Bill No. 2022, the State Water Commission to issue up to $60 million in bonds during the 2003-05 biennium. Bond payments on the March 2000 issuance for the 2003-05 biennium will be approximately $5.4 million. The total bond payments for the 2005-07 biennium, including anticipated principal and interest payments on the $60 million bonds issued during the 2003-05 biennium, will be approximately $14.3 million.

[8]The executive budget recommends two additional FTE positions and increases special funds spending authority for salaries and wages ($160,924), temporary salaries ($26,400), and operating expenses ($1,904,400) for Devils Lake Outlet operations. The outlet is anticipated to be completed during the 2003-05 biennium and will require funding for staffing and operating costs during the 2005-07 biennium. The State Water Commission anticipates this project will be paid for from the water development trust fund.

[9]The executive budget recommends special funds spending authority for temporary wages of 10 seasonal intern pilot positions employed during the North Dakota cloud modification project. The State Water Commission anticipates this project will be paid for from the water development trust fund.

[10]Section 5 of House Bill No. 1021 (2005) provides a total of $24,863,873, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission.

FUND HISTORY

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

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

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 money appropriated from the water development trust fund.