EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2005	$65,000,000[1]
Add estimated 2005-07 general fund revenues	1,934,748,154
Total resources available	$1,999,748,154
Less recommended 2005-07 general fund appropriations	1,989,452,623
Estimated general fund balance - June 30, 2007	$10,295,531[2]

[1]This amount includes estimated agency general fund turnback of $12,858,711 and an anticipated transfer of $64,467,187 to the budget stabilization fund which is the portion of the June 30, 2005, general fund balance that is estimated to exceed $65 million.

[2]In addition, the Legislative Assembly retained an estimated June 30, 2007, balance of $67.2 million in the budget stabilization fund and $7.9 million in the permanent oil tax trust fund.

TOTAL APPROPRIATIONS SUMMARY

	2003-05 Legislative Appropriations	Increase (Decrease)	2005-07 Legislative Appropriations
General fund	$1,816,885,505	$172,567,118	$1,989,452,623
Estimated income	3,289,715,994	473,505,173	3,763,221,167
Total all funds	$5,106,601,499	$646,072,291	$5,752,673,790

2005-07 GENERAL FUND REVENUES

1. Provided for general fund revenues of $1.999 billion, $66.3 million more than the 2003-05 biennium revenues as included in the March 2005 revenue forecast. Total 2005-07 biennium revenues are estimated to increase by $122.8 million excluding one-time federal fiscal relief payments of $56.5 million received during the 2003-05 biennium.
2. Assumed **revenue growth** (excluding transfers) of approximately 2.15 percent for each year of the 2005-07 biennium.
3. Major areas of **revenue growth** (compared to the March 2005 forecast for the 2003-05 biennium) include:
   a. Sales and use tax revenue increasing by $39.7 million or 5.5 percent.
   b. Individual income tax revenue increasing by $28 million or 6.4 percent.
   c. Motor vehicle excise tax revenue increasing by $6.1 million or 4.7 percent.
4. **Oil tax revenues** are $71 million, the same as the 2003-05 biennium. North Dakota Century Code (NDCC) Section 57-51.1-07.2 provides that oil and gas production and oil extraction tax collections in excess of $71 million during the biennium be transferred from the general fund to the permanent oil tax trust fund. For the 2005-07 biennium, oil tax collections are estimated to total $109 million, of which $38 million will be transferred to the permanent oil tax trust fund and $71 million will remain in the general fund. For the 2003-05 biennium, an estimated $44.3 million is to be transferred to the permanent oil tax trust fund and $71 million remain in the general fund. The estimated June 30, 2005, balance in the permanent oil tax trust fund is $45.2 million.
5. Provided for a $55.3 million transfer from the **permanent oil tax trust fund** to the general fund during the 2005-07 biennium. The estimated June 30, 2007, balance in the permanent oil tax trust fund is $7.9 million.
6. Included $60 million from the **Bank of North Dakota**, the same amount authorized for the 2003-05 biennium. The transfer may be made only to the extent the transfer does not reduce the Bank's capital structure below $150 million.
7. Included $5 million from the **Mill and Elevator**, the same amount transferred during the 2003-05 biennium.
8. Included $9 million from the **student loan trust fund**, $17.3 million less than the amount transferred during the 2003-05 biennium.
9. Included $16.9 million from the **health care trust fund**, $19 million less than the amount transferred during the 2003-05 biennium.
10. Included $6.8 million from the **lands and minerals trust fund**, $4.8 million more than the amount transferred during the 2003-05 biennium.
11. Anticipated state agency **general fund turnback** of $12.9 million at the end of the 2003-05 biennium.
12. Included $10 million of general fund lottery revenues, $3.8 million or 60.5 percent more than the 2003-05 biennium lottery revenues as estimated in the March 2005 revenue forecast.

2005-07 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of $1.989 billion, $172.5 million more than the 2003-05 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
   a. Department of Human Services - $73.3 million.
   b. Department of Public Instruction - $31.7 million.
   c. Higher education - $23.1 million.
   d. Department of Corrections and Rehabilitation - $17.7 million.
   e. Judicial branch - $9.8 million.
   f. Adjutant General - $7.3 million.
   g. Agriculture research and extension - $5.8 million.
   h. Board for Career and Technical Education - $2.2 million.

i. Attorney General - $2 million.
j. Highway Patrol - $1.9 million.
k. Department of Emergency Services - ($3.9 million).
l. State Water Commission - ($8.4 million).

2005-07 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of $3.76 billion, $473.5 million more than the 2003-05 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
   a. Department of Transportation - $170.6 million.
   b. Department of Human Services - $97.8 million.
   c. Higher education - $68 million.
   d. Office of Management and Budget - $38.8 million.
   e. Agriculture research and extension - $24.2 million.
   f. Department of Emergency Services - $20.7 million.
   g. Bank of North Dakota - $14.8 million.
   h. Tax Department - $14 million.
   i. Game and Fish Department - $7.8 million.
   j. Attorney General - $7 million.
   k. Adjutant General - $6.7 million.
   l. Industrial Commission - $6.6 million.
   m. State Department of Health - $5.8 million.
   n. State Historical Society - $5.5 million.
   o. Department of Commerce - $5.1 million.
   p. Children's Services Coordinating Committee - ($2.5 million).
   q. Aeronautics Commission - ($3.4 million).
   r. Department of Corrections and Rehabilitation - ($4.8 million).
   s. State Water Commission - ($25.4 million).

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

1. Transferred $88.1 million of special funds to the general fund from the following **sources that may not be available at the same level** during the 2007-09 biennium:
   a. Permanent oil tax trust fund - $55,300,000.
   b. Health care trust fund - $16,900,000.
   c. Student loan trust - $9,000,000.
   d. Lands and minerals trust fund - $6,800,000.
   e. Compulsive gambling fund - $100,000.
2. Appropriated $3.2 million from the **health care trust fund** for Department of Human Services programs.
3. Appropriated $1,425,000 from the **beginning farmer revolving loan fund** for the AgPACE program of the Bank of North Dakota.

HIGHER EDUCATION

1. Increased **general fund** support for higher education by $23,127,955, or 6.4 percent, compared to the 2003-05 legislative appropriations.
2. Increased support from **special funds** by $68,005,333, or 61.5 percent, compared to the 2003-05 legislative appropriations due to increasing major capital projects funded from special funds by $67.8 million.
3. Adjusted the authorized number of **full-time equivalent (FTE) employee positions** from 2,400.38 to 2,194.42 to reflect agency reductions and to report only the number of FTE positions supported by the general fund.
4. Provided $22,951,652 for University System pools including:
   a. A **common information services pool** of $20,563,093 for the State Board of Higher Education to allocate to higher education institutions for support of the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives.
   b. An **operations pool** of $388,559 for system priorities as determined by the State Board of Higher Education.
   c. An **equity pool** of $2 million to address equity at higher education institutions and other campus needs as determined by the State Board of Higher Education.
5. Provided $5,190,000 from the general fund for the **competitive research** program, which is a $440,000 increase from the 2003-05 legislative appropriation.
6. Provided funding of $3,504,402 for **student financial assistance grants**, $3,332,402 of which is from the general fund and $172,000 of federal funds, which is a $574,187 increase in total from the previous biennium, $1,864,780 from the general fund for the **professional student exchange program**, which is a $186,480 increase from the previous biennium, and $862,077 from the general fund for the **scholars program**, which is a $45,709 increase from the previous biennium.
7. Provided funding of $183,107,183 for **capital improvements**, including $7,034,054 for campus extraordinary repairs, $2,331,554 for energy improvement projects, $173,304,652 for major capital projects, and $436,923 for contingency and capital emergency funding.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided a general fund appropriation of $517,553,759 for **per student, limited English proficiency payments, and transportation aid**, an increase of $28,173,769, or 5.8 percent, from the 2003-05 appropriation of $489,379,990. The recommended **per student payment amounts** are $2,765 during the first year of the biennium, an increase of $142 (5.4 percent) from the 2004-05 payment of $2,623 and $2,879 for the second year, an increase of $114 (4.1 percent) from the first-year payment. The estimated weighted student units are 107,438 for the first year of the biennium and 106,090 for the second year.
2. Provided a special funds appropriation from the **state tuition fund** of $71,600,000, an increase of $2,104,629, or 3 percent, from the 2003-05 appropriation of $69,495,371. The 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.
3. Provided $50,912,120 from the general fund for **teacher compensation payments**, a decrease of $941,880 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 other teachers. Section 30 of House Bill No. 1154 requires each school district 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. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.
4. Provided a general fund appropriation of $52,500,000 for **special education grants**, an increase of $2,601,305, or 5.2 percent, from the 2003-05 appropriation of $49,898,695.
5. Provided $5 million from the general fund for **revenue supplemental payments** to school districts, pursuant to NDCC Section 15.1-27-11, the same amount appropriated for the 2003-05 biennium.
6. Provided $1 million from the general fund for **joint powers agreement incentives**.

HUMAN SERVICES

1. Provided a **total appropriation** of $1.68 billion to the Department of Human Services, of which $484 million is from the general fund, a total increase of $171.2 million, or 11.3 percent. The general fund share increased by $73.3 million, or 17.8 percent.
2. Authorized the department to **transfer appropriation authority** between line items within each subdivision of the department and between subdivisions of the department for the 2005-07 biennium.
3. Provided **additional state matching funds** of $35.1 million due to changes in the state's federal medical assistance percentage (FMAP) which is anticipated to decrease from the enhanced rate of 71.31 percent in federal fiscal year 2004 to an estimated 62.37 percent in federal fiscal year 2007 requiring an estimated $35.9 million of additional state matching funds. The Legislative Assembly provided $35.1 million of the estimated $35.9 million needed. The FMAP determines the federal and state share of Medicaid expenditures.
4. Approved the department's request for $29,188,859 to rewrite the Medicaid management information system **(MMIS)** computer application and make related Vision eligibility computer system changes. Of the total, $3,667,820 is state matching funds which the Legislative Assembly appropriated from the permanent oil tax trust fund and the remainder is federal funds.
5. Provided for a 2.65 percent **annual inflationary increase** for department providers, including nursing homes, basic care facilities, qualified service providers, developmental disabilities service providers, foster care facilities and providers, and medical service providers.
6. Provided additional funding for **developmental disabilities service providers** to increase the average wage for the providers' employees by 15 cents for the first year of the biennium and 20 cents for the second year.
7. Removed funding of $1,662,945 from the general fund for the **senior citizen mill levy matching grant program**, in accordance with provisions of Senate Bill No. 2267 which removes the program from the Department of Human Services, establishes a senior citizens services and programs fund, and provides a continuing appropriation from the fund to the State Treasurer for providing senior citizen mill levy matching grants to counties equal to two-thirds of the first mill levied by the county for senior citizen programs.
8. Approved Senate Bill No. 2373 which appropriates $1.3 million, of which $500,000 is from the general fund, to the Department of Human Services for establishing a pilot program at either the State Hospital or at a private facility for the **treatment of individuals**

who are chemically dependent on methamphetamine or other controlled substances.

9. Provided an additional $3.1 million from the general fund and authorized an additional 29.85 new FTE positions to expand 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 to a 42-bed unit.
10. Approved Senate Bill No. 2341 which appropriates $448,471 of federal funds to the department for establishing a **mandatory drug treatment pilot program** for convicted drug offenders involving the Department of Corrections and Rehabilitation and the Developmental Center. The Developmental Center will provide inpatient drug treatment services to selected individuals under this program.

CAPITAL CONSTRUCTION

1. Included a total of $944,398,249 for the following capital projects:
   a. $227,731,578 for major capital projects.
   b. $18,294,470 for extraordinary repairs, including the energy improvement project.
   c. $698,372,201 for other projects (including $629,530,311 for the Department of Transportation and $42,699,560 for the State Water Commission).

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

	General Fund	Special Funds
Major capital projects	$1,986,255	$225,745,323
Extraordinary repairs	10,829,706	7,464,764
Bond payments	18,249,556	2,146,611
Other projects	334,000	677,642,034
Total	$31,399,517	$912,998,732

2. Authorized the State Water Commission to issue up to $7 million in bonds for **water and flood control projects** during the 2005-07 biennium, in addition to the $60 million in bonding authority authorized in NDCC Section 61-02.1-02.1.

3. Authorized the following selected projects to be financed by **bonding**:

Office of Management and Budget - Fire suppression system	$3,155,000
Attorney General's office - Crime lab addition and renovation	3,632,691
University of North Dakota - Energy improvement project	2,331,554[1]
North Dakota State University - Hazardous material handling and storage facility	3,500,000
North Dakota State College of Science - Electrical distribution	736,000
Dickinson State University - Murphy Hall	4,100,557
Minot State University - Bottineau - Thatcher Hall addition	2,500,000
Department of Corrections and Rehabilitation	
James River Correctional Center - ET building improvements	980,000
James River Correctional Center - Programs building code improvements	584,000
North Central Research Center - Agronomy laboratory and greenhouse	440,000[2]
Central Grasslands Research Extension Center - Office addition	270,000[3]
Main Research Center - Greenhouse complex	2,000,000[4]
State Historical Society	
Chateau de Mores Interpretive Center	1,100,000[5]
Heritage Center research collections expansion	5,500,000[6]
Parks and Recreation Department - Turtle River State Park administrative office	350,000[7]
Total	$31,179,802

[1]The University of North Dakota energy improvement project bonds will be repaid with resulting energy cost-savings.

[2]In addition to the $440,000 appropriated from bond proceeds, the Legislative Assembly also appropriated $1,250,000 of federal and other funds, for a total of $1,690,000 appropriated for the North Central Research Center agronomy laboratory and greenhouse.

[3]In addition to the $270,000 appropriated from bond proceeds, the Legislative Assembly also appropriated $80,000 of federal and other funds, for a total of $350,000 appropriated for the Central Grasslands Research Extension Center office addition.

[4]In addition to the $2 million appropriated from bond proceeds, the Legislative Assembly also appropriated $5 million of federal and other funds, for a total of $7 million appropriated for the Main Research Center greenhouse complex.

[5]In addition to the $1,100,000 appropriated from bond proceeds, the Legislative Assembly also appropriated $500,000 of federal and other funds, for a total of $1,600,000 appropriated for the Chateau de Mores Interpretive Center.

[6]In addition to the $5,500,000 appropriated from bond proceeds, the Legislative Assembly also appropriated $200,000 of federal and other funds, for a total of $5,700,000 appropriated for the State Historical Society and Heritage Center research collections expansion.

[7]In addition to the $350,000 appropriated from bond proceeds, the Legislative Assembly also appropriated $350,000 of federal and other funds, for a total of $700,000 appropriated for the Parks and Recreation Department Turtle River State Park administrative office building.

STATE EMPLOYEES

1. Provided funding for state employee **salary increases** equal to 4 percent for each year of the biennium. Funding provided for these increases totals $41.5 million, $19.8 million of which is from the general fund. 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 and other resources.
2. Continued funding for the cost of **health insurance premiums** for state employees at $554 per month per employee, an increase of $65, or 13.3 percent compared to the 2003-05 biennium premium of $489. Funding provided for this increase totals $13.2 million, $5.3 million of which is from the general fund.
3. Authorized a total of 10,631.95 **FTE positions**, 154.48 FTE positions fewer than the 2003-05 authorized level and 17.05 FTE positions more than the executive recommendation. The 2003-05 authorized level includes a reduction of 688.17 higher education FTE positions to reflect campus reductions and to report only the number of FTE positions funded from the general fund. The net increase, excluding higher education, is 51.48 positions.
4. Provided $1.5 million from the general fund to the **Department of Corrections and Rehabilitation** for **market equity adjustments**, $1 million for correctional officers and $500,000 for all the department's employees. In addition, intent was provided that the Department of Corrections and Rehabilitation provide up to $250,000 in market equity adjustments for employees in the Field Services Division to the extent general fund savings can be identified from within the department's existing budget.

CORRECTIONS

1. Provided a total of $1.5 million from the general fund for a **salary equity pool**, of which $1 million is for correctional officers and $500,000 is for all the department's employees. The executive recommendation included the $1 million from the general fund for salary equity adjustments for correctional officers. The Legislative Assembly also added a section of legislative intent to Senate Bill No. 2015 to provide that if the Department of Corrections and Rehabilitation can identify $250,000 of general fund savings within its 2005-07 biennium appropriation, the department may use that savings to provide additional salary equity adjustments for employees in the Field Services Division.
2. Provided a total of $8,433,190 for **inmate contract housing** for the daily housing costs and medical expenses related to contract housing female inmates at the Dakota Women's Correctional Rehabilitation Center in New England and to house excess male inmates at county jails and private facilities.
3. Provided $910,800 from the general fund for an **assessment center program** to be managed by the Department of Corrections and Rehabilitation and another private or public agency to provide further assessment and evaluation of offenders.
4. Authorized the addition of 3 FTE positions for a 90-day **relapse program** at the Missouri River Correctional Center for parole violators that use drugs or alcohol in violation of their parole agreement.
5. Authorized the issuance of $1,564,000 of bonds for **building improvements and code improvements** at the James River Correctional Center in Jamestown.

INFORMATION TECHNOLOGY DEPARTMENT

1. Provided funding of $108,907,227, of which $9,972,837 is from the general fund and $98,934,390 from special funds, to the Information Technology Department. The funding is summarized as follows:

	General Fund	Special Funds	Total
Information Technology Department operations	$811,484	$79,635,664	$80,447,148
Division of Independent Study	1,011,558	5,025,542	6,037,100
Educational Technology Council	887,852		887,852
EduTech	2,652,348		2,652,348
Wide area network	3,396,755	4,147,400	7,544,155
Geographic information system	687,750		687,750
Criminal Justice Information Sharing Initiative	525,090	2,000,000	2,525,090
Contingent appropriation		8,125,784	8,125,784
Total	$9,972,837	$98,934,390	$108,907,227

2. Authorized a total of 265.2 FTE positions, 8.5 FTE positions more than the 2003-05 authorized level. The additional positions include 10 FTE positions authorized for the development and implementation of the Department of Human Services Medicaid management information system. The 10 FTE positions are only authorized until the development and implementation of the Medicaid management information system is completed.

ECONOMIC DEVELOPMENT

1. Provided a total of $19.2 million from the general fund for economic development activities, a decrease of $3.8 million from the 2003-05 biennium. Major items include:
   a. Funding of $5.7 million from the general fund for the partnership in assisting community expansion (PACE) fund at the Bank of North Dakota, the same as the executive recommendation and the 2003-05 biennium appropriation.
   b. Providing $1.2 million from the general fund for a newly created Biodiesel PACE program at the Bank of North Dakota.
   c. Funding of $1,480,628 from the general fund for Work Force 2000 in Job Service North Dakota, $96 less than the executive recommendation and $230,724 more than the 2003-05 biennium appropriation.
   d. $1,350,000 from the general fund for workforce training contracts in the Board for Career and Technical Education, the same as the executive recommendation and the 2003-05 biennium appropriation.
2. Provided $1,425,000 from the beginning farmer revolving loan fund for the Ag PACE program at the Bank of North Dakota, the same as recommended in the executive budget. The 2003 Legislative Assembly provided $1,425,000 for this program from the general fund.
3. Authorized the Office of Management and Budget to borrow up to $20 million from the Bank of North Dakota as directed by the Centers of Excellence Commission for providing centers of excellence grants. The Office of Management and Budget may use up to $16 million from the permanent oil tax trust fund to repay the funds borrowed and accrued interest by the end of the 2005-07 biennium.

TRANSPORTATION

1. Anticipated that North Dakota will receive $202.3 million of federal highway construction funds in federal fiscal year 2005 and $205 million in federal fiscal year 2006.
2. Estimated that an additional $22.9 million of state highway fund money would be needed to match the anticipated level of federal highway construction funds and that an additional $8.5 million of state matching funds would be needed for federal emergency relief projects. Of this $31.4 million of additional state matching funds needed, the Legislative Assembly increased taxes and fees as explained in No. 3 below to generate an estimated $28.6 million of additional highway fund revenues during the 2005-07 biennium.
3. Provided for additional highway revenues by:
   a. Increasing the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 2 cents per gallon, from 21 to 23 cents. This increase is estimated to generate $20.4 million for the 2005-07 biennium, of which $12.8 million is deposited in the state highway fund and $7.6 million is distributed to cities and counties.
   b. Making pickup truck registration fees equivalent to passenger vehicle fees by providing for 50 percent of the increase necessary to make this change during the 2005-07 biennium and the remainder beginning July 2007. This change is estimated to generate $3.8 million for the 2005-07 biennium, of which $2.4 million is deposited in the state highway fund and $1.4 million distributed to cities and counties.
   c. Increasing annual motor vehicle registration fees by $10 for deposit directly in the state highway fund. This increase is estimated to generate $13.4 million for the state highway fund during the 2005-07 biennium. After this increase, a total of $13 of each registration fee is deposited directly in the state highway fund rather than the highway tax distribution fund.
4. Increased the annual motor vehicle registration fee dedicated for public transportation services from $2 to $3 and appropriated a total of $4,650,000 for **public transportation grants**, $1,550,000 more than the 2003-05 biennium.

LEWIS AND CLARK BICENTENNIAL

1. Provided $5.6 million, from the general fund for Lewis and Clark Bicentennial activities and projects. The 2003 Legislative Assembly appropriated $5.7 million, of which $5.31 million was from the general fund for Lewis and Clark Bicentennial activities and projects for the 2003-05 biennium. Funding appropriated for each agency for the 2005-07 biennium includes:
   a. $3,932,644 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.
   b. $932,420 from the general fund to the State Historical Society for Heritage Center museum exhibits, public programming and interpretation, salaries, and operating costs associated with Lewis and Clark Bicentennial activities.
   c. $108,300 from the general fund for the Council on the Arts for Lewis and Clark Bicentennial activities and continuing programs.
   d. $617,335 from the general fund for the Parks and Recreation Department for capital projects at state parks, salaries, and

operating costs associated with Lewis and Clark Bicentennial activities.

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		
Beginning balance	$61,114,425	$62,240,652	$14,790,311	$65,000,000	$50,209,689	339.5%
Revenue source						
Sales and use tax	$613,066,466	$640,618,364	$723,013,963	$762,724,000	$39,710,037	5.5%
Motor vehicle excise tax	109,115,230	119,592,232	130,062,758	136,133,400	6,070,642	4.7%
Individual income tax	409,331,437	396,153,000	436,392,523	464,347,000	27,954,477	6.4%
Corporate income tax	99,134,855	88,417,166	81,067,083	83,819,000	2,751,917	3.4%
Insurance premium tax	39,113,433	48,990,027	60,195,518	63,637,000	3,441,482	5.7%
Business privilege tax	5,464,955	6,257,389	5,246,071	5,166,400	(79,671)	(1.5%)
Cigarette and tobacco tax	41,706,350	39,313,360	39,067,411	37,147,000	(1,920,411)	(4.9%)
Oil and gas production tax	38,433,365 \3	39,159,000 \3	44,757,000 \3	39,838,800 \3	(4,918,200)	(11.0%)
Oil extraction tax	23,566,635 \3	22,841,000 \3	26,243,000 \3	31,161,200 \3	4,918,200	18.7%
Coal severance tax	22,173,854	0	0	0	0	0.0%
Coal conversion tax	25,672,170	46,878,511	47,829,816	48,833,000	1,003,184	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	11,819,958	12,300,000	480,042	4.1%
Mineral leasing fees	9,531,698	6,440,513	7,450,000	5,996,333	(1,453,667)	(19.5%)
Interest income	20,832,123	8,509,483	6,101,000	10,470,000	4,369,000	71.6%
Departmental collections	40,816,171	57,506,019	59,553,554	48,545,021	(11,008,533)	(18.5%)
Total revenues	$1,535,718,248	$1,559,444,550	$1,706,423,655	$1,780,248,154	$73,824,499	4.3%
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 \7	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	6,800,000	4,800,000	240.0%
Transfer - Permanent oil tax trust fund			11,910,000	55,300,000	43,390,000	364.3%
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	348,770	100,000	(248,770)	(71.3%)
Total transfers and other sources	$59,539,802	$110,433,690	$155,774,625	$154,500,000	($1,274,625)	(0.8%)
Total beginning balance, revenues, and transfers	$1,656,372,475	$1,732,118,892	$1,876,988,591	$1,999,748,154	$122,759,563	6.5%

Federal fiscal relief payments	$0	$0	$56,456,581 \6	$0	($56,456,581)	(100.0%)
Total revenues including federal fiscal relief payments	$1,656,372,475	$1,732,118,892	$1,933,445,172	$1,999,748,154	$66,302,982	3.4%

\1 Revised 2003-05 revenue forecast (March 2005).

\2 Legislative amounts 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 $115.3 million during the 2003-05 biennium, resulting in $44.3 million being transferred to the permanent oil tax trust fund at the end of that biennium. The estimated June 30, 2005, balance in the permanent oil tax trust fund is $45.2 million.

The Legislative Assembly did not approve the executive budget recommendation 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 collections are estimated to be $109 million for the 2005-07 biennium. Based on a $71 million general fund limit, the transfer to the permanent oil tax trust fund would be $38 million. The Legislative Assembly authorized transfers from the permanent oil tax trust fund for funding the Medicaid management information system ($3,667,820), an International Arts Center at the International Music Camp ($350,000), for repaying loans for the centers of excellence ($16,000,000), and for a transfer to the general fund ($55,300,000). The estimated June 30, 2007, balance in the permanent oil tax trust fund is $7.9 million.

\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.

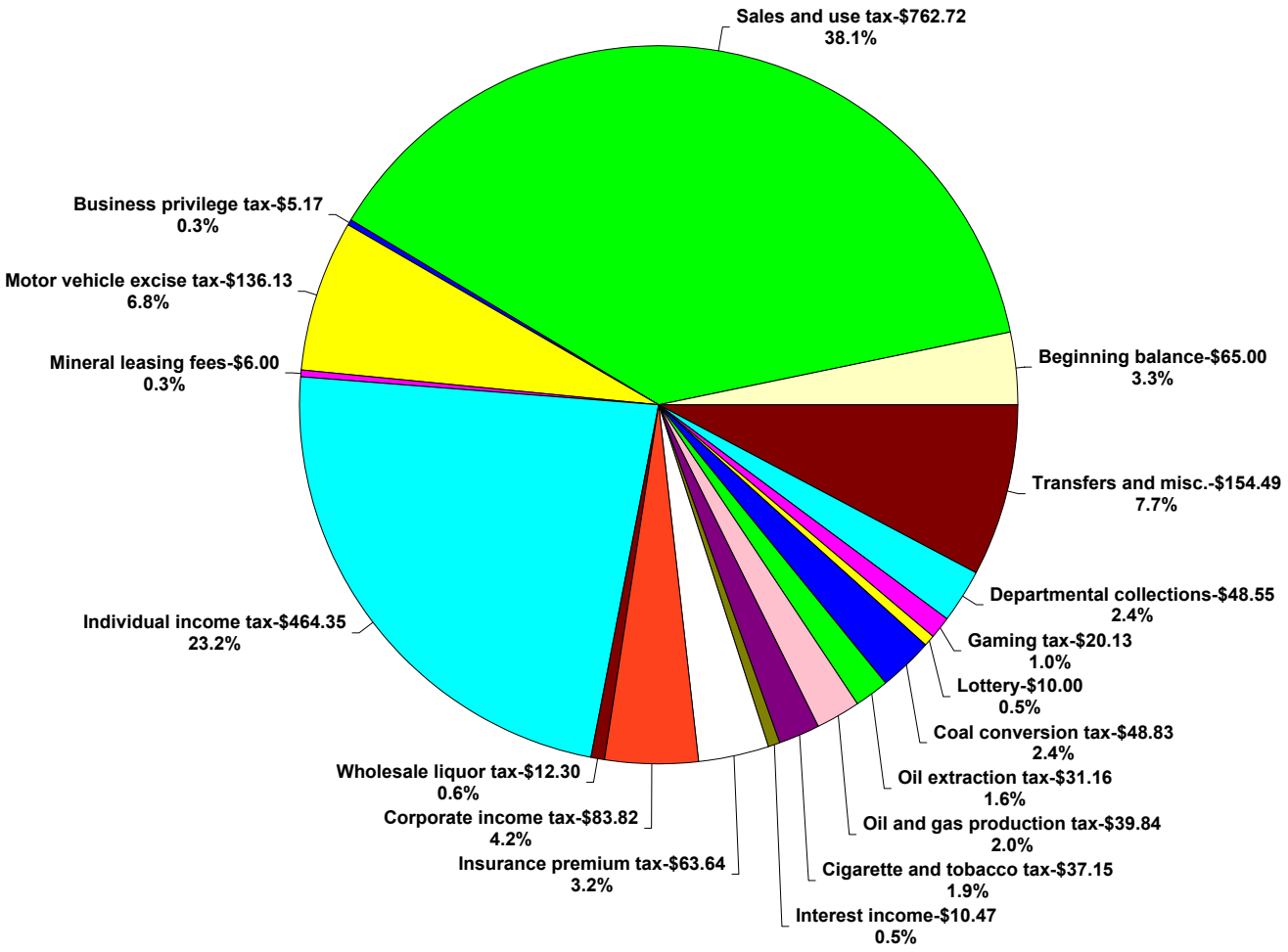
\5 In addition to the $60 million transfer from the Bank of North Dakota, the 2001 Legislative Assembly provided for a contingent Bank of North Dakota transfer if actual general fund revenues were less than projected for the 2001-03 biennium. The amount transferred was limited to the lesser of $25 million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

\6 This amount relates to $56,456,581 of federal fiscal relief funding received by the state, $50 million in direct payments and $6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

\7 Section 9 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. The transfer may be made only to the extent the transfer does not reduce the Bank's capital structure below $150 million.

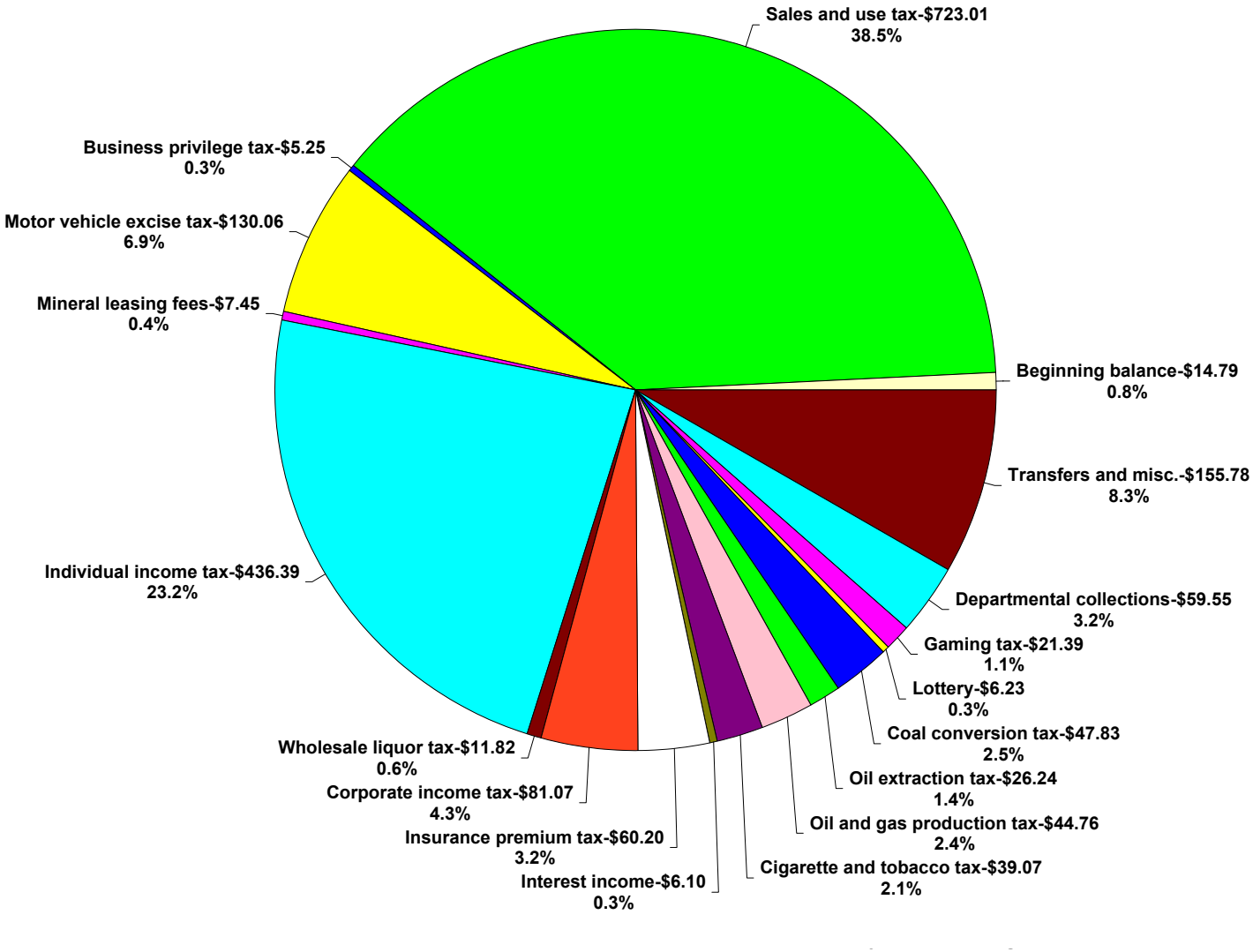
2005-07 ESTIMATED GENERAL FUND REVENUES

Total 2005-07 Estimated General Fund Revenues - $1,999.75
(Amounts Shown in Millions)



2003-05 ESTIMATED GENERAL FUND REVENUES

Total 2003-05 Estimated General Fund Revenues - $1,876.99
(Amounts Shown in Millions)



NOTE: The amount shown does not reflect $56,456,581 of federal fiscal relief received by the state during the 2003-05 biennium.

SUMMARY OF MAJOR TAX AND FEE INCREASE BILLS

Bill No.	Description	Estimated General Fund Impact Due to Increase	Estimated Other Funds Impact Due to Increase
1357	Provided for a longer combination vehicle permit fee used for the transportation of raw agricultural commodities of $100 per month. A carrier previously was required to purchase a single trip longer combination vehicle permit for each vehicle for each load movement.		$22,100
1518	Increased the mill levy for the Wheat Commission from 10 to 15 mills per bushel on all wheat sold in the state		$2,810,000
2004	Changed the funding source for food and lodging inspections from primarily general fund money to primarily special funds from license fees. The fees are to be determined by the State Department of Health; therefore, it is estimated that additional license revenues of $190,000 will be required to fully fund the program.		$190,000
2012	Increased: • Motor vehicle fuel and special fuels tax rate by 2 cents per gallon from 21 to 23 cents ($20.4 million) • The annual motor vehicle registration fees by $10 ($13.4 million) • Pickup registrations (matching pickup registrations equivalent to passenger vehicles by providing for 50 percent of the increase necessary during the 2005-07 biennium) ($3.8 million)		$37,600,000
2015	Increased the Department of Corrections and Rehabilitation monthly supervision fees from $36 to $40 per offender		$205,000
2187	Increased the Insurance Department annual renewal fee for third-party administrators of self-funded plans from $25 to $50 and increases the application fee for new third-party administrators from $25 to $100		$16,500
2256	Created a new statewide nonresident 14-day waterfowl hunting license which costs $40 more than a regular nonresident waterfowl license and would not be subject to current zone restrictions		$480,000
2339	Increased the motorcycle safety education fee from $5 to $10 per year		$220,000
2348	Increased the public transportation fee from $2 to $3 per year		$1,550,000
2353	Increased the fee for a notary public from $25 to $36	$42,700	
2361	Increased the marriage license fee from $6 up to $30 and increases the supplemental fee from $29 to $35		$60,000

COMPARISON OF 2005-07 AND 2003-05 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2003-05 General Fund	Legislative Appropriation 2003-05 Total Funds	Legislative Appropriation 2005-07 General Fund	Legislative Appropriation 2005-07 Total Funds	Increase (Decrease) From 2003-05 to 2005-07 General Fund	Increase (Decrease) From 2003-05 to 2005-07 Total Funds
	General Government						
101	Governor's office	$2,331,886	$3,111,886	$2,598,137	$5,158,137	$266,251	$2,046,251
108	Secretary of State	4,142,844	14,023,207	4,489,363	14,433,391	346,519	410,184
110	Office of Management and Budget	19,740,511	27,628,987	20,156,011	66,811,330	415,500	39,182,343
112	Information Technology Department	8,194,803	106,312,104	9,972,837 \4	108,907,227 \4	1,778,034	2,595,123
117	State Auditor	4,581,232	6,699,208	5,126,005	7,561,146	544,773	861,938
120	State Treasurer	2,626,384	2,626,384	2,344,547	2,344,547	(281,837)	(281,837)
125	Attorney General	17,054,217	34,483,691	19,212,156	43,700,557	2,157,939	9,216,866
127	Tax Commissioner	21,154,695	21,269,739	22,485,152	36,605,152	1,330,457	15,335,413
130	Racing Commission			117,479	367,145	117,479	367,145
140	Administrative Hearings		1,242,958		1,309,844		66,886
150	Legislative Assembly	8,561,252	8,561,252	9,492,225	9,512,225	930,973	950,973
160	Legislative Council	7,532,856	7,532,856	7,788,941	7,788,941	256,085	256,085
180	Judicial branch	55,087,369	57,130,905	65,168,362	67,898,340	10,080,993	10,767,435
190	Retirement and Investment Office		4,843,329		2,975,028		(1,868,301)
192	Public Employees Retirement System		4,391,158	19,000	4,719,237	19,000	328,079
	Total General Government	$151,008,049	$299,857,664	$168,970,215	$380,092,247	$17,962,166	$80,234,583
	Education						
	Elementary, Secondary, and Other Education						
201	Department of Public Instruction	$604,765,006 \1	$870,823,809 \1	$636,443,587	$932,343,222	$31,678,581	$61,519,413
226	Land Department		7,573,834		7,826,022		252,188
250	State Library	3,027,046	4,657,025	3,507,082	5,166,354	480,036	509,329
252	School for the Deaf	5,073,242	5,944,691	5,365,097	6,692,362	291,855	747,671
253	Vision Services - School for the Blind	2,089,825	3,257,208	2,524,609	3,371,056	434,784	113,848
270	Career and Technical Education	14,673,473	25,547,973	16,840,786	28,131,983	2,167,313	2,584,010
	Total Elementary, Secondary, and Other	$629,628,592	$917,804,540	$664,681,161	$983,530,999	$35,052,569	$65,726,459
	Higher Education						
215	University System office	$50,273,529 \2	$54,129,036 \2	$57,729,611	$60,329,387	$7,456,082	$6,200,351
227	Bismarck State College	16,362,327 \2	18,147,327 \2	17,109,029	20,854,329	746,702	2,707,002
228	Lake Region State College	5,077,513 \2	5,452,513 \2	5,777,526	5,777,526	700,013	325,013
229	Williston State College	5,525,767 \2	5,525,767 \2	5,929,472	13,889,472	403,705	8,363,705
230	University of North Dakota	89,224,673 \2	142,524,673 \2	94,852,147	192,683,701	5,627,474	50,159,028
232	UND School of Medicine and Health Sciences	30,165,865 \2	30,165,865 \2	31,361,002	31,361,002	1,195,137	1,195,137
235	North Dakota State University	73,181,597 \2	99,181,597 \2	77,496,876	114,996,876	4,315,279	15,815,279
238	State College of Science	24,642,931 \2	28,311,851 \2	25,740,160	28,545,080	1,097,229	233,229
239	Dickinson State University	14,063,495 \2	24,945,542 \2	15,095,317	24,195,874	1,031,822	(749,668)

240	Mayville State University	8,866,924 \2	14,371,924 \2	9,362,624	10,862,624	495,700	(3,509,300)
241	Minot State University	26,503,196 \2	26,503,196 \2	27,892,719	36,427,719	1,389,523	9,924,523
242	Valley City State University	11,570,006 \2	15,655,306 \2	12,314,942	12,314,942	744,936	(3,340,364)
243	Minot State University - Bottineau	4,312,519 \2	4,312,519 \2	4,444,185	10,444,185	131,666	6,131,666
244	Forest Service	1,771,076	2,861,077	2,052,283	3,027,284	281,207	166,207
	Total Higher Education	$361,541,418	$472,088,193	$387,157,893	$565,710,001	$25,616,475	$93,621,808
	Total Education	$991,170,010	$1,389,892,733	$1,051,839,054	$1,549,241,000	$60,669,044	$159,348,267
	Health and Welfare						
301	State Department of Health	$13,101,092	$119,582,748	$13,468,904	$125,739,124	$367,812	$6,156,376
313	Veterans Home	3,046,072	11,017,195	4,329,092	11,303,925	1,283,020	286,730
316	Indian Affairs Commission	355,243	355,243	387,297	407,297	32,054	52,054
321	Department of Veterans Affairs	480,798	524,292	653,668	653,668	172,870	129,376
324	Children's Services Coordinating Committee		2,514,600				(2,514,600)
325	Department of Human Services	411,081,823	1,508,883,755	484,421,474	1,680,062,307	73,339,651	171,178,552
360	Protection and Advocacy	782,723	3,226,255	812,093	3,720,979	29,370	494,724
380	Job Service North Dakota	1,250,000	57,454,717	1,501,012	59,771,271	251,012	2,316,554
	Total Health and Welfare	$430,097,751	$1,703,558,805	$505,573,540	$1,881,658,571	$75,475,789	$178,099,766
	Regulatory						
401	Insurance Commissioner	$100,000	$11,853,411 \3		$13,679,655	($100,000)	$1,826,244
405	Industrial Commission	7,026,884	44,318,720	6,878,658	50,781,796	(148,226)	6,463,076
406	Labor Commissioner	877,947	1,107,645	961,239	1,460,204	83,292	352,559
408	Public Service Commission	3,911,494	9,984,261	4,362,837	11,299,988	451,343	1,315,727
412	Aeronautics Commission	522,500	9,152,850 \3	550,187	5,790,305	27,687	(3,362,545)
413	Financial Institutions		3,649,384 \3		4,445,503		796,119
414	Securities Department	1,080,165	1,391,745	1,459,244	1,676,443	379,079	284,698
471	Bank of North Dakota	8,075,000	37,853,279	6,900,000	51,475,075	(1,175,000)	13,621,796
473	Housing Finance Agency		33,589,767		33,910,014		320,247
475	Mill and Elevator Association		29,982,152		32,841,404		2,859,252
485	Workforce Safety and Insurance		32,397,631		33,523,001		1,125,370
	Total Regulatory	$21,593,990	$215,280,845	$21,112,165	$240,883,388	($481,825)	$25,602,543
	Public Safety						
504	Highway Patrol	$18,211,522	$33,692,609	$20,080,862	$34,819,608	$1,869,340	$1,126,999
512	Department of Emergency Services	1,369,035	38,586,176	5,115,672	62,985,952	3,746,637	24,399,776
530	Department of Corrections and Rehabilitation	81,736,611	114,316,698	101,135,684	128,900,831	19,399,073	14,584,133
540	Adjutant General	9,170,983	29,889,699	16,445,229	47,879,027	7,274,246	17,989,328
	Total Public Safety	$110,488,151	$216,485,182	$142,777,447	$274,585,418	$32,289,296	$58,100,236
	Agriculture and Economic Development						
601	Department of Commerce	$19,014,723	$71,367,830	$19,180,781	$76,615,064	$166,058	$5,247,234
602	Department of Agriculture	4,233,525	12,552,374	4,523,112	14,009,644	289,587	1,457,270
616	Seed Department		5,629,950 \3		5,933,391		303,441
627	Upper Great Plains Transportation Institute	483,099	10,844,750	1,162,904	16,452,937	679,805	5,608,187

628	Branch research centers	7,467,679	16,435,082	8,386,309	21,505,676	918,630	5,070,594
630	NDSU Extension Service	13,859,446	34,346,276	15,358,146	38,379,737	1,498,700	4,033,461
638	Northern Crops Institute	746,002	1,523,347	910,761	1,902,683	164,759	379,336
640	Main Research Station	28,210,740	60,517,214	30,794,067	75,456,713	2,583,327	14,939,499
649	Agronomy Seed Farm		1,166,604		1,201,008		34,404
665	North Dakota State Fair	581,750	601,750	615,000	615,000	33,250	13,250
	Total Agriculture and Economic Development	$74,596,964	$214,985,177	$80,931,080	$252,071,853	$6,334,116	$37,086,676
	Natural Resources						
701	State Historical Society	$7,259,934	$11,650,976	$8,094,058	$18,021,223	$834,124	$6,370,247
709	Council on the Arts	1,004,403	2,226,618	999,691	2,268,009	(4,712)	41,391
720	Game and Fish Department		43,365,763		51,201,059		7,835,296
750	Parks and Recreation	7,056,513	17,828,620	8,144,153	21,571,736	1,087,640	3,743,116
770	State Water Commission	9,385,396	159,858,854	1,011,220	126,070,938	(8,374,176)	(33,787,916)
	Total Natural Resources	$24,706,246	$234,930,831	$18,249,122	$219,132,965	($6,457,124)	($15,797,866)
	Transportation						
801	Department of Transportation		$784,385,918		$955,008,348		$170,622,430
	Total Transportation	$0	$784,385,918	$0	$955,008,348	$0	$170,622,430
	TOTAL APPROPRIATIONS	$1,803,661,161	$5,059,377,155	$1,989,452,623	$5,752,673,790	$185,791,462	$693,296,635
	APPROPRIATION SUMMARY						
	General Government	$151,008,049	$299,857,664	$168,970,215	$380,092,247	$17,962,166	$80,234,583
	Education	991,170,010	1,389,892,733	1,051,839,054	1,549,241,000	60,669,044	159,348,267
	Health and Welfare	430,097,751	1,703,558,805	505,573,540	1,881,658,571	75,475,789	178,099,766
	Regulatory	21,593,990	215,280,845	21,112,165	240,883,388	(481,825)	25,602,543
	Public Safety	110,488,151	216,485,182	142,777,447	274,585,418	32,289,296	58,100,236
	Agriculture and Economic Development	74,596,964	214,985,177	80,931,080	252,071,853	6,334,116	37,086,676
	Natural Resources	24,706,246	234,930,831	18,249,122	219,132,965	(6,457,124)	(15,797,866)
	Transportation		784,385,918		955,008,348		170,622,430
	TOTAL APPROPRIATIONS	$1,803,661,161 *	$5,059,377,155 *	$1,989,452,623	$5,752,673,790	$185,791,462	$693,296,635
*	2003-05 appropriations made by the 58th Legislative Assembly	$1,803,661,161	$5,059,377,155				
	2003-05 deficiency appropriations made by the 59th Legislative Assembly	13,224,344	47,224,344				
	Total 2003-05 appropriations	$1,816,885,505	$5,106,601,499				

\1 The amounts shown for the Department of Public Instruction include $40,000 appropriated from the general fund to the Education Standards and Practices Board for the national certification of teachers.

\2 The amounts shown reflect permanent general fund allocations between the entities under the control of the State Board of Higher Education.

\3 The amounts shown include the following adjustments required by Section 3 of House Bill No. 1505 relating to information technology reductions:

Insurance Commissioner	$37,368
Aeronautics Commission	$6,942
Department of Financial Institutions	$7,881
Seed Department	$10,050

\4 The amounts shown for the Information Technology Department include $198,800 appropriated for the Division of Independent Study in House Bill No. 1013 for developing, publishing, and distributing a North Dakota studies textbook and workbook ($148,800) and revitalizing civic education ($50,000).

COMPARISON OF EXECUTIVE BUDGET AND LEGISLATIVE APPROPRIATIONS FOR THE 2005-07 BIENNIUM

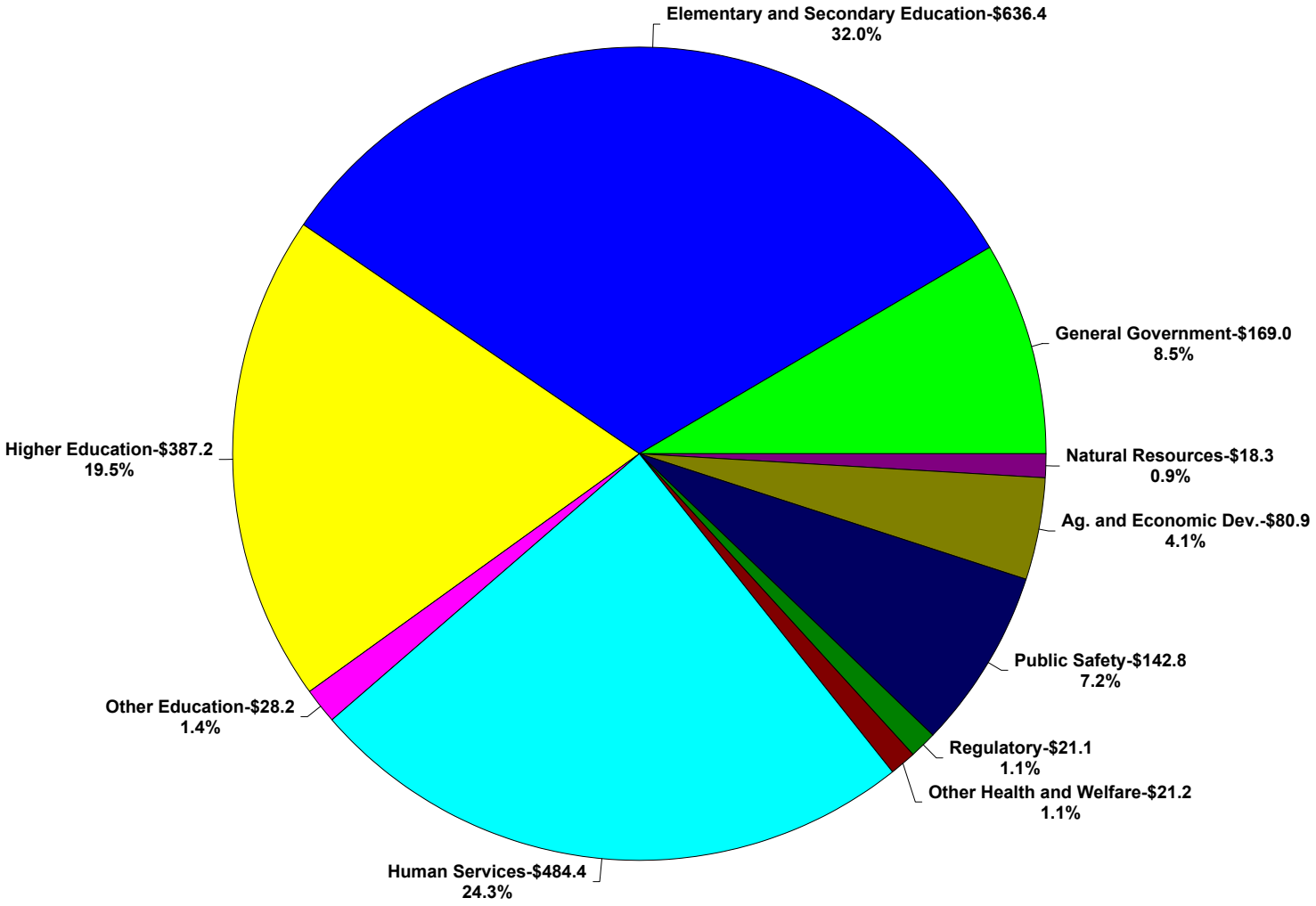
Major Category	Executive Budget 2005-07		Legislative Appropriation 2005-07		Increase (Decrease) From Executive Budget to Legislative Appropriation	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government	$177,940,489	$339,946,320	$168,970,215 \1	$380,092,247 \1	($8,970,274)	$40,145,927
Elementary and Secondary Education	634,144,940	930,021,612	636,443,587	932,343,222	2,298,647	2,321,610
Higher Education	388,238,067	507,867,175	387,157,893	565,710,001	(1,080,174)	57,842,826
Other Education	28,649,540	51,570,111	28,237,574	51,187,777	(411,966)	(382,334)
Human Services	490,373,041	1,675,776,812	484,421,474	1,680,062,307	(5,951,567)	4,285,495
Other Health and Welfare	22,174,965	202,344,129	21,152,066	201,596,264	(1,022,899)	(747,865)
Regulatory	20,682,898	238,680,541	21,112,165	240,883,388	429,267	2,202,847
Public Safety	142,524,959	277,162,459	142,777,447	274,585,418	252,488	(2,577,041)
Agriculture and Economic Development	83,097,292	297,927,886	80,931,080	252,071,853	(2,166,212)	(45,856,033)
Natural Resources	19,175,078	196,644,747	18,249,122	219,132,965	(925,956)	22,488,218
Transportation		827,412,952		955,008,348		127,595,396
Total	$2,007,001,269	$5,545,354,744	$1,989,452,623	$5,752,673,790	($17,548,646)	$207,319,046

\1 The amounts shown for the Information Technology Department include $198,800 appropriated for the Division of Independent Study in House Bill No. 1013 for developin publishing, and distributing a North Dakota studies textbook and workbook ($148,800) and revitalizing civic education ($50,000).

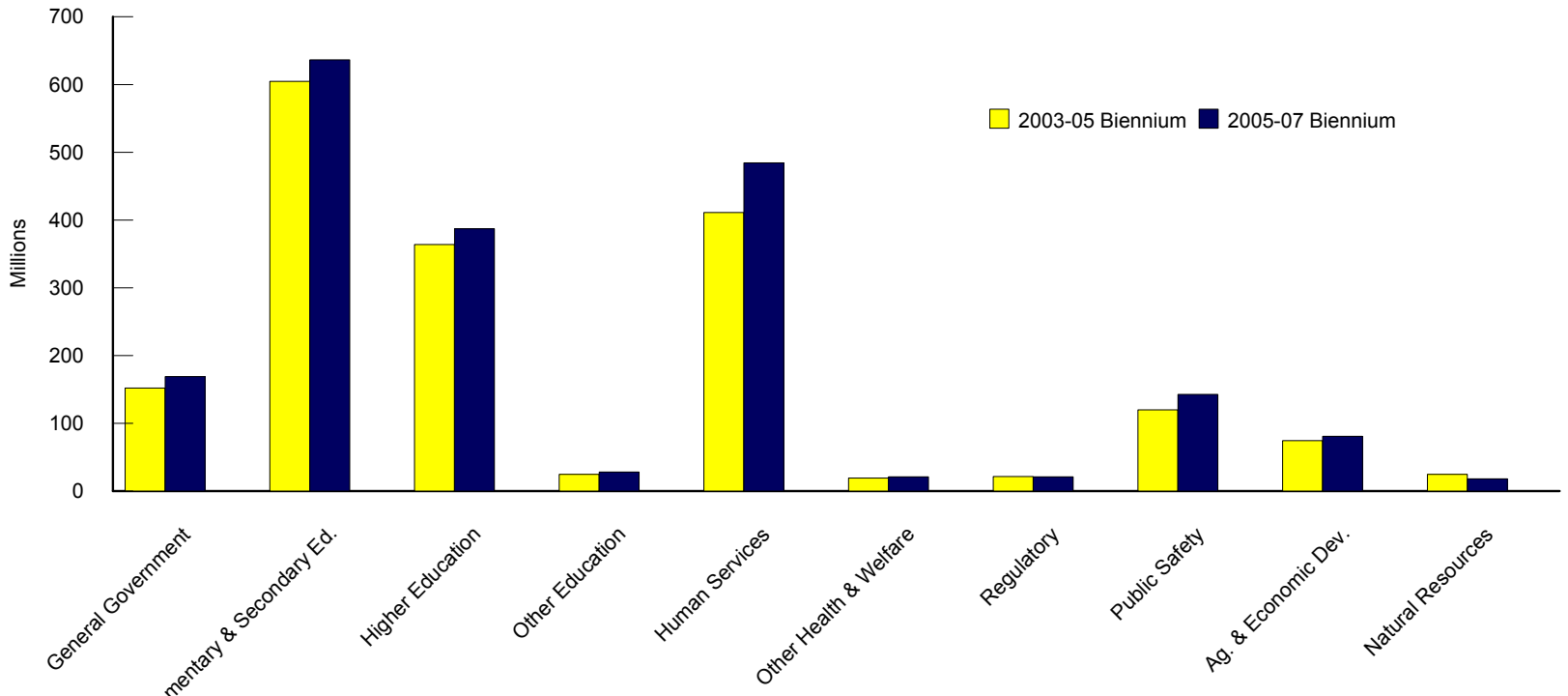
2005-07 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

Total 2005-07 Biennium General Fund Appropriations - $1,989.5



COMPARISON OF 2005-07 AND 2003-05 GENERAL FUND APPROPRIATIONS
Amounts Shown in Millions

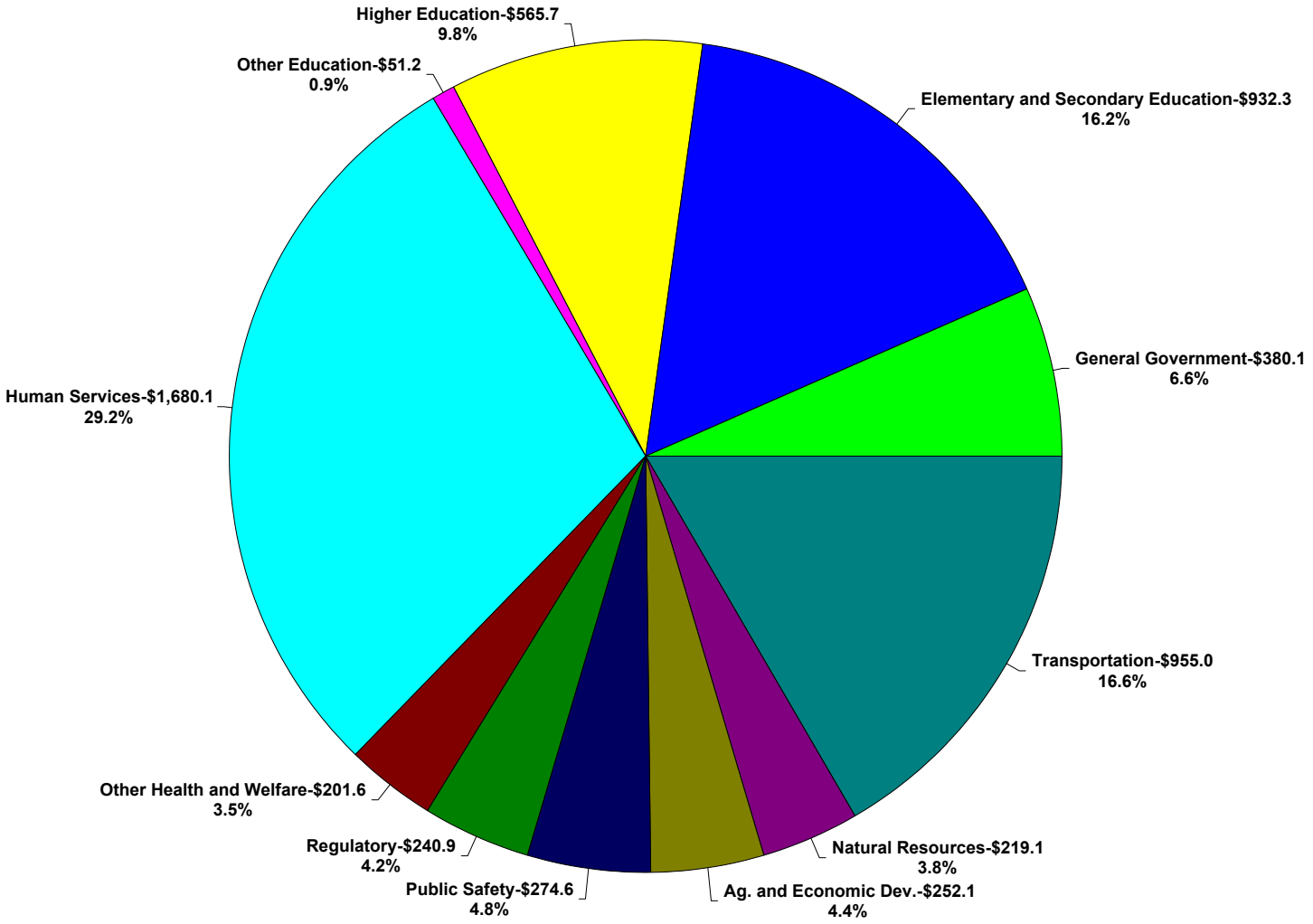


	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	$152,188,191	$168,970,215	$16,782,024	11.0%
Elementary & Secondary Education	604,765,006	636,443,587	31,678,581	5.2%
Higher Education	364,029,938	387,157,893	23,127,955	6.4%
Other Education	24,863,586	28,237,574	3,373,988	13.6%
Human Services	411,081,823	484,421,474	73,339,651	17.8%
Other Health & Welfare	19,215,928	21,152,066	1,936,138	10.1%
Regulatory	21,593,990	21,112,165	(481,825)	(2.2%)
Public Safety	119,843,833	142,777,447	22,933,614	19.1%
Ag. & Economic Dev.	74,596,964	80,931,080	6,334,116	8.5%
Natural Resources	24,706,246	18,249,122	(6,457,124)	(26.1%)
Grand total	$1,816,885,505	$1,989,452,623	$172,567,118	9.5%

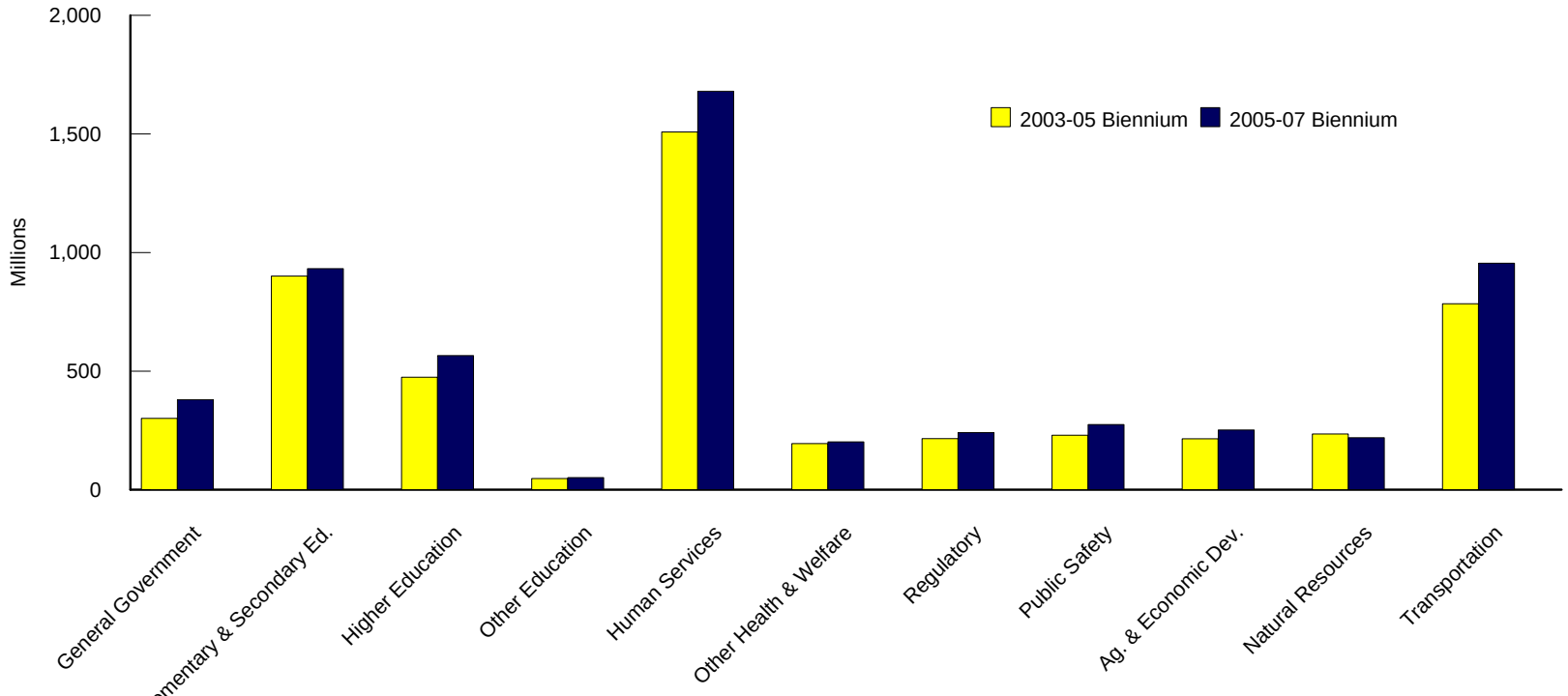
2005-07 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

Total 2005-07 Biennium All Funds Appropriations - $5,752.7



COMPARISON OF 2005-07 AND 2003-05 ALL FUNDS APPROPRIATIONS
Amounts Shown in Millions



	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	$301,037,806	$380,092,247	$79,054,441	26.3%
Elementary & Secondary Education	900,823,809	932,343,222	31,519,413	3.5%
Higher Education	474,576,713	565,710,001	91,133,288	19.2%
Other Education	46,980,731	51,187,777	4,207,046	9.0%
Human Services	1,508,883,755	1,680,062,307	171,178,552	11.3%
Other Health & Welfare	194,875,050	201,596,264	6,721,214	3.4%
Regulatory	215,280,845	240,883,388	25,602,543	11.9%
Public Safety	229,840,864	274,585,418	44,744,554	19.5%
Ag. & Economic Dev.	214,985,177	252,071,853	37,086,676	17.3%
Natural Resources	234,930,831	219,132,965	(15,797,866)	(6.7%)
Transportation	784,385,918	955,008,348	170,622,430	21.8%
Grand total	$5,106,601,499	$5,752,673,790	$646,072,291	12.7%

Agriculture Commissioner
Budget No. 602
House Bill Nos. 1009, 1050, Senate Bill No. 2018

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	61.00	$4,885,958	$9,368,014	$14,253,972
2005-07 legislative appropriations	**61.00**	**4,523,112**	**9,486,532**	**14,009,644**
Legislative increase (decrease) to executive budget	0.00	($362,846)	$118,518	($244,328)
Legislative increase (decrease) to 2003-05 appropriations	4.00	$289,587	$1,167,683	$1,457,270

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agriculture Commissioner's office is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$15,099	$11,628	$26,727
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,879)	(3,110)	(6,989)
Added funding from the environment and rangeland protection fund for saltcedar surveys and eradication			250,000	250,000
Added funding from the environment and rangeland protection fund for the Agriculture in the Classroom program. The total appropriation for the Agriculture in the Classroom program is $316,000, of which $216,000 is from gifts, grants, and donations			100,000	100,000
Decreased funding from the environment and rangeland protection fund for Project Safe Send. The total funding for Project Safe Send is $580,371 from the environment and rangeland protection fund.			(20,000)	(20,000)
Decreased funding for the Pride of Dakota program. The executive recommendation increased funding for Pride of Dakota programs based on the executive recommendation that funds generated from Pride of Dakota events be deposited in the general fund rather than a separate events fund. The Legislative Assembly chose to continue to deposit the events revenue in a special fund. The total appropriation for the Pride of Dakota		(182,403)		(182,403)

program is $139,594 from the general fund. The 2003-05 appropriation was $180,948, of which $119,248 was from the general fund and $61,700 was from other funds.				
Added $130,000 of funding from the game and fish fund, contingent on federal funds not being available for North Dakota Wildlife Services. If the federal funding for the cooperative wildlife damage management program for North Dakota Wildlife Services for federal fiscal year 2006 is less than $400,000, then $65,000 of game and fish funds are appropriated for wildlife services programs. If the federal funding for the cooperative wildlife damage management program for North Dakota Wildlife Services for federal fiscal year 2007 is less than $400,000, then an additional $65,000 of game and fish funds are appropriated for wildlife services programs.			130,000	130,000
Removed general fund spending authority related to 2 FTE positions for the Board of Animal Health--1 FTE veterinarian and 1 FTE program specialist--to assist with federal animal health grant programs. The FTE positions were not removed.		(191,663)		(191,663)
Removed federal funds for costs associated with animal identification in Senate Bill No. 2018 that included a section amending the Agriculture Commissioner's appropriations bill			(150,000)	(150,000)
Removed appropriation authority included in the executive recommendation for the Crop Harmonization Board, which is not needed because of continuing appropriation authority			(200,000)	(200,000)
Total	0.00	($362,846)	$118,518	($244,328)

FTE Changes

The Legislative Assembly did not change the executive recommendation providing for 61 FTE positions, an increase of 4 FTE positions from the 2003-05 biennium. The Legislative Assembly did not change the executive recommendation to add 1 FTE veterinarian position and 1 FTE program specialist position for the Board of Animal Health, 1 FTE meat inspector position, and 1 FTE agriculture programs specialist position for exotic plant pest biosecurity programs.

Other Sections in Bill

Environment and rangeland protection fund - Section 4 authorizes $2,855,077 from the environment and rangeland protection fund for the purpose of defraying the expenses of the various Agriculture Department programs.

Anhydrous ammonia storage inspection fund - Section 5 authorizes $61,410 from the anhydrous ammonia storage inspection fund for the purpose of defraying the expenses of regulating anhydrous ammonia storage facilities.

Game and fish fund - Section 6 authorizes $700,000 from the game and fish fund to the Agriculture Department for wildlife services ($550,000) and the Board of Animal Health ($150,000). The Legislative Assembly also provided in Section 13, a contingent appropriation of $130,000 from the game and fish fund for wildlife services. If the federal funding for the cooperative wildlife damage management program for North Dakota Wildlife Services for federal fiscal year 2006 is less

than $400,000, then $65,000 of the appropriation is available for wildlife services programs and if the same federal funding is less than $400,000 for federal fiscal year 2007, an additional $65,000 of the appropriation is available for wildlife services programs.

Minor use pesticide fund - Section 7 provides for $200,000 to be transferred from the environment and rangeland protection fund to the minor use pesticide fund during the 2005-07 biennium.

Soil conservation district supervisors' compensation - Section 9 increases the maximum compensation from $25 to $62.50 for supervisors of soil conservation districts for attending meetings or events related to their duties.

Agriculture in the Classroom Council - Sections 10 and 11 make statutory changes relating to the duties and responsibilities of the Agriculture in the Classroom Council.

Pesticide registration fees - Section 12 delays the sunset clause on the $350 pesticide product registration fee from June 30, 2005, to June 30, 2007. The additional amount collected, estimated to be $450,000 for the 2005-07 biennium, will be deposited in the environment and rangeland protection fund. The pesticide product registration fee will revert to $300 on July 1, 2007.

Study of meat inspection license fees - Section 14 provides for a Legislative Council study of the feasibility and desirability of implementing a license fee for businesses receiving state meat inspection program services and whether the fee would impact the number of businesses that would use the federal meat inspection service rather than the state service.

Related Legislation

Salary of Agriculture Commissioner - Section 10 of House Bill No. 1015 provides statutory changes to North Dakota Century Code Section 4-01-21, relating to the salary of the Agriculture Commissioner. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006, for elected officials. The Agriculture Commissioner's salary is to be increased from the current level of $69,874 to $72,669, effective July 1, 2005, and $75,576, effective July 1, 2006.

Commercial feed inspections - House Bill No. 1093 increases late registration fees for feed retailers and fees for late tonnage reports and establishes a minimum tonnage fee of $10.

Dairy farm reinspection fee - Senate Bill No. 2114 adds a reinspection fee of $75 for each farm facility inspection conducted beyond the normal inspections for Grade A and manufacturing grade facilities. Such reinspections result from adverse actions such as a farm permit suspension, the downgrade from Grade A to manufacturing grade, or unsanitary conditions that require correction within a specified period of time.

Attorney General
Budget No. 125
House Bill Nos. 1003, 1050, 1259, Senate Bill Nos. 2023, 2383

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	177.00	$18,269,636	$21,421,232	$39,690,868
2005-07 legislative appropriations	**185.30**	**19,212,156**	**24,488,401**	**43,700,557**
Legislative increase (decrease) to executive budget	8.30	$942,520	$3,067,169	$4,009,689
Legislative increase (decrease) to 2003-05 appropriations	3.30	$2,047,939[1]	$7,058,927	$9,106,866[1]

[1]The 2003-05 appropriations reflect $110,000 of general fund deficiency appropriations approved by the 2005 Legislative Assembly in House Bill No. 1024.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Attorney General is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$60,754	$21,756	$82,510
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(16,315)	(5,400)	(21,715)
Changed the funding source for continuing the cost of salary equity increases for attorneys authorized by the 2003 Legislative Assembly from special funds for the 2003-05 biennium to the general fund for the 2005-07 biennium		241,024	(241,024)	
Added funding for 2005-07 ConnectND fees			31,078	31,078
Replaced an anticipated reduction in federal funds available for drug enforcement activities of the Bureau of Criminal Investigation and the crime lab with funding from the general fund		398,132	(398,132)	
Reallocated funding from the general fund included in the executive budget of $157,957 for an additional Bureau of Criminal Investigation agent and $106,467 for an additional lab forensic scientist to provide for the anticipated reduction in federal funds available for drug enforcement activities of the Bureau of Criminal Investigation and the crime lab	(2.00)			

Added funding for additional forensic supplies for the crime lab		70,853		70,853
Added funding for service agreements on crime lab equipment		74,552		74,552
Added funding for costs of processing DNA samples of sexual offenders as required by provisions of House Bill No. 1061		25,320		25,320
Added funding for costs of collecting and processing DNA samples from all convicted felons as required by provisions of House Bill No. 1235	1.30	133,679		133,679
Provided funding from the lottery operating fund for lottery operating costs	9.00		3,620,171	3,620,171
Added contingent funding from the lottery operating fund for additional costs of operating the lottery	2.00		279,020	279,020
Provided funding in Senate Bill No. 2383 for children's advocacy centers		100,000		100,000
Reduced funding from Racing Commission special funds to provide for the current estimate of the amount needed for the director's salary and fringe benefits			(18,634)	(18,634)
Changed the source of funds to allow the expenditure of license fee collections that will be deposited in the Racing Commission operating fund rather than the general fund in accordance with provisions of Senate Bill No. 2344		(28,000)	28,000	
Removed funding for the Racing Commission in accordance with provisions of Senate Bill No. 2340 which removes the Racing Commission from the Attorney General's office	(2.00)	(117,479)	(249,666)	(367,145)
Total	8.30	$942,520	$3,067,169	$4,009,689

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE BCI information processing position and to delete 2 FTE telephone solicitation enforcement positions paid for pursuant to a continuing appropriation. The employees will remain but will be considered "off-budget." The Legislative Assembly added 5 FTE lottery positions to provide a total of 11 FTE positions (2 of which are contingent) for operating the lottery and 1.3 FTE positions relating to collecting and processing DNA samples. The Legislative Assembly removed 2 FTE Racing Commission positions in accordance with provisions of Senate Bill No. 2340 which removes the Racing Commission from the Attorney General's office.

Capital Construction Project

The Legislative Assembly did not change the executive recommendation providing $3,632,691 of bond proceeds authorized in Senate Bill No. 2023 for expanding the crime lab.

Other Sections in Bill

Section 10 provides that if the Attorney General receives federal funds to replace the anticipated reduction in federal Byrne grant funds for drug enforcement activities, the Attorney General may not spend the funding from the general fund added by the Legislative Assembly to the extent of the federal funds received for this purpose.

Section 11 allows the Attorney General to retain money in the Attorney General refund fund at the end of the biennium that would otherwise be transferred to the general fund.

Section 12 provides legislative intent that the Attorney General prioritize the funding provided for the 2005-07 biennium to continue, to the extent possible, the drug enforcement activities that were previously paid for from federal Byrne grant funds.

Section 13 requires the Attorney General to consider, in consultation with federal prosecutors, the feasibility of naming the state as a plaintiff in Medicare and Medicaid fraud abuse cases being considered by the United States Department of Justice.

Section 14 requires the Office of Management and Budget to conduct a salary equity review of attorneys and paralegals among state agencies.

Section 16, as amended by Section 21 of House Bill No. 1015, provides the statutory changes increasing the Attorney General's salary by 4 percent for each year of the biennium. The Attorney General's annual salary is increased from the current level of $74,668 to $77,655, effective July 1, 2005, and to $80,761, effective July 1, 2006.

Related Legislation

House Bill No. 1024, the deficiency appropriations bill, provides $110,000 from the general fund to the Attorney General for the 2003-05 biennium for prosecution witness fees ($45,000), crime lab supplies ($60,000), and arrest and return of fugitives costs ($5,000).

House Bill No. 1061 requires the Attorney General to process DNA samples of sexual offenders.

House Bill No. 1235 requires individuals convicted of a felony to provide a DNA sample. The Attorney General will collect and process the samples.

House Bill No. 1259 makes statutory changes relating to the lottery and removes the continuing appropriation for administrative costs of the lottery.

Senate Bill No. 2248 reduces the fee for state criminal history record checks from $30 to $15 and allows six additional entities to request criminal history record checks.

Senate Bill No. 2340 removes the Racing Commission from under the supervision and direction of the Attorney General's office.

State Auditor
Budget No. 117
House Bill Nos. 1004, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	55.00	$4,875,991	$2,426,990	$7,302,981
2005-07 legislative appropriations	**55.00**	**5,126,005**	**2,435,141**	**7,561,146**
Legislative increase (decrease) to executive budget	0.00	$250,014	$8,151	$258,165
Legislative increase (decrease) to 2003-05 appropriations	0.00	$544,773	$317,165	$861,938

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Auditor is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$19,256	$10,273	$29,529
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,742)	(2,122)	(6,864)
Added funding for salaries and wages to provide funding of the agency's pay plan		135,500		135,500
Provided funding for the State Auditor's office to hire consultants to test information technology system security in the Information Technology Department (see House Bill No. 1074)		100,000		100,000
Total	0.00	$250,014	$8,151	$258,165

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 55 FTE positions, the same as the 2003-05 biennium.

Other Sections in Bill

Political subdivision audit fees - Section 4 provides that the other funds appropriation in Section 3 of the bill includes $1,441,970 from political subdivision audit service fees. Any collections in excess of $1,441,970 must be retained in the State Auditor operating account to be appropriated after June 30, 2007.

Salary of State Auditor - Section 5, as amended by Section 19 of House Bill No. 1015, provides statutory changes to North Dakota Century Code Section 54-10-10, relating to the salary of the State Auditor. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent effective July 1, 2005, and 4 percent effective July 1, 2006, for elected officials. The State Auditor's salary is to be increased from the current level of $68,018 to $70,739, effective July 1, 2005, and to $73,568, effective July 1, 2006.

Related Legislation

House Bill No. 1074 provides that the State Auditor conduct audits of the computer systems of state agencies or political subdivisions that are subject to audit by the State Auditor.

House Bill No. 1300 provides exemptions from audit requirements for certain political subdivisions.

Senate Bill No. 2069 provides that except for an active investigatory work product of the Attorney General, the State Auditor's access to all state offices includes inspection of any books, papers, accounts, or records that the auditor may deem relevant to an ongoing audit of any other state agency or computer system audit.

Senate Bill No. 2072 repeals North Dakota Century Code Section 54-10-17, relating to the maintenance of a county accounting manual by the State Auditor.

Senate Bill No. 2085 provides that the State Auditor shall, upon request of the Legislative Audit and Fiscal Review Committee, cause a performance audit of Job Service North Dakota to be conducted within 12 months after receipt of the request.

Governor
Budget No. 101
House Bill Nos. 1001, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	18.00	$2,590,772	$2,560,000	$5,150,772
2005-07 legislative appropriations	**18.00**	**2,598,137**	**2,560,000**	**5,158,137**
Legislative increase (decrease) to executive budget	0.00	$7,365	$0	$7,365
Legislative increase (decrease) to 2003-05 appropriations	0.00	$266,251	$1,780,000	$2,046,251

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Governor is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$9,487		$9,487
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,122)		(2,122)
Total	0.00	$7,365	$0	$7,365

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 18 FTE positions, the same as the 2003-05 biennium.

Other Funds

The other funds appropriation of $2,560,000 includes $2,500,000 of federal funding for grants to the Education Standards and Practices Board for teacher quality enhancements and $60,000 of federal funding for Olmstead Commission grants.

Other Sections in Bill

Sections 5 and 6 of the bill provide the statutory changes increasing the Governor and Lieutenant Governor salaries. As included in the executive recommendation, the Governor and Lieutenant Governor salaries are increased by 2 percent for the first year of the biennium and 4 percent for the second year. Based on these percentages, the Governor's annual salary is increased from the current level of $87,216 to $88,926, effective July 1, 2005, and to $92,483, effective July 1, 2006. The Lieutenant Governor's annual salary is increased from the current level of $67,708 to $69,035, effective July 1, 2005, and to $71,797, effective July 1, 2006.

Related Legislation

Senate Bill No. 2349 creates an office of faith-based and community initiatives in the Governor's office.

Insurance Commissioner, including Insurance Tax Payments to Fire Departments
Budget No. 401
House Bill Nos. 1010, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	46.50	$0	$12,497,926	$12,497,926
2005-07 legislative appropriations	**46.50**		**13,679,655[1]**	**13,679,655[1]**
Legislative increase (decrease) to executive budget	0.00	$0	$1,181,729	$1,181,729
Legislative increase (decrease) to 2003-05 appropriations	1.00	($100,000)	$1,926,244	$1,826,244

[1]This amount includes the appropriation of $6,420,000 from the insurance premium tax collections, of which $6.2 million is for insurance tax payments to fire departments, $120,000 is for two equal payments to the North Dakota Firefighter's Association, and $100,000 is for a grant to the North Dakota Association of Oil and Gas Producing Counties for the establishment of a Williston Basin oilfield fire training facility at Dickinson.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Insurance Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$21,719	$21,719
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(5,990)	(5,990)
Provided funding for implementing methamphetamine security measures, including the purchase and distribution of locking devices			50,000	50,000
Increased funding from insurance premium tax collections for making payments to fire departments from $5.2 million as provided for in the 2003-05 biennium to $6.2 million			1,000,000	1,000,000
Increased funding from insurance premium tax collections for making two equal payments to the North Dakota Firefighter's Association from $104,000 as provided for in the 2003-05 biennium to $120,000			16,000	16,000
Provided funding from insurance premium tax collections for a grant to the North Dakota Association of Oil and Gas Producing Counties for the establishment of a Williston Basin oilfield fire training facility at Dickinson			100,000	100,000
Total	0.00	$0	$1,181,729	$1,181,729

FTE Changes

The 2005-07 biennium appropriation includes funding for 46.5 FTE positions, an increase of 1 FTE from the 2003-05 biennium authorized level of 45.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 administrative officer position.

Administrative Costs of Special Funds

The Legislative Assembly did not change the executive recommendation for administrative costs allocated to the bonding fund, fire and tornado fund, unsatisfied judgment fund, and the petroleum tank release compensation fund. The following schedule provides information regarding the administrative costs allocated to each special fund. The increases from the 2003-05 biennium will result in a decrease of $215,000 of Insurance Department administrative costs being provided from the insurance regulatory trust fund.

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
Bonding fund	$35,000	$35,000	$0
Fire and tornado fund	$813,576	$988,576	$175,000
Unsatisfied judgment fund	$35,000	$35,000	$0
Petroleum tank release compensation fund	$80,000	$120,000	$40,000

Other Sections in Bill

Anhydrous tank inspections - Section 9 provides that $150,000 is available from the anhydrous ammonia storage facility inspection fund to pay for anhydrous tank inspections done by the Insurance Commissioner. This represents a decrease of funding available from the anhydrous ammonia storage facility inspection fund of $25,000 from the amount made available during the 2003-05 biennium of $175,000.

Critical methamphetamine-use zone addition - Section 10 requires the Insurance Commissioner to designate Walsh, Cavalier, and Pembina Counties as a critical methamphetamine-use zone subject to North Dakota Century Code Section 19-20.2-11 and rules adopted pursuant to that section. The Legislative Assembly provided funding of $50,000 from the insurance regulatory trust fund to implement security measures established by the Insurance Commissioner, including the purchase and distribution of locking devices, in Walsh, Cavalier, and Pembina Counties.

Legislative Council study - Section 11 provides that the Legislative Council consider studying the desirability of proposing a comprehensive health care and health insurance study to be performed during the 2007-08 interim. The 2005-06 interim study must include consideration of whether there is a need for a comprehensive, long-range study of the state's current and future health care needs in order to address issues such as the aging population of the state, the phenomenon of health care cost-shifting to the private sector, the trend of uncompensated health care services, shortages in the number of health care professionals, duplication of technology and facilities, and any other factors that might affect the health care system in North Dakota in the year 2020.

Legislative Council study - Section 12 requires the Legislative Council to study the appropriate minimum standard of loss ratio for accident and health insurers and whether that loss ratio is more appropriately set by statute or by rule.

Related Legislation

Insurance Commissioner's annual salary - House Bill No. 1015 provides statutory changes relating to the Insurance Commissioner's annual salary. The Insurance Commissioner's salary is increased from $68,018 to $70,739 on July 1, 2005, and to $73,568 on July 1, 2006.

Insurance tax payments to fire departments - House Bill No. 1111 changes the date the insurance tax payments to fire departments are distributed, from September first of each year to October first of each year.

Public Service Commission
Budget No. 408
House Bill Nos. 1008, 1050, Senate Bill No. 2133

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	41.00	$5,156,601	$5,985,139	$11,141,740
2005-07 legislative appropriations	**41.00**	**4,362,837**	**6,937,151**	**11,299,988**
Legislative increase (decrease) to executive budget	0.00	($793,764)	$952,012	$158,248
Legislative increase (decrease) to 2003-05 appropriations	0.00	$451,343	$864,384	$1,315,727

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Service Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$19,590	$8,775	$28,365
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,354)	(1,763)	(5,117)
Changed the funding source for a "simplified" rail rate complaint case to be filed with the Surface Transportation Board. The executive recommendation included $900,000 from the general fund for the case. The Legislative Assembly increased the authorization to $945,000, of which $800,000 is from the beginning farmer revolving loan fund; $20,000 of carryover authority from the state rail fund; and $125,000 from the shipper participating in the rail rate case and other sources.		(900,000)	945,000	45,000
Added funding for improvements to the sound system in the Public Service Commission hearing room		30,000		30,000
Provided an appropriation in Senate Bill No. 2133 for refunding siting application fees collected after August 1, 2004, in excess of the expenses incurred for the evaluation and designation process		60,000		60,000
Total	0.00	($793,764)	$952,012	$158,248

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 41 FTE positions, the same as the 2003-05 biennium.

Other Sections in Bill

Rail rate complaint case - Section 4 provides that funding for the rail rate complaint case is from the beginning farmer revolving loan fund ($800,000), carryover authority from the state rail fund ($20,000), and from other sources, including the shipper participating in the case ($125,000).

Repayment of funding - Section 8 provides that the Public Service Commission is to reimburse the beginning farmer revolving loan fund for any amounts available from damages or proceeds received net of legal fees from a successful outcome of the rail rate complaint case.

North Dakota rail system - Section 9 provides legislative intent that a well-maintained, efficient, and fairly priced railroad transportation system in North Dakota is critical to the future of the North Dakota agriculture sector and the use of funds from the beginning farmer revolving loan fund for the rail rate complaint case will assist in achieving that objective.

Public Service Commission duties study - Section 7 provides for a Legislative Council study of the changes in responsibilities and duties of the Public Service Commission since its inception.

Public Service Commission hearing room use - Section 10 provides legislative intent that the Public Service Commission hearing room be available to other state agencies and the Legislative Assembly when not in use by the Public Service Commission.

Metrology laboratory - The Legislative Assembly did not change the executive recommendation to appropriate $70,000 from the general fund 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.

Related Legislation

Performance assurance fund - House Bill No. 1106 provides that money received by the Public Service Commission under the performance assurance plan is to be deposited into the performance assurance fund until the balance of the fund equals $100,000. Any payments received that would cause the fund balance to exceed $100,000 are to be deposited in the general fund. Previously, performance assurance receipts in excess of $100,000 during a biennium were to be deposited in the general fund. The Public Service Commission performance assurance fund is a component of Qwest's performance assurance plan to provide long-distance service.

Power plant siting limits - House Bill No. 1283 changed the limit for a power plant to be sited under the siting Act from 50,000 to 100,000 kilowatts.

Renewable electricity and recycled energy credit trading and tracking system - House Bill No. 1314 provides for the Public Service Commission to establish or participate in a program to track, record, or verify the trading of credits for electricity generated from renewable and recycled heat sources among electric generators, utilities, and other interested entities within this state and with similar entities in other states.

Power plant siting fees - Senate Bill No. 2133 provides for energy conversion and transmission facility site compatibility, certificate of corridor compatibility, and waiver application fees to be deposited in the siting process expense recovery fund and provides a continuing appropriation from the fund to the Public Service Commission for expenses incurred in the siting process.

Salaries of the Public Service Commissioners - Section 16 of House Bill No. 1015 provides the statutory changes to North Dakota Century Code Section 49-01-05, relating to the salaries of the Public Service Commissioners. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006, for elected officials. The Public Service Commissioners' salaries are to be increased from the current level of $69,874 to $72,669, effective July 1, 2005, and $75,576, effective July 1, 2006.

Secretary of State
Budget No. 108
House Bill Nos. 1002, 1050, Senate Bill No. 2021

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	27.00	$4,532,287	$10,316,535	$14,848,822
2005-07 legislative appropriations	**27.00**	**4,489,363**	**9,944,028**	**14,433,391**
Legislative increase (decrease) to executive budget	0.00	($42,924)	($372,507)	($415,431)
Legislative increase (decrease) to 2003-05 appropriations	0.00	$346,519	$63,665	$410,184

NOTE: The amounts on the schedule above include funding for public printing. The 2005-07 executive budget recommended and the Legislative Assembly appropriated $327,000 from the general fund for public printing, $9,000 less than the 2003-05 biennium general fund appropriation of $336,000.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Secretary of State is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$9,221	$212	$9,433
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,245)	(125)	(3,370)
Reduced funding recommended in the executive budget to $125,000 from the general fund appropriated in Senate Bill No. 2021 for migrating the Secretary of State's information technology data base to a more current platform		(125,000)		(125,000)
Changed the recommended funding for election reform by removing $372,594 of special funds from the counties included in the executive budget for providing the 5 percent state match and provided $76,100 from the general fund for a portion of the state match (see **Election Reform** section below for additional information)		76,100	(372,594)	(296,494)
Total	0.00	($42,924)	($372,507)	($415,431)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 27 FTE positions, the same as the 2003-05 biennium.

Election Reform

The Legislative Assembly appropriated $9,579,728 for election reform funding. The federal government has made available an additional $7,446,803 of election reform funding which requires a 5 percent state match. The Legislative Assembly provided $76,100 from the general fund for a portion of the state matching requirement and it is anticipated that previous expenditures made by the Secretary of State and counties may be used for the remaining $296,250 of state matching requirements. An emergency clause was added allowing the Secretary of State to access the federal election reform funding prior to July 1, 2005. The state is allowed to retain any interest earned on its election reform funding in the state election reform fund.

Section 4 was added requiring the Secretary of State to collect from counties or to make available from other sources, which may include savings from within the Secretary of State's budget, $76,100 to reimburse the general fund for the $76,100 appropriated for the matching requirement.

Section 5 was added authorizing the Secretary of State to continue, for the 2005-07 biennium, any unspent appropriation authority remaining from the agency's authorized carryover from the 2001-03 biennium of up to $105,000 for providing a portion of the state matching funds for election reform funding available during the 2003-05 biennium.

Other Sections in Bill

Section 6, as amended by Section 18 of House Bill No. 1015, provides the statutory changes increasing the Secretary of State's salary by 4 percent for each year of the biennium. The Secretary of State's annual salary is increased from the current level of $68,018 to $70,739, effective July 1, 2005, and to $73,568, effective July 1, 2006.

Section 7 was added amending North Dakota Century Code Section 54-09-08 requiring the Secretary of State to transfer any amounts in the Secretary of State's general services operating fund exceeding $75,000 at the end of a biennium to the general fund, rather than at the end of each fiscal year.

Related Legislation

House Bill No. 1222 provides that the Secretary of State make information received from the Legislative Council on the estimated fiscal impact of an initiated measure available to the public.

House Bill No. 1507 requires the Secretary of State to register home inspectors and to collect registration fees for deposit in the general fund.

State Tax Commissioner
Budget No. 127
House Bill Nos. 1006, 1050, Senate Bill No. 2157

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	133.00	$24,996,259	$120,000	$25,116,259
2005-07 legislative appropriations	**133.00**	**22,485,152**	**14,120,000**	**36,605,152**
Legislative increase (decrease) to executive budget	0.00	($2,511,107)	$14,000,000	$11,488,893
Legislative increase (decrease) to 2003-05 appropriations	(4.00)	$1,330,457	$14,004,956	$15,335,413

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Tax Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$55,491		$55,491
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(16,598)		(16,598)
Added funding for an integrated tax processing system (see **Integrated Tax Processing System** section below)			$14,000,000	14,000,000
Decreased funding for the homestead tax credit from $7 million as proposed in the executive recommendation to $4.5 million, which is an increase of $500,000 from the 2003-05 biennium appropriation (see **Homestead Tax Credit** section below)		(2,500,000)		(2,500,000)
Decreased funding for operating expenses		(50,000)		(50,000)
Total	0.00	($2,511,107)	$14,000,000	$11,488,893

FTE Changes

The Legislative Assembly did not change the executive recommendation providing for 133 FTE positions, a decrease of 4 FTE positions from the 2003-05 biennium. The department, in its budget request, did not request funding for four vacant positions.

Integrated Tax Processing System

Section 6 provides that the State Tax Commissioner may purchase, finance the purchase, or lease equipment, software, and services to establish an integrated tax processing system for use by the Tax Commissioner's office. The principal amount of any financing agreement entered into by the Tax Commissioner may not exceed $14,000,000. The repayment of any financing agreement entered into by the Tax Commissioner is to begin during the 2007-09 biennium and repayment amounts, including principal and interest, are to be incorporated in the Tax Commissioner's biennial budget requests to the Legislative Assembly. The Tax

Department estimates the new system will potentially yield $2.5 million per year in additional revenues and provide estimated savings in operating costs of $220,000 per year. The primary areas where the additional revenues will be generated relate to increased discovery of nonresident taxpayers through enhanced records-matching, better tools for prioritizing collections and audit records, and a general increase in the number of audits due to better access to data and more effective workflow management. The net result is a project payback of approximately five years.

Homestead Tax Credit

Homestead tax credit - Senate Bill No. 2157 provides for changes to the homestead tax credit for taxable years beginning after December 31, 2004, for ad valorem property taxes and for taxable years beginning after December 31, 2005, for mobile home taxes. **Under current law, pursuant to North Dakota Century Code Section 57-02-08.1, the homestead tax credit provides:**

- A homeowner or renter may not have income exceeding $14,000 per year to be eligible for the program;
- A graduated reduction in the taxable value and resulting taxes of a person's homestead, to a maximum of $2,000 (4.5 percent of taxable value) based on the applicant's income level;
- The maximum benefits are limited to a $44,400 reduction in the value of the house; and
- For eligible renters making $14,000 or less per year, the program provides a direct payment of the amount by which 20 percent of the total rent (representing the property tax portion) exceeds 4 percent of the applicant's annual income, not to exceed $240.

Senate Bill No. 2157 provides for statutory changes to the homestead tax credit as follows:

- A homeowner or renter may not have income exceeding $14,500 per year to be eligible for the program;
- A graduated reduction in the taxable value and resulting taxes of a person's homestead, to a maximum of $3,038 (4.5 percent of taxable value) based on the applicant's income level;
- The maximum benefits are limited to a $67,500 reduction in the value of the house; and
- For eligible renters making $14,500 or less per year, the program provides a direct payment of the amount by which 20 percent of the total rent (representing the property tax portion) exceeds 4 percent of the applicant's annual income, not to exceed $240.

Related Legislation

Salary of Tax Commissioner - Section 24 of House Bill No. 1015 provides statutory changes to North Dakota Century Code Section 57-01-04, relating to the salary of the Tax Commissioner. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent effective July 1, 2006, for elected officials. The Tax Commissioner's salary is to be increased from the current level of $73,821 to $76,774, effective July 1, 2005, and $79,845, effective July 1, 2006.

Streamlined Sales and Use Tax Agreement - Senate Bill No. 2050 changes the implementation date for compliance with the Streamlined Sales and Use Tax Agreement from December 31, 2005, to September 30, 2005. House Bill No. 1043 provides sales and use tax amendments to conform with the provisions of the Streamlined Sales Tax Act. The initial implementation date of December 31, 2005, for the agreement was estimated to reduce sales tax collections by $414,000 for the 2005-07 biennium. By moving the implementation date to September 30, 2005, there is an additional negative revenue impact of $69,000.

Refunds or credits for taxes based on claim of unconstitutionality - Senate Bill No. 2132 provides that a claim for a refund or credit of taxes based on the claim that the tax is unconstitutional must be made within 180 days of the due date of the return or payment of the tax, whichever occurs first, for which the refund or credit is claimed.

State Treasurer
Budget No. 120
House Bill Nos. 1005, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	6.00	$2,332,600	$0	$2,332,600
2005-07 legislative appropriations	**6.00**	**2,344,547**		**2,344,547**
Legislative increase (decrease) to executive budget	0.00	$11,947	$0	$11,947
Legislative increase (decrease) to 2003-05 appropriations	0.00	($281,837)	$0	($281,837)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Treasurer is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$2,696		$2,696
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(749)		(749)
Added funding for salaries and wages, temporary wages, and overtime		10,000		10,000
Total	0.00	$11,947	$0	$11,947

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2003-05 biennium.

Other Sections in Bill

Payments to counties in lieu of property taxes - The Legislative Assembly did not change the executive recommendation authorizing $1,545,000 for payments to counties in lieu of property taxes on carbon dioxide pipeline property pursuant to North Dakota Century Code (NDCC) Section 57-06-17.2. The 2005-07 biennium appropriation is $365,000 less than the 2003-05 appropriation of $1,910,000.

Related Legislation

Salary of State Treasurer - Section 20 of House Bill No. 1015 provides statutory changes to NDCC Section 54-11-13, relating to the salary of the State Treasurer. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006, for elected officials. The State Treasurer's salary is to be increased from the current level of $64,233 to $66,802, effective July 1, 2005, and $69,474, effective July 1, 2006.

Tax distribution payment corrections - House Bill No. 1046 provides statutory authority for the State Treasurer to correct erroneous tax distributions.

Senior citizen mill levy - Senate Bill No. 2267 provides for a continuing appropriation to the State Treasurer for providing senior citizen mill levy matching grants to counties equal to two-thirds of the first mill levied by the county for senior citizen programs. Funding for the grants is provided by allocating each year an amount equivalent to two-thirds of one mill levied statewide from sales, use, and motor vehicle tax collections to the senior citizens and programs fund. The state Tax Commissioner is to certify to the State Treasurer the portion of the sales, use, and motor vehicle tax revenues to be deposited in the fund.

ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

PER STUDENT, LIMITED ENGLISH PROFICIENCY PAYMENTS, AND TRANSPORTATION AID

The Legislative Assembly provided a general fund appropriation of $517,553,759 for per student, limited English proficiency, and transportation aid payments, an increase of $28,173,769, or 5.8 percent, from the 2003-05 appropriation of $489,379,990. The per student payment amounts are $2,765 the first year of the biennium and $2,879 the second year, which compares to past payment levels as follows:

Fiscal Year	Appropriated Per Student Payment	Increase From Prior Year	Percentage Increase From Prior Year
1997-98	$1,954	$92	4.9%
1998-99	$2,032	$78	4.0%
1999-2000	$2,145	$113	5.6%
2000-01	$2,230	$85	4.0%
2001-02	$2,287	$57	2.6%
2002-03	$2,347	$60	2.6%
2003-04	$2,509	$162	6.9%
2004-05	$2,623	$114	4.5%
2005-06	$2,765	$142	5.4%
2006-07	$2,879	$114	4.1%

TUITION FUND

The Legislative Assembly appropriated $71,600,000 from the state tuition fund for distribution to school districts during the 2005-07 biennium, an increase of $2,104,629, or 3 percent, from the 2003-05 appropriation of $69,495,371. The 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.

SPECIAL EDUCATION

The Legislative Assembly appropriated $52,500,000 for general fund special education grants, an increase of $2,601,305, or 5.2 percent, from the 2003-05 appropriation of $49,898,695. Section 9 of 2005 House Bill No. 1013 provides that the special education appropriation be distributed as follows:

1. $15.5 million to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities ($2.5 million more than the amount appropriated for the 2003-05 biennium).
2. $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).
3. $36.6 million distributed on a per student basis as required by North Dakota Century Code (NDCC) Section 15.1-27-10 ($101,305 more than the amount appropriated for the 2003-05 biennium).

TEACHER COMPENSATION PAYMENTS

The Legislative Assembly provided a general fund appropriation of $50,912,120 to continue the current level of teacher compensation payments of $1,000 for first-year teachers and $3,000 for other teachers. The 2005-07 appropriation is a decrease of $941,880 from the 2003-05 biennium appropriation of $51,854,000. Section 30 of House Bill No. 1154 requires each school district 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. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.

OTHER APPROPRIATIONS

The legislative appropriation also provides the following:

1. **Revenue supplement payments** - The Legislative Assembly appropriated $5 million from the general fund for supplemental payments to school districts pursuant to NDCC Section 15.1-27-11, the same amount appropriated for the 2003-05 biennium.
2. **Reorganization bonus payments** - The Legislative Assembly provided a general fund appropriation of $759,000 for reorganization bonus payments pursuant to NDCC Section 15.1-12-11.1, an increase of $259,000 compared to the 2003-05 biennium appropriation of $500,000.
3. **Joint powers agreement incentives** - The Legislative Assembly provided a $1 million general fund appropriation for providing payments to school districts that are members of eligible educational associations.

4. **Contingent distributions - Per student payments and transportation aid** - The Legislative Assembly (House Bill No. 1154) provided for the following contingent distributions if any amount appropriated for per student and transportation state aid remains unspent at the end of the 2005-07 biennium:
   a. The first $759,000 to the general fund.
   b. The next $450,000 for providing additional payments to school districts serving English language learners in accordance with NDCC Section 15.1-27-12.
   c. The next $1 million for providing additional per student payments to school districts participating in eligible educational associations.
   d. Any remaining amount as additional per student payments on a prorated basis according to the latest average daily membership of each school district.
5. **Contingent distributions - Teacher compensation payments** - The Legislative Assembly (House Bill No. 1154) provided that if any funds appropriated for teacher compensation payments for the 2005-07 biennium remain unspent, the department shall use the remaining funds to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

Department of Public Instruction
Budget No. 201
House Bill Nos. 1013, 1050, 1154

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	92.75	$634,144,940	$295,876,672	$930,021,612
2005-07 legislative appropriations	**92.75**	**636,443,587**	**295,899,635**	**932,343,222**
Legislative increase (decrease) to executive budget	0.00	$2,298,647	$22,963	$2,321,610
Legislative increase (decrease) to 2003-05 appropriations	0.00	$31,678,581[1]	($159,168)	$31,519,413[1]

[1]This amount reflects a 2003-05 appropriation of $30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts authorized in Section 6 of House Bill No. 1013.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Public Instruction is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding recommended in the executive budget for state employee salary increases		$14,415	$31,052	$45,467
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,268)	(8,089)	(11,357)
Decreased funding for salaries and wages		(35,000)		(35,000)
Decreased funding for operating expenses		(275,000)		(275,000)
Provided funding to develop standards for English language proficiency and to implement assessments that are aligned to the standards		275,000		275,000
Decreased funding for transportation aid payments from $34.8 million to $33.5 million. (The 2005-07 biennium appropriation is a decrease of $1.3 million compared to the 2003-05 biennium appropriation of $34.8 million.)		(1,300,000)		(1,300,000)
Increased funding for state school aid per student payments from $476,703,759 to $483,403,759. (The 2005-07 biennium appropriation is an increase of $29,473,769 compared to the 2003-05 biennium appropriation of $453,929,990.)		6,700,000		6,700,000

Decreased funding for revenue supplemental payments from $7.5 million to $5 million, the same level of funding appropriated for the 2003-05 biennium		(2,500,000)		(2,500,000)
Increased funding for reorganization bonus payments from $500,000 to $759,000. (The 2005-07 biennium appropriation is an increase of $259,000 compared to the 2003-05 biennium appropriation of $500,000.)		259,000		259,000
Decreased funding for joint powers agreement incentives from $2 million to $1 million		(1,000,000)		(1,000,000)
Increased funding for adult education from $920,000 to $1,055,000. (The 2005-07 biennium appropriation is an increase of $135,000 compared to the 2003-05 biennium appropriation of $920,000.)		135,000		135,000
Decreased funding for the North Dakota LEAD Center from $236,500 to $235,000. (The 2005-07 biennium appropriation is an increase of $20,000 compared to the 2003-05 biennium appropriation of $215,000.)		(1,500)		(1,500)
Provided funding for contracting to provide transportation efficiency training to school district personnel (see **Related Legislation** section below)		30,000		30,000
Total	0.00	$2,298,647	$22,963	$2,321,610

FTE Changes

The 2005-07 biennium appropriation includes funding for 92.75 FTE positions, the same as the 2003-05 biennium.

State Aid - Per Student, Limited English Proficiency Payments, and Transportation Aid

The Legislative Assembly provided a general fund appropriation of $517,553,759 for per student, limited English proficiency payments, and transportation aid for the 2005-07 biennium. The 2005-07 biennium appropriation is $28,173,769 more than the 2003-05 biennium appropriation of $489,379,990 and $5,400,000 more than the executive budget recommendation of $512,153,759. The legislative appropriation increases per student payments from $2,623 in 2004-05 to $2,765 in 2005-06 and to $2,879 in 2006-07. See the schedules following this section for a comparison of state school aid and other grants for the 2003-05 and 2005-07 bienniums.

Limited English Proficiency Payments

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of $650,000 (included in the state school aid line item) for payments to school districts educating students with limited English proficiency, the same amount appropriated for the 2003-05 biennium. North Dakota Century Code (NDCC) Section 15.1-27-12 requires the Department of Public Instruction to calculate the total weighted number of students eligible for payment for each year by determining the sum of all English language learner students weighted as follows: 10 times the number of Level I students, 8 times the number of Level II students, 4 times the number of Level III students, and the number of Level IV students. The department determines the per student amount used to calculate payments for the first year of the biennium by dividing the total weighted number of students eligible for payment into 49 percent of the total amount appropriated for the biennium and the per student amount used to calculate payments for the second year of the biennium by dividing the total weighted number of students eligible for payments into 51 percent of the total amount appropriated.

Transportation Aid

The Legislative Assembly provided a general fund appropriation of $33.5 million (included in the state school aid line item) for transportation aid, a decrease of $1.3 million from the amount appropriated for the 2003-05 biennium and executive budget recommendation of $34.8 million. Section 25 of House Bill No. 1154 requires that for the first year of the 2005-07 biennium, the Department of Public Instruction apply the transportation formula as it existed on June 30, 2001, except provide reimbursement for in-city mileage at the rate of 50 cents for schoolbuses having a capacity of 10 or more students and reimbursement for vehicles having a capacity of 9 or fewer students and transporting students who live outside the incorporated limits of a city at the rate of 40 cents per mile, and the Superintendent is to use the latest available student counts in determining transportation payments. During the second year of the biennium, the Superintendent is to distribute the same amount to each school district as the district received during the first year of the biennium.

Teacher Compensation Payments

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of $50,912,120 to continue the current level of teacher compensation payments of $1,000 for first-year teachers and $3,000 for other teachers. The funding of $50,912,120 is $941,880 less than the 2003-05 biennium appropriation of $51,854,000. Section 30 of House Bill No. 1154 requires each school district to use 70 percent of all new money received for per student payments and tuition apportionment payments for the purpose of increasing teacher compensation. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.

Special Education Aid

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of $52.5 million for special education aid, an increase of $2,601,305 from the 2003-05 biennium appropriation of $49,898,695. Section 9 of House Bill No. 1013 provides that the appropriation for special education be distributed as follows:

1. $15.5 million to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities ($2.5 million more than the 2003-05 biennium appropriation).
2. $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).
3. $36.6 million distributed on a per student basis as required by NDCC Section 15.1-27-10 ($101,305 more than the 2003-05 biennium appropriation).

Revenue Supplement Payments

The Legislative Assembly provided a general fund appropriation of $5 million for revenue supplement payments to school districts below the state average taxable valuation per student and below the state average educational expenditure per student, as defined in NDCC Section 15.1-27-11. The 2005-07 biennium appropriation of $5 million is $2.5 million less than the executive recommendation of $7.5 million and is the same amount appropriated for the 2003-05 biennium.

Reorganization Bonus Payments

House Bill No. 1154 provides the Department of Public Instruction a general fund appropriation of $759,000 for reorganization bonus payments to any school district having a reorganization effective on July 1, 2005, pursuant to NDCC Section 15.1-12-11.1. Section 15.1-12-11.1 provides that if a newly reorganized district consists of at least 800 square miles or consists of at least 500 square miles, has student population of at least 520, and had no practical reorganization alternatives to allow it to meet the 800 square mile criteria, the district is entitled to a reorganization bonus. The bonus amount is based on the number of students, the number of square miles included in the reorganized district, and the number of districts reorganizing. Section 33 of House Bill No. 1154 provides that if any money remains after the Department of Public Instruction completes the payment of bonuses for any reorganization effective on July 1, 2005, the department use the remaining money to provide additional per student payments on a prorated basis, according to the latest available daily membership. The 2005-07 biennium appropriation of $759,000 is $259,000 more than the executive recommendation and the 2003-05 biennium appropriation of $500,000.

Joint Powers Agreement Incentives

House Bill No. 1154 provides the Department of Public Instruction a general fund appropriation of $1 million for providing payments to school districts that are members of eligible educational associations, a decrease of $1 million from the executive recommendation of $2 million. Section 32 of House Bill No. 1154 provides that the appropriation for joint powers agreement incentives be distributed as follows:

1. $750,000 to eligible school districts on a per student basis during June 2006. The total amount to which a school district is entitled may not exceed the amount expended by the school district during the 2005-06 school year to participate in an eligible educational association.
2. $250,000 to eligible school districts on a per student basis during June 2007. The total amount to which a school district is entitled may not exceed the amount expended by the school district during the 2006-07 school year to participate in an eligible educational association.

Tuition Apportionment

The Legislative Assembly did not change the executive budget recommendation to provide a special funds appropriation of $71.6 million from the state tuition fund for tuition apportionment payments to school districts. The 2005-07 biennium appropriation is $2,104,629 more than the 2003-05 biennium appropriation of $69,495,371. The legislative appropriation will provide for payments of approximately $351 per census unit, an increase of $16 per census unit from the 2004-05 appropriated payments of $335.

Contingent Distributions - Per Student and Transportation Aid

Sections 27 and 28 of House Bill No. 1154 provide that if any funds appropriated for the 2005-07 biennium 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:

1. The first $759,000 to the general fund.
2. The next $450,000 for providing additional payments to school districts serving English language learners in accordance with NDCC Section 15.1-27-12.
3. The next $1 million for providing additional per student payments to school districts participating in eligible educational associations.
4. Any remaining amounts as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

Contingent Distributions - Teacher Compensation

Section 29 of House Bill No. 1154 provides that if any funds appropriated for the 2005-07 biennium for teacher compensation payments remain unspent after all statutory obligations are met, the Department of Public Instruction shall use the remaining funds to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

Other Sections in House Bill No. 1013

2003-05 appropriation - Section 6 appropriates $30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2003-05 biennium.

Tuition apportionment - Section 7 provides that any money available in the state tuition fund in excess of the $71.6 million appropriated in Section 3 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Payments for 2003-05 biennium educational services - Section 8 provides that the Department of Public Instruction may use money appropriated for state school aid and special education aid for the 2005-07 biennium to pay claims due but not filed with the department during the 2003-05 biennium.

Distribution of special education aid - Section 9 provides that special education aid must be distributed as follows:

1. $15.5 million to reimburse school districts or special education units for excess costs incurred relating to contracts for students with disabilities.
2. $400,000 to reimburse school districts or special education units for gifted and talented programs.
3. $36.6 million distributed on a per student basis as required by NDCC Section 15.1-27-10.

Payments for limited English proficiency - Section 10 designates $650,000 of the state school aid appropriation for payments to school districts educating limited English proficient students pursuant to NDCC Section 15.1-27-12. This represents the same amount provided for payments for limited English proficiency in the 2003-05 biennium.

Indirect cost allocation - Section 11 provides that notwithstanding NDCC Section 54-44.1-15, the Department of Public Instruction may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries must be deposited in the general fund.

Displaced homemaker fund - Section 12 provides that $253,646 of the amount appropriated in Section 3 of the bill is from the displaced homemaker fund and is for the purpose of providing services to displaced homemakers.

Legislative Council study - Section 16 requires the Legislative Council to study, during the 2005-06 interim, the state's elementary and secondary education system, including key measurements of student progress, programs that address the state's competitiveness with other states, costs incurred by the state relating to implementing the No Child Left Behind Act, and the most effective means of using taxpayer dollars at the state and local levels to ensure the best possible education for the children of this state. The Legislative Council is to evaluate effective programs; opportunities for achievement; and statutory, regulatory, and political barriers to success. The Legislative Council is to receive input from teachers; administrators; parents; students; local business and community leaders; representatives of higher education; and may use technology, curricular, and programmatic consultants, among others.

English language learner testing - Section 18 provides legislative intent that the Department of Public Instruction not charge school districts for testing relating to the English language learner program.

Related Legislation

Superintendent's annual salary - House Bill No. 1015 provides statutory changes relating to the Superintendent of Public Instruction's annual salary. The Superintendent's salary is increased from $77,434 to $80,531 on July 1, 2005, and to $83,753 on July 1, 2006.

Revenue supplement payments - House Bill No. 1032 removes unrestricted federal revenue from the supplemental payment formula.

Per student payments, weighting factors, teacher compensation, joint powers agreement incentives - House Bill No. 1154:

- Increases per student payments from $2,623 in 2004-05 to $2,765 in 2005-06 and to $2,879 in 2006-07.
- Increases the mill deduct from 36 mills in 2004-05 to 38 mills in 2005-06 and to 41 mills in 2006-07.
- Adjusts the 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.
- Increases the minimum teacher salary from $21,500 for the 2004-05 school year to $22,000 for 2005-06 and to $22,500 for 2006-07.
- Provides for distribution of transportation aid payments.
- Provides for the return of $759,000 to the general fund from any money that was appropriated for 2005-07 per student and transportation aid payments and remain unspent as of June 30, 2007.
- Provides for the distribution of contingent per student and transportation payments and teacher compensation payments.

- Requires each school district to use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment payments for the purpose of increasing teacher compensation. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.
- Requires the Superintendent of Public Instruction to compile a report regarding the operations of each educational association governed by a joint powers agreement and to present the information to an interim committee designated by the Legislative Council.
- Provides a $1 million general fund appropriation to the Department of Public Instruction for providing per student payments to school districts that are members of eligible educational associations governed by joint powers agreements.
- Provides a $759,000 general fund appropriation to the Department of Public Instruction for providing bonuses to school districts having a reorganization effective on July 1, 2005, pursuant to NDCC Section 15.1-12-11.1.
- Provides a $30,000 general fund appropriation to the Department of Public Instruction for contracting to provide transportation efficiency training to school district personnel.

2003-05 contingent state school aid distributions - House Bill No. 1311 amends Section 37 of Chapter 667 of the 2003 Session Laws to provide that any money appropriated for per student and transportation payments for the 2003-05 biennium remaining unspent after all statutory obligations are met, must be distributed as follows:

1. The first $119,190 for reimbursing eligible school districts that received reduced amounts of state aid during the second year of the 2003-05 biennium because the district's general fund levy fell below 140 mills as the result of a reorganization or the dissolution of a contiguous district.
2. The next $250,000 for providing reimbursements to the chief administrators of joint powers agreements.
3. The next $1 million for providing reorganization bonuses, pursuant to NDCC Section 15.1-12-11.1, to school districts having reorganizations effective after July 1, 2003, and before July 1, 2005.
4. 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.

No Child Left Behind - House Bill No. 1434 continues the interim No Child Left Behind Committee and requires the Superintendent of Public Instruction to present proposed changes to the state accountability plan required under the No Child Left Behind Act to the interim No Child Left Behind Committee before submitting proposed changes to the United States Secretary of Education.

Study of education funding - Senate Bill No. 2404 directs a Legislative Council study of enhanced funding for elementary and secondary education and methods by which the state's reliance on property taxes to fund elementary and secondary education could be reduced.

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

	2003-05 Legislative Appropriation \1	2003-05 Estimated Expenditures \3	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Appropriation Increase (Decrease) Compared to 2003-05 Appropriation	2005-07 Appropriation Increase (Decrease) Compared to 2003-05 Estimated Expenditures	2005-07 Appropriation Increase (Decrease) Compared to 2005-07 Executive Budget
State school aid							
General fund per student payments	$453,929,990	$450,709,200	$476,703,759	$483,403,759	$29,473,769	$32,694,559	$6,700,000
Limited English proficient student payments	650,000	650,000	650,000	650,000			
Transportation payments	34,800,000	34,732,708	34,800,000	33,500,000	(1,300,000)	(1,232,708)	(1,300,000)
Total state school aid regular distributions - General fund	$489,379,990	$486,091,908	$512,153,759	$517,553,759	$28,173,769	$31,461,851	$5,400,000
State school aid contingent distributions		3,288,082 \4				(3,288,082)	
Total state school aid - General fund	$489,379,990	$489,379,990	$512,153,759	$517,553,759	$28,173,769	$28,173,769	$5,400,000
Other grants - General fund							
Teacher compensation payments	$51,854,000	$51,378,738	$50,912,120	$50,912,120	($941,880)	($466,618)	
Teacher compensation contingent distributions		475,262 \5				(475,262)	
Special education	49,898,695	49,898,695	52,500,000	52,500,000	2,601,305	2,601,305	
Revenue supplement payments	5,000,000	5,000,000	7,500,000	5,000,000			(2,500,000)
Reorganization bonuses	500,000	500,000	500,000	759,000	259,000	259,000	259,000
Joint powers agreement incentives			2,000,000	1,000,000	1,000,000	1,000,000	(1,000,000)
Teacher center network	230,000	230,000	230,000	230,000			
School food services	1,080,000	1,080,000	1,080,000	1,080,000			
Adult education grants	920,000	920,000	920,000	1,055,000	135,000	135,000	135,000
LEAD Consortium	215,000	215,000	236,500	235,000	20,000	20,000	(1,500)
Governor's School	225,000	225,000	270,000	270,000	45,000	45,000	
National writing projects	48,000	48,000	88,000	88,000	40,000	40,000	
Rural art outreach project	125,000	125,000	250,000	250,000	125,000	125,000	
FINDET	33,117	33,117	33,117	33,117			
National board certification	40,000	40,000	40,000	40,000			
Total other grants - General fund	$110,168,812	$110,168,812	$116,559,737	$113,452,237	$3,283,425	$3,283,425	($3,107,500)
Total state school aid and other grants - General fund	$599,548,802	$599,548,802	$628,713,496	$631,005,996	$31,457,194	$31,457,194	$2,292,500
Other grants - Other funds							
Federal grants	$209,139,127	$209,139,127	$204,517,966	$204,517,966	($4,621,161)	($4,621,161)	
State tuition fund	69,495,371	69,292,124	71,600,000	71,600,000	2,104,629	2,307,876	
Displaced homemaker program	240,000	240,000	240,000	240,000			
Total other grants - Other funds	$278,874,498	$278,671,251	$276,357,966	$276,357,966	($2,516,532)	($2,313,285)	
Total other grants - All funds	$389,043,310	$388,840,063	$392,917,703	$389,810,203	$766,893	$970,140	($3,107,500)
Total state school aid and other grants - All funds	$878,423,300	$878,220,053	$905,071,462	$907,363,962	$28,940,662	$29,143,909	$2,292,500
Agency administration							
Administration (salaries, operating, equipment) - General fund	$5,216,204	$5,206,204	$5,431,444	$5,437,591	$221,387	$231,387	$6,147
Administration (salaries, operating, equipment) - Other funds	17,184,305	17,184,305	19,518,706	19,541,669	2,357,364	2,357,364	22,963
Total agency administration - All funds	$22,400,509	$22,390,509	$24,950,150	$24,979,260	$2,578,751	$2,588,751	$29,110
Total Department of Public Instruction - All funds	$900,823,809	$900,610,562	$930,021,612	$932,343,222	$31,519,413	$31,732,660	$2,321,610

General fund	$604,765,006	$604,755,006	$634,144,940	$636,443,587	$31,678,581	$31,688,581	$2,298,647
Other funds	296,058,803	295,855,556	295,876,672	295,899,635	(159,168)	44,079	22,963
Total	$900,823,809	$900,610,562	$930,021,612	$932,343,222	$31,519,413	$31,732,660	$2,321,610
FTE	92.75 \2	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.

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 Central Council of School TV licensing of educational television programs for classroom use by North Dakota elementary and secondary schools.

Include $30 million of federal funds appropriated to the Department of Public Instruction for providing grants to school districts authorized in Section 6 of House Bill No. 1013.

\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.

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 Central Council of School TV licensing of educational television programs for classroom use by North Dakota elementary and secondary schools.

Include $30 million of federal funds appropriated to the Department of Public Instruction for providing grants to school districts authorized in Section 6 of House Bill No. 1013.

\4 Contingent state school aid distributions - Senate Bill No. 2421 (2003), as amended by the 2005 Legislative Assembly in House Bill No. 1311, provides 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 $119,910 for the purpose of reimbursing eligible school districts that received reduced amounts of state aid during the second year of the 2003-05 biennium because the district's general fund levy fell below 140 mills as the result of a reorganization or the dissolution of a contiguous district.

The next $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 payments - Senate Bill No. 2421 (2003) provides 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 sufficient 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.

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

	2003-05 Legislative Appropriation	2003-05 Actual	2005-07 Executive Budget	2005-07 Legislative Appropriation
First-Year Payments				
Per student state aid payments	$2,509	$2,509	$2,726	$2,765
Tuition fund distributions	335	332	351	351
Total first-year payments	$2,844	$2,841	$3,077	$3,116
Second-Year Payments				
Per student state aid payments	$2,623	$2,623	$2,826	$2,879
Tuition fund distributions	335	332[1]	351	351
Total second-year payments	$2,958	$2,955[1,2]	$3,177	$3,230
Weighted Student Units				
First year	108,381	107,927	107,510[3]	107,438[3]
Second year	106,258	106,722[1]	106,059[3]	106,090[3]
Teacher Compensation Payments				
First-year teachers	$1,000	$1,000	$1,000	$1,000
Other teachers	$3,000	$3,000	$3,000	$3,000
Qualifying teacher FTE positions - First year of biennium	8,809	8,778	8,656	8,750
Qualifying teacher FTE positions - Second year of biennium	8,809	8,768	8,656	8,750
Mill Levy Deducts				
First year	34 mills	34 mills	38 mills	38 mills
Second year	36 mills	36 mills	40 mills	41 mills

[1]Estimated

[2]The Department of Public Instruction's estimate of state school aid expenditures indicates an end-of-biennium unspent balance of approximately $3.3 million. If that projection is realized, the $3.3 million will be distributed at the end of the 2003-05 biennium as follows:

- $119,910 for the purpose of reimbursing eligible school districts that received reduced amounts of state aid during the second year of the 2003-05 biennium because the district's general fund levy fell below 140 mills as the result of a reorganization or the dissolution of a contiguous district.
- $250,000 for providing reimbursements to the chief administrators of joint powers agreements.
- $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.
- $1,930,090 as additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

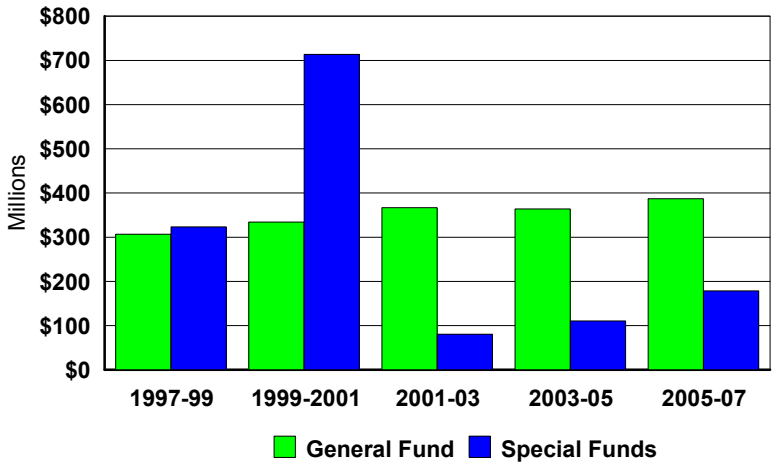
[3]The Legislative Assembly did not change the executive budget recommendation to implement changes in the calculation of school district weighting factors used for the calculation of weighted student units and the distribution of state school aid, including the consolidation of school district-size categories and the increase of weighting factors so no factor is set below 1.0. The changes resulted in an increase in the estimated number of weighted student units for the 2005-07 biennium. Based on 2003-05 school district-size categories and weighting factors, the estimated number of weighted student units for the 2005-07 biennium would have been 105,398 for the first year and 104,151 for the second year.

HIGHER EDUCATION - OVERVIEW

The 2005 Legislative Assembly for the 2005-07 biennium made the following funding changes as compared to the 2003-05 legislative appropriations for higher education:

1. Increased **general fund** spending by $23,127,955, or 6.4 percent.
2. Increased spending from **special funds** by $68,005,333, or 61.5 percent, due to increasing major capital projects funded from special funds by $67.8 million.
3. Reduced the authorized number of **FTE positions** from 2,400.38 to 2,194.42 to reflect agency reductions and to adjust the number of FTE positions to the level supported by the general fund.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
1997-99	$306,825,098	$323,595,863	$630,420,961
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	$364,029,938	$110,546,775	$474,576,713
2005-07	$387,157,893	$178,552,108	$565,710,001

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

Major items include:

1. Funding of $22,951,652 for University System pools including:
   a. A **common information services pool** of $20,563,093 for the State Board of Higher Education to allocate to higher education institutions based on the North Dakota University System information technology plan and technology priorities. The funds allocated must be used to support the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives.
   b. An **operations pool** of $388,559 for system priorities as determined by the State Board of Higher Education.
   c. An **equity pool** of $2 million to address equity at higher education institutions and other campus needs as determined by the State Board of Higher Education. The State Board of Higher Education may not select a formula for distributing the equity funding until January 1, 2006.
2. Funding of $5,190,000 from the general fund for the **competitive research** program, a $440,000 increase from the 2003-05 biennium.
3. Funding of $1,885,000 from the general fund for **board initiatives**, a $1,418,858 increase from the previous biennium. Of the $1,885,000, $200,000 is for a grant to the space grant consortium. The remainder of the funding may be used to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The State Board of Higher Education is to consider using a substantial amount of funding for an international student initiative.
4. Funding of $3,504,402 for **student financial assistance grants**, a $574,187 increase from the previous biennium, $1,864,780 for the **professional student exchange program**, a $186,480 increase from the previous biennium, and $862,077 for the **scholars program**, a $45,709 increase from the previous biennium.
5. Funding of $436,923 from the general fund for **contingency and capital emergency funding**. The funding must be used to meet unforeseen operations or capital asset needs and opportunities as determined by the State Board of Higher Education.

6. Funding of $183,107,183 is provided for **capital improvements**, including:

   a. $7,034,054 for campus extraordinary repairs.

   b. $2,331,554 for energy improvement projects.

   c. $173,304,652 for major capital projects.

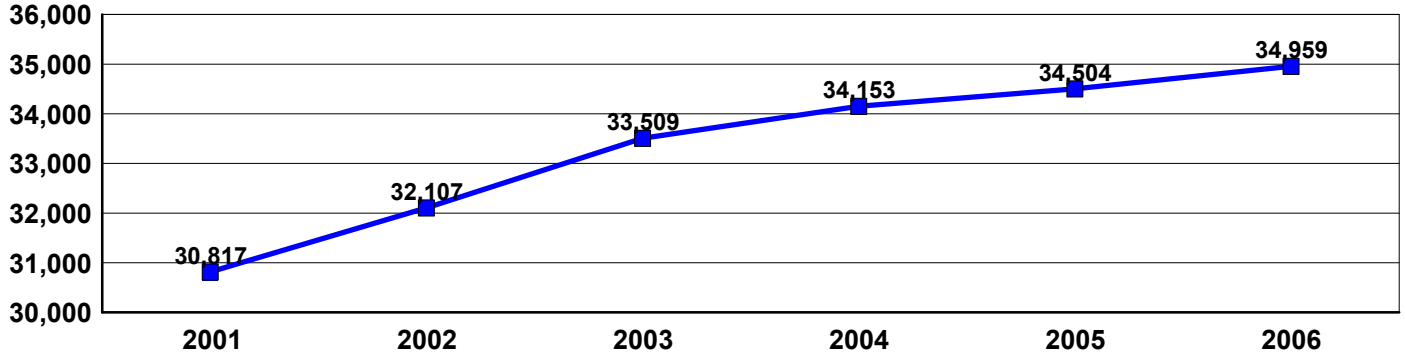
   d. $436,923 for contingency and capital emergency funding.

   Of the $183,107,183, $8,129,852 is from the general fund and $174,977,331 is from special funds. Please refer to the schedules under the **Capital Construction** section for additional information regarding capital improvements.

7. Funding of $14,278,141 for capital construction lease payments. Of the $14,278,141, $12,998,391 is from the general fund, and $1,279,750 is from special and federal funds. The funding for the capital construction lease payments relates to bonds issued by the North Dakota Building Authority for higher education building projects authorized by the Legislative Assembly.

   The schedules on the following pages include information on full-time equivalent student enrollments and tuition rates.

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



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006
Bismarck State College	2,320	2,384	2,575	2,625	2,650	2,700
Dickinson State University	1,637	1,818	1,867	1,907	1,945	1,984
Lake Region State College	624	640	693	692	680	680
Mayville State University	620	616	657	718	737	737
Minot State University	2,739	2,789	2,840	2,844	2,788	2,788
Minot State University - Bottineau	389	447	443	419	419	420
North Dakota State University	9,056	9,368	9,701	10,073	10,373	10,673
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	640	640
Total	30,817	32,107	33,509	34,153	34,504	34,959

[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 North Dakota 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 2005-06. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. Senate Bill No. 2034 (2005) continues this authority through June 30, 2007. 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]	2005-06[1]
Bismarck State College[2]					
Undergraduate					
Resident	$1,703	$1,784	$2,016	$2,629	$2,787
	3.3%	4.8%	13.0%	30.4%	6.0%
Minnesota resident[3]	$2,435	$2,663	$2,600	$3,390	$3,590[13]
	11.0%	9.4%	(2.4%)	30.4%	5.9%
Contiguous state/province[4]	$2,129	$2,231	$2,520	$3,286	$3,483
	3.3%	4.8%	13.0%	30.4%	6.0%
Other nonresident	$4,547	$4,764	$5,383	$7,019	$7,441
	3.3%	4.8%	13.0%	30.4%	6.0%
Dickinson State University					
Undergraduate					
Resident	$2,067	$2,202	$2,554	$3,040	$3,329
	4.3%	6.5%	16.0%	19.0%	9.5%
Minnesota resident[3]	$2,316	$2,554	$2,923	$3,406	$3,730[13]
	9.2%	10.3%	14.4%	16.5%	9.5%
Contiguous state/province[4]	$2,584	$2,753	$3,193	$3,800	$4,161
	4.3%	6.5%	16.0%	19.0%	9.5%
Other nonresident	$5,519	$5,879	$6,820	$8,117	$8,888
	4.3%	6.5%	16.0%	19.0%	9.5%
Lake Region State College					
Undergraduate					
Resident	$1,682	$1,782	$2,040	$2,328	$2,550
	3.1%	5.9%	14.5%	14.1%	9.5%
Minnesota resident[3]	$2,402	$2,660	$3,002	$3,404	$3,729[13]
	10.8%	10.7%	12.9%	13.4%	9.5%
Contiguous state/province[4]	$2,103	$2,228	$2,040	$2,328	$2,550
	3.1%	5.9%	(8.4%)	14.1%	9.5%
Other nonresident	$4,491	$4,758	$2,040	$2,328	$2,550
	3.1%	5.9%	(57.1%)	14.1%	9.5%
Mayville State University					
Undergraduate					
Resident	$2,067	$2,202	$2,576	$3,014	$3,300
	4.3%	6.5%	17.0%	17.0%	9.5%
Minnesota resident[3]	$2,316	$2,554	$2,948	$3,376	$3,696[13]
	9.2%	10.3%	15.4%	14.5%	9.5%

Contiguous state/province[4]	$2,584 4.3%	$2,753 6.5%	$3,220 17.0%	$3,768 17.0%	$4,125 9.5%
Other nonresident	$5,519 4.3%	$5,879 6.5%	$6,878 17.0%	$8,047 17.0%	$8,811 9.5%
Minot State University[5]					
Undergraduate					
Resident	$2,244 4.7%	$2,384 6.2%	$2,730 14.5%	$3,160 15.8%	$3,460 9.5%
Minnesota resident[3]	$2,514 9.6%	$2,766 10.0%	$3,125 13.0%	$3,540 13.3%	$3,876[13] 9.5%
Contiguous state/province[4]	$2,805 4.7%	$2,980 6.2%	$3,413 14.5%	$3,950 15.7%	$4,325 9.5%
Other nonresident	$5,991 4.7%	$6,365 6.2%	$7,289 14.5%	$8,437 15.7%	$9,238 9.5%
Graduate					
Resident	$2,964 5.3%	$3,154 6.4%	$3,612 14.5%	$4,180 15.7%	$4,578 9.5%
Minnesota resident[3]	$3,766 11.4%	$4,209 11.8%	$4,778 13.5%	$5,494 15.0%	$6,017[13] 9.5%
Contiguous state/province[4]	$4,446 5.3%	$4,732 6.4%	$5,418 14.5%	$6,270 15.7%	$6,867 9.5%
Other nonresident	$7,914 5.3%	$8,421 6.4%	$9,644 14.5%	$11,160 15.7%	$12,223 9.5%
Minot State University - Bottineau					
Undergraduate					
Resident	$1,682 3.1%	$1,782 5.9%	$2,042 14.6%	$2,362 15.7%	$2,575 9.0%
Minnesota resident[3]	$2,402 10.8%	$2,660 10.7%	$3,002 12.9%	$3,404 13.4%	$3,729[13] 9.5%
Contiguous state/province[4, 6]	$2,103 3.1%	$2,228 5.9%	$2,553 14.6%	$2,953 15.7%	$2,953 0.0%
All provinces[6]		$1,782	$2,042 14.6%	$2,362 15.7%	$2,575 9.0%
Other nonresident	$4,491 3.1%	$4,758 5.9%	$5,452 14.6%	$6,307 15.7%	$6,875 9.0%
State College of Science[7, 8]					
Undergraduate					
Resident	$1,682 3.1%	$1,782 5.9%	$2,052 15.2%	$2,670 30.1%	$2,828 5.9%
Minnesota resident[3]	$2,402 10.8%	$2,660 10.7%	$3,002 12.9%	$3,390 12.9%	$3,590[13] 5.9%
Contiguous state/province[4]	$2,103 3.1%	$2,228 5.9%	$2,565 15.1%	$3,338 30.1%	$3,534 5.9%

Other nonresident	$4,491	$4,758	$5,478	$7,129	$7,550
	3.1%	5.9%	15.1%	30.1%	5.9%
Business and Industry Partnership Program[9]					
Resident	$1,682	$1,782	$2,052	$2,670	$2,828
		5.9%	15.2%	30.1%	5.9%
Minnesota resident[3]	$2,402	$2,660	$3,002	$3,390	$3,590[13]
		10.7%	12.9%	12.9%	5.9%
Contiguous state/province[4]	$1,682	$1,782	$2,052	$2,670	$2,828
		5.9%	15.2%	30.1%	5.9%
Other nonresident	$1,682	$1,782	$2,052	$2,670	$2,828
		5.9%	15.2%	30.1%	5.9%
North Dakota State University					
Undergraduate					
Resident	$2,754	$2,904	$3,374	$3,982	$4,360
	5.8%	5.4%	16.2%	18.0%	9.5%
Minnesota resident[3]	$3,074	$3,396	$3,900	$4,476	$4,901[13]
	10.7%	10.5%	14.8%	14.8%	9.5%
Contiguous state/province[4]	$4,131	$4,356	$5,061	$5,972	$6,540
	5.8%	5.4%	16.2%	18.0%	9.5%
Other nonresident	$7,353	$7,754	$9,009	$10,630	$11,641
	5.8%	5.5%	16.2%	18.0%	9.5%
Graduate					
Resident	$2,964	$3,114	$3,618	$4,270	$4,676
	5.3%	5.1%	16.2%	18.0%	9.5%
Minnesota resident[3]	$3,766	$4,156	$4,778	$5,494	$6,015[13]
	11.4%	10.4%	15.0%	15.0%	9.5%
Contiguous state/province[4]	$4,446	$4,671	$5,427	$6,404	$7,013
	5.3%	5.1%	16.2%	18.0%	9.5%
Other nonresident	$7,914	$8,314	$9,660	$11,400	$12,485
	5.3%	5.1%	16.2%	18.0%	9.5%
University of North Dakota					
Undergraduate					
Resident	$2,754	$2,954	$3,441	$4,009	$4,390
	5.8%	7.3%	16.5%	16.5%	9.5%
Minnesota resident[3]	$3,074	$3,396	$3,900	$4,476	$4,901[13]
	10.7%	10.5%	14.8%	14.8%	9.5%
Contiguous state/province[4]	$4,131	$4,431	$5,163	$6,013	$6,584
	5.8%	7.3%	16.5%	16.5%	9.5%
Other nonresident	$7,353	$7,887	$9,187	$10,703	$11,722
	5.8%	7.3%	16.5%	16.5%	9.5%
Graduate					
Resident	$2,964	$3,179	$3,703	$4,313	$4,722
	5.3%	7.3%	16.5%	16.5%	9.5%
Minnesota resident[3]	$3,766	$4,156	$4,778	$5,494	$6,015[13]

	11.4%	10.4%	15.0%	15.0%	9.5%
Contiguous state/province[4]	$4,446	$4,769	$5,555	$6,471	$7,084
	5.3%	7.3%	16.5%	16.5%	9.5%
Other nonresident	$7,914	$8,488	$9,889	$11,519	$12,610
	5.3%	7.3%	16.5%	16.5%	9.5%
School of Law					
Resident	$3,174	$3,472	$4,045	$4,713	$5,160
	5.0%	9.4%	16.5%	16.5%	9.5%
Minnesota resident[3]	$3,766	$4,156	$4,778	$5,494	$6,015[13]
	11.4%	10.4%	15.0%	15.0%	9.5%
Contiguous state/province[4]	$4,761	$5,208	$6,067	$7,069	$7,740
	5.0%	9.4%	16.5%	16.5%	9.5%
Other nonresident	$8,475	$9,270	$10,801	$12,581	$13,778
	5.0%	9.4%	16.5%	16.5%	9.5%
School of Medicine and Health Sciences					
Resident	$12,537	$13,447	$15,343	$17,507	$18,908
	5.0%	7.3%	14.1%	14.1%	8.0%
Minnesota resident[3]	$14,041	$15,600	$17,561	$19,608	$21,177[13]
	9.9%	11.1%	12.6%	11.7%	8.0%
Other nonresident	$33,474	$35,903	$40,963	$46,741	$50,482
	5.0%	7.3%	14.1%	14.1%	8.0%
Physical Therapy[10]					
Resident	$5,070	$5,438	$7,091	$8,091	$8,738
	5.8%	7.3%	30.4%	14.1%	8.0%
Resident (enrolled as of the 2001-02 academic year)	$5,794	$6,215	$7,091	$8,091	$8,738
		7.3%	14.1%	14.1%	8.0%
Minnesota resident[3]	$5,070	$5,438	$7,091	$8,091	$8,738[13]
		7.3%	30.4%	14.1%	8.0%
Minnesota resident (enrolled as of the 2001-02 academic year)[3]	$5,794	$6,216	$7,091	$8,091	$8,738[13]
		7.3%	14.1%	14.1%	8.0%
Contiguous state/province[4]	$8,016	$8,598	$9,811	$11,195	$12,090
		7.3%	14.1%	14.1%	8.0%
Other nonresident	$8,016	$8,598	$9,811	$11,195	$12,090
		7.3%	14.1%	14.1%	8.0%
Valley City State University[11]					
Undergraduate					
Resident	$2,067	$2,202	$2,652	$3,130	$3,428
	4.3%	6.5%	20.4%	18.0%	9.5%
Minnesota resident[3]	$2,316	$2,554	$3,035	$3,506	$3,839[13]
	9.2%	10.3%	18.8%	15.5%	9.5%

Contiguous state/province[4]	$2,584	$2,753	$3,315	$3,913	$4,284
	4.3%	6.5%	20.4%	18.0%	9.5%
Other nonresident	$5,519	$5,879	$7,081	$8,357	$9,152
	4.3%	6.5%	20.4%	18.0%	9.5%
Graduate					
Resident					$4,560
Minnesota resident[3]					$6,017[13]
Contiguous state/province[4]					$5,700
Other nonresident					$12,175
Williston State College[12]					
Undergraduate					
Resident	$1,682	$1,811	$1,920	$2,074	$2,198
	3.1%	7.7%	6.0%	8.0%	6.0%
Minnesota resident[3]	$2,402	$2,699	$2,600	$2,938	$3,111[13]
	10.8%	12.4%	(3.7%)	13.0%	6.0%
Contiguous state/province[4]	$2,103	$1,811	$1,920	$2,074	$2,198
	3.1%	(13.9%)	6.0%	8.0%	6.0%
Other nonresident	$4,491	$2,717	$2,880	$3,111	$3,298
	3.1%	(39.5%)	6.0%	8.0%	6.0%

[1]For the 2002-03, 2003-04, 2004-05, and 2005-06 academic years, the State Board of Higher Education authorized each higher education institution presdent 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 and 2005-06 academic years, 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, 2004-05, and 2005-06, 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	2005-06
Undergraduate				
Contiguous state/province	$1,782	$2,052	$2,670	$2,828
Other nonresidents	$2,673	$3,078	$4,005	$2,828

[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. 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]Valley City State University implemented a per credit tuition model beginning in the 2005-06 academic year. The institution charges a per credit (part-time) tuition rate for all credit hours. The undergraduate 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 undergraduate full-time student, and the graduate tuition rates shown are based on a credit load of 12 credit hours per semester, which is the number of credit hours taken by an average graduate full-time student.

[12]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.

[13]The tuition rates for Minnesota residents for the 2005-06 academic year will not be finalized until June or July 2005. The rates shown are based on the current North Dakota/Minnesota tuition rate ratio.

North Dakota University System office
Budget No. 215
Senate Bill Nos. 2003, 2018, House Bill No. 1397

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	2,181.02	$385,589,539	$2,337,276	$387,926,815
2005-07 legislative appropriations	**20.00**	**57,729,611**	**2,599,776**	**60,329,387**
Legislative increase (decrease) to executive budget	(2,161.02)	($327,859,928)	$262,500	($327,597,428)
Legislative increase (decrease) to 2003-05 appropriations	0.00	$6,838,562[1]	($1,255,731)	$5,582,831[1]

[1]This amount reflects the 2003-05 deficiency appropriation of $617,520 from the general fund to the North Dakota University System office for expenses associated with the ConnectND project.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System office budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced parity funding to recognize the reduction in employee health insurance premiums from $559.15 to $553.95 per month per policy		($13,280)		($13,280)
Allocated funding from the campus operations line item to individual higher education institutions	(2,161.02)	(319,927,548)		(319,927,548)
Allocated funding from the contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions for campus extraordinary repairs (see **Contingency and Capital Emergency** section below)		(6,677,416)		(6,677,416)
Decreased funding for common information services		(1,350,000)		(1,350,000)
Removed funding for a child care grant program recommended in the executive budget		(2,000,000)		(2,000,000)
Decreased funding for the student financial assistance grant program (see **Student Financial Assistance Grants** section below)		(871,886)		(871,886)
Increased funding for board initiatives from $915,940 to $1,885,000 (see **Board Initiatives** section below)		969,060		969,060

Decreased funding for operations pool from $578,417 to $388,559 (see **Operations Pool** section below)		(189,858)		(189,858)
Increased funding for the professional student exchange program from $1,713,780 to $1,864,780 to fund three additional veterinary medicine slots (see **Professional Student Exchange Program** section below)		151,000		151,000
Provided funding for an equity pool (see **Equity Pool** section below)		2,000,000		2,000,000
Provided funding in Senate Bill No. 2018 for a technology commercialization study as required by Senate Bill No. 2032 (see **Related Legislation** section below)		50,000		50,000
Provided funding in House Bill No. 1397 from the student loan trust fund for reducing tuition and other costs payable by or on behalf of eligible students enrolled in the veterinary medicine education program at Kansas State University (see **Related Legislation** section below)			$262,500	262,500
Total	(2,161.02)	($327,859,928)	$262,500	($327,597,428)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 20 FTE positions, the same as the 2003-05 biennium. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions and entities under its control. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Budget Line Items

The Legislative Assembly did not adopt the executive recommendation to consolidate the higher education institutions' budgets into two line items in the University System office budget--campus operations and contingency, extraordinary repairs, and capital emergency.

Competitive Research

The Legislative Assembly did not change the executive recommendation to provide funding of $5,190,000 from the general fund for the competitive research program. The $5,190,000 represents an increase in funding of $440,000 from the 2003-05 biennium appropriation of $4,750,000. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	$1,980,000
1997-99	$1,980,000
1999-2001	$1,971,000
2001-03	$4,000,000
2003-05	$4,750,000[1]
2005-07	$5,190,000

[1]The 2003 Legislative Assembly provided that $100,000 of the $4,750,000 be used for a public private partnership for establishment of a design center at the University of North Dakota.

Board Initiatives

The Legislative Assembly provided funding of $1,885,000 from the general fund for board initiatives. The $1,885,000 is $969,060 more than the executive recommendation of $915,940 and $1,418,858 more than the 2003-05 biennium adjusted appropriation of $466,142. Section 4 of Senate Bill No. 2003 provides that $200,000 of the $1,885,000 is for a grant to the space grant consortium to match federal funds and the remainder of the funding may be used to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The State Board of Higher Education is to consider using a substantial amount of funding for an international student initiative.

Common Information Services

The Legislative Assembly provided funding of $20,563,093 from the general fund for common information services to be allocated by the State Board of Higher Education based on the provisions of Section 7 of Senate Bill No. 2003. The $20,563,093 is $1,360,990 less than the executive recommendation of $21,924,083 and $2,007,310 more than the 2003-05 biennium adjusted appropriation of $18,555,783. Section 7 provides that the common information services allocations are to be made based on the University System information technology plan and technology priorities. The funds allocated must be used to support the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives as determined by the State Board of Higher Education.

Operations Pool

The Legislative Assembly provided funding of $388,559 from the general fund for an operations pool. The $388,559 is $189,858 less than the executive recommendation and the 2003-05 biennium appropriation of $578,417. Section 6 of Senate Bill No. 2003 provides that the funding is to be allocated for system priorities as determined by the State Board of Higher Education.

Equity Pool

The Legislative Assembly provided funding of $2 million from the general fund for an equity pool. Section 9 of Senate Bill No. 2003 provides that the funding must be used to address equity at higher education institutions and other campus needs as determined by the State Board of Higher Education. The board may not select a formula for distributing the equity funding until January 1, 2006. A representative of the board shall provide a report to the Budget Section regarding the allocation of the equity pool. Equity or parity funding allocations must be considered in the campus equity position for budgeting purposes.

Contingency and Capital Emergency

The Legislative Assembly provided funding of $436,923 from the general fund for contingencies and capital emergencies. The $436,923 is $6,677,416 less than the executive recommendation of $7,114,339 due to the Legislative Assembly allocating funding for extraordinary repairs to each of the higher education institutions and $1,441,755 less than the 2003-05 biennium adjusted appropriation of $1,878,678, of which $422,604 was from the general fund and $1,456,074 was from the water development trust fund. Section 8 of Senate Bill No. 2003 provides that the funding must be used to meet unforeseen operations or capital asset needs and opportunities as determined by the State Board of Higher Education.

Student Financial Assistance Grants

The Legislative Assembly provided funding of $3,504,402, of which $3,332,402 is from the general fund and $172,000 is from federal funds, for student financial assistance grants. The $3,504,402 is $2,871,886 less than the executive recommendation of $6,376,288, which included $2,000,000 for a child care grant program, and $574,187 more than the 2003-05 biennium appropriation of $2,930,215. The funding will be used to provide grants to students of up to $1,000 per year. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. Section 26 of Senate Bill No. 2003 amends North Dakota Century Code (NDCC) Section 15-62.2-01 to provide that 23.5 percent of the funds appropriated for student financial assistance grants must be allocated to students at private baccalaureate degree-granting institutions with the remaining funds allocated to students at public and Native American institutions. In addition, the Legislative Assembly provided that any funds received under the North Dakota-Minnesota reciprocity agreement during the 2005-07 biennium are appropriated to the State Board of Higher Education for reimbursement to institutions under the control of the board and for student financial assistance grants. Twenty-three and one-half percent of any additional funds must be used for student financial assistance grants for students at private baccalaureate degree-granting institutions. The following is a summary of funding for student financial assistance grants:

Biennium	General Fund	Federal Funds	Other Funds	Total Funds
1995-97	$2,032,478	$400,000	$1,350,000	$3,782,476
1997-99	$1,495,000	$410,986	$2,574,400	$4,480,386
1999-2001	$1,735,881	$140,000	$2,574,400	$4,450,281
2001-03	$2,670,881	$214,000	$1,338,150	$4,223,031
2003-05	$2,730,215	$200,000	$0	$2,930,215
2005-07	$3,332,402	$172,000	$0	$3,504,402

Professional Student Exchange Program

The Legislative Assembly provided funding of $1,864,780 from the general fund for the professional student exchange program. The $1,864,780 is $151,000 more than the executive recommendation of $1,713,780 and $186,480 more than the 2003-05 general fund appropriation of $1,678,300. The $1,864,780 will provide for the following new student slots:

	2003-04	2004-05	2005-06	2006-07
Veterinary medicine	4	4	8-9	5-6
Dentistry	4	4	4	3-4
Optometry	5	4	4	3-4

The following is a summary of funding for the professional student exchange program:

Biennium	General Fund
1995-97	$1,326,756
1997-99	$1,389,801
1999-2001	$1,310,716
2001-03	$1,560,716
2003-05	$1,678,300
2005-07	$1,864,780

Scholars Program

The Legislative Assembly did not change the executive recommendation to provide funding of $862,077 from the general fund for the scholars program. The $862,077 is $45,709 more than the 2003-05 biennium appropriation of $816,368. The funding is sufficient to provide 25 to 29 new freshmen awards in each year of the 2005-07 biennium, an increase of approximately 14 to 18 new freshmen awards from the number provided in fiscal year 2005. The following is a summary of funding for the scholars program:

Biennium	General Fund	Special Funds	Total Funds
1995-97	$496,403	$0	$496,403
1997-99	$473,786	$185,500	$659,286
1999-2001	$520,730	$185,500	$706,230
2001-03	$770,730	$0	$770,730
2003-05	$816,386	$0	$816,386
2005-07	$862,077	$0	$862,077

Native American Scholarship Program

The Legislative Assembly did not change the executive recommendation to provide funding of $251,988 from the general fund for Native American scholarships. The $251,988 is $47,902 more than the 2003-05 biennium appropriation of $204,086. The funding is expected to be sufficient to provide approximately 180 grants of $700 per student for each year of the biennium. The University System office provided 204 grants of $500 per student in fiscal year 2005. The following is a summary of funding for the Native American scholarship program:

Biennium	General Fund
1995-97	$200,000
1997-99	$204,000
1999-2001	$204,082
2001-03	$204,082
2003-05	$204,086
2005-07	$251,988

Education Incentive Programs

The Legislative Assembly did not change the executive recommendation to provide funding of $1,227,902 from the general fund for education incentive programs, an increase in funding of $397,902 from the 2003-05 biennium appropriation of $830,000. Section 10 of Senate Bill No. 2003 provides that the funding of $1,277,902 may be allocated to education incentive programs as determined by the State Board of Higher Education. The board may determine the appropriate number of years of program eligibility for each education incentive program, and the board may allocate up to $150,000 of the funding for providing doctoral incentives to students at private baccalaureate degree-granting institutions.

Capital Construction Lease Payments

The Legislative Assembly did not change the executive recommendation to provide $14,278,141, of which $12,998,391 is from the general fund and $1,279,750 is from special and federal funds, for capital construction lease payments. The funding for the capital construction lease payments relates to bonds issued by the North Dakota Building Authority for building projects authorized by the Legislative Assembly.

Capital Improvements

The following schedule presents the higher education capital improvement funding contained in the 2005-07 executive recommendation and appropriations made by the Legislative Assembly for the 2005-07 biennium:

	2005-07 Executive Recommendation		2005-07 Legislative Appropriations	
Entity/Project	General Fund	Special Funds	General Fund	Special Funds
University System office				
Contingency, extraordinary repairs, and capital emergency	$7,114,339		$436,923	
Total	$7,114,339	$0	$436,923	$0
Bismarck State College				
Student apartment construction		$1,800,000		$3,242,500
Plant services building		502,800		502,800
Extraordinary repairs			$243,481	
Total	$0	$2,302,800	$243,481	$3,745,300
Lake Region State College				
Science lab renovation	$343,875		$343,875	
Extraordinary repairs			43,662	
Total	$343,875	$0	$387,537	$0
Williston State College				
Rural development center		$6,000,000		$6,000,000
Energy and transportation training center addition		910,000		910,000
Oil well training site				1,050,000
Extraordinary repairs			$176,475	
Total	$0	$6,910,000	$176,475	$7,960,000

University of North Dakota				
School of Medicine and Health Sciences allied health facility		$7,500,000		$7,500,000
School of Medicine and Health Sciences laboratory renovation		2,500,000		2,500,000
Indoor track facility		6,000,000		6,000,000
Dining center renovation		1,500,000		2,100,000
Parking ramp structure		12,000,000		19,000,000
Housing units replacement		16,000,000		20,000,000
Carnegie Library renovation		3,000,000		
American Indian Center		3,500,000		
O'Kelly Hall renovation				3,500,000
Nursing facility				3,900,000
Bio-containment laboratory				31,000,000
Energy improvement projects		2,331,554		2,331,554
Extraordinary repairs			$2,300,545	
Total	$0	$54,331,554	$2,300,545	$97,831,554
North Dakota State University				
Hazardous material handling and storage facility		$3,500,000		$3,500,000
Memorial Union renovation and addition		22,000,000		22,000,000
Wellness Center addition		12,000,000		12,000,000
Extraordinary repairs			$1,692,226	
Total	$0	$37,500,000	$1,692,226	$37,500,000
State College of Science				
Electrical distribution - Phase II of IV		$736,000		$736,000
Blikre Activities Center		368,920		368,920
Football stadium and track renovation				1,700,000
Extraordinary repairs			$753,332	
Total	$0	$1,104,920	$753,332	$2,804,920
Dickinson State University				
Murphy Hall - Phase II		$4,100,557		$4,100,557
Whitney Stadium renovation and addition		5,000,000		5,000,000
Extraordinary repairs			$383,690	
Total	$0	$9,100,557	$383,690	$9,100,557
Mayville State University				
Fieldhouse entrance, concession, and restroom		$1,000,000		$1,000,000
Outdoor athletic complex		500,000		500,000
Extraordinary repairs			$358,994	
Total	$0	$1,500,000	$358,994	$1,500,000
Minot State University				
Crane Hall renovation		$3,535,000		$5,000,000
Center for applied professional education				3,535,000
Extraordinary repairs			$676,870	
Total	$0	$3,535,000	$676,870	$8,535,000
Valley City State University				
W.E. Osmon bleacher replacement	$250,000	$32,000	$250,000	
Extraordinary repairs			258,416	
Total	$250,000	$32,000	$508,416	$0

Minot State University - Bottineau				
Entrepreneurial center for horticulture				$3,500,000
Thatcher Hall addition				$2,500,000
Extraordinary repairs			$109,725	
Total	$0	$0	$109,725	$6,000,000
Forest Service				
Seed processing facility - Towner State Nursery	$65,000		$65,000	
Extraordinary repairs	36,638		36,638	
Total	$101,638	$0	$101,638	$0
Total Higher Education	$7,809,852	$116,316,831	$8,129,852	$174,977,331

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriations for all institutions of higher education do not include a specific appropriation of other funds, including tuition income.

Other Sections in Bill

Transfer authority - Section 12 allows the State Board of Higher Education to authorize higher education institutions to transfer spending authority from the operations line item to the capital assets line item. Any transfers are to be reported to the Office of Management and Budget.

FTE positions - Section 13 provides the State Board of Higher Education with the authority to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2007-09 budget request.

Bond issuance authorization and appropriation - Section 14 provides the State Board of Higher Education with the authority to arrange for the issuance of revenue bonds for several higher education capital projects and provides the higher education institutions with the appropriation authority for the revenue bond proceeds.

North Dakota State University college of business building - Section 15 allows the State Board of Higher Education to enter into an agreement or agreements with the North Dakota State University Foundation or other private entity for construction of a college of business building on the North Dakota State University campus using donations, gifts, or other private funds.

Minot State University Crane Hall renovation - Section 16 allows the State Board of Higher Education to enter into an agreement or agreements with a private vendor for renovation and operation of Crane Hall on the Minot State University campus as a residence hall using auxiliary revenues.

Long-term finance plan review - Section 17 provides that the State Board of Higher Education conduct a review of the long-term finance plan, including a review of peer institutions and a review of the allocation of funds between equity and parity within the plan, during the 2005-06 interim.

Executive budget recommendation - Section 18 provides legislative intent that the Office of Management and Budget submit the University System appropriations bill for introduction to the 60th Legislative Assembly in the same format as approved by the 59th Legislative Assembly.

North Dakota State University special assessment district - Section 19 allows the State Board of Higher Education to authorize North Dakota State University to request that the city of Fargo create a $1,025,000 special improvement district to finance necessary repairs and improvements to 17th Avenue located on the North Dakota State University campus.

Higher education accountability measures - Section 20 provides accountability measures to be included in the State Board of Higher Education's performance and accountability report as required by NDCC Section 15-10-14.2.

Bismarck State College Career and Technology Institute - Section 21 allows the State Board of Higher Education to enter into an agreement or agreements with the Bismarck State College Foundation or other private entity for construction of a building on the Bismarck State College campus, using state funds, federal funds, donations, gifts, or other private funds.

Student exchange programs - Section 22 provides that the State Board of Higher Education consider allowing related faculty members and practicing professionals in the related fields in the state to assist in the selection of students awarded funding through the student exchange program and consider investigating the option of entering contracts with other higher education institutions for providing opportunities for students to complete professional fields of study not offered through the University System, specifically other institutions granting professional degrees targeting critical shortages in large animal veterinary practice.

Legislative Council study - Section 23 provides for a Legislative Council study of higher education funding and accountability.

Unspent 2003-05 general fund appropriations - Section 25 requires the State Board of Higher Education to use $250,000 of University System office unspent 2003-05 biennium general fund appropriation authorized to continue under NDCC Section 54-44.1-11 for capital asset needs at Valley City State University in the sum of $150,000, including $108,000 for brick tuck-pointing, $10,000 for a sound system, and $32,000 to replace special funds for the W. E. Osmon bleacher replacement project, and for internships at the North Dakota Trade Office in the sum of $100,000.

Related Legislation

Special revenue funds - Senate Bill No. 2034 provides for the continuation of the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2007.

Budget requests and appropriations - Senate Bill No. 2035 provides for the continuation of the requirements that the budget request for the University System include budget estimates for block grants for a base funding 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 through June 30, 2007.

Unspent general fund appropriations - Senate Bill No. 2036 provides for the continuation of the University System authority to carry over at the end of the biennium unspent general fund appropriations through June 30, 2007.

Student financial assistance grants - Senate Bill No. 2077 increases the maximum amount for student financial assistance grant programs from $600 to $1,000.

Education incentive programs - Senate Bill No. 2078 and House Bill No. 1387 change the eligibility for the technology occupations student loan program and the teacher shortages loan forgiveness program.

Veterinary medicine - House Bill No. 1397 provides that the State Board of Higher Education may contract with Kansas State University to provide an opportunity for up to five eligible students to enroll in the veterinary medicine education program at Kansas State University. The bill also provides the board a $262,500 special funds appropriation as reflected on the schedule earlier from the student loan trust fund for reducing tuition and other costs payable by or on behalf of eligible students enrolled in the veterinary medicine education program at Kansas State University.

Transportation study - Senate Bill No. 2032 requires the State Board of Higher Education to complete a technology commercialization study. Funding for the study of $50,000 from the general fund was provided in Senate Bill No. 2018 and is reflected on the schedule earlier.

Bismarck State College
Budget No. 227
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$2,302,800	$2,302,800
2005-07 legislative appropriations	**115.15**	**17,109,029**	**3,745,300**	**20,854,329**
Legislative increase (decrease) to executive budget	115.15	$17,109,029	$1,442,500	$18,551,529
Legislative increase (decrease) to 2003-05 appropriations	(8.15)	$746,702	$1,960,300	$2,707,002

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	115.15	$16,882,022		$16,882,022
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		243,481		243,481
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(16,474)		(16,474)
Provided additional funding for the construction of a new residence hall (see **Capital Improvements** section below)			$1,442,500	1,442,500
Total	115.15	$17,109,029	$1,442,500	$18,551,529

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 115.15 FTE positions, a decrease of 8.15 FTE positions from the number of FTE positions authorized for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Bismarck State College does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $243,481 from the general fund for extraordinary repairs, a decrease of $6,519 from the amount appropriated for the 2003-05 biennium of $250,000. The Legislative Assembly changed the executive recommendation for funding the student apartments construction from $1,800,000 special funds appropriation to a total of $3,242,500 special funds appropriation, consisting of $2,617,500 from revenue bonds and $625,000 from other special funds. The Legislative Assembly did not change the executive recommendation to provide $502,800 of special funds for the plant services building.

Dickinson State University
Budget No. 239
Senate Bill Nos. 2003, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$9,100,557	$9,100,557
2005-07 legislative appropriations	**108.98**	**15,095,317**	**9,100,557**	**24,195,874**
Legislative increase (decrease) to executive budget	108.98	$15,095,317	$0	$15,095,317
Legislative increase (decrease) to 2003-05 appropriations	(5.83)	$1,031,822	($1,781,490)	($749,668)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	107.98	$14,605,516		$14,605,516
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		383,690		
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(13,715)		(13,715)
Increased funding and authorized 1 FTE position for custodial services and utility costs associated with the addition to Murphy Hall	1.00	119,826		119,826
Total	108.98	$15,095,317	$0	$15,095,317

FTE Changes

The Legislative Assembly provided funding for 108.98 FTE positions, an increase of 1 FTE position from the executive recommendation of 107.98 FTE positions and a decrease of 5.83 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Dickinson State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $383,690 from the general fund for extraordinary repairs, a decrease of $10,272 from the 2003-05 biennium appropriation of $393,962. The Legislative Assembly did not change the executive recommendation to provide $4,100,557 of special funds from state bonding proceeds for Murphy Hall - Phase II and $5 million of special funds for renovation and an addition to Whitney Stadium.

Forest Service
Budget No. 244
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	12.40	$2,054,653	$975,001	$3,029,654
2005-07 legislative appropriations	**12.40**	**2,052,283**	**975,001**	**3,027,284**
Legislative increase (decrease) to executive budget	0.00	($2,370)	$0	($2,370)
Legislative increase (decrease) to 2003-05 appropriations	(5.57)	$281,207	($115,000)	$166,207

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		($2,370)		($2,370)
Total	0.00	($2,370)	$0	($2,370)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 12.4 FTE positions, a decrease of 5.57 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for the Forest Service does not include a specific appropriation of local funds. The Legislative Assembly did appropriate special funds of $975,001, including $247,486 from the trees for North Dakota program and $727,515 from nursery tree sales.

Capital Improvements

The Legislative Assembly approved the executive recommendation to provide capital improvements funding of $101,638 from the general fund to the Forest Service. Of the $101,638, $36,638 is for extraordinary repairs and $65,000 is for a seed processing facility at the Towner State Nursery.

Lake Region State College
Budget No. 228
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$343,875	$0	$343,875
2005-07 legislative appropriations	**36.21**	**5,777,526**		**5,777,526**
Legislative increase (decrease) to executive budget	36.21	$5,433,651	$0	$5,433,651
Legislative increase (decrease) to 2003-05 appropriations	(0.64)	$700,013	($375,000)	$325,013

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	36.21	$5,394,107		$5,394,107
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		43,662		43,662
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,118)		(4,118)
Total	36.21	$5,433,651	$0	$5,433,651

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 36.21 FTE positions, a decrease of .64 FTE position from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Lake Region State College does not include a specific appropriation of other funds, including tuition income.

Capital Improvements

The Legislative Assembly provided funding of $43,662 from the general fund for extraordinary repairs, a decrease of $1,169 from the amount appropriated for the 2003-05 biennium of $44,831. The Legislative Assembly did not change the executive recommendation to provide $343,875 from the general fund for the science lab renovation.

Mayville State University
Budget No. 240
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$1,500,000	$1,500,000
2005-07 legislative appropriations	**66.80**	**9,362,624**	**1,500,000**	**10,862,624**
Legislative increase (decrease) to executive budget	66.80	$9,362,624	$0	$9,362,624
Legislative increase (decrease) to 2003-05 appropriations	(3.17)	$495,700	($4,005,000)	($3,509,300)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	66.80	$9,011,492		$9,011,492
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		208,994		208,994
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,862)		(7,862)
Provided funding for extraordinary repair needs in Old Main		150,000		150,000
Total	66.80	$9,362,624	$0	$9,362,624

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 66.8 FTE positions, a decrease of 3.17 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Mayville State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $358,994 from the general fund for extraordinary repairs, an increase of $94,405 from the amount appropriated for the 2003-05 biennium of $264,589. The Legislative Assembly did not change the executive recommendation to provide $1 million of special funds for a fieldhouse entrance, concession, and restroom project and $500,000 of special funds for an outdoor athletic complex.

Minot State University
Budget No. 241
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$3,535,000	$3,535,000
2005-07 legislative appropriations	**198.82**	**27,892,719**	**8,535,000**	**36,427,719**
Legislative increase (decrease) to executive budget	198.82	$27,892,719	$5,000,000	$32,892,719
Legislative increase (decrease) to 2003-05 appropriations	(18.67)	$1,389,523	$8,535,000	$9,924,523

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	198.82	$27,239,131		$27,239,131
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		596,870		596,870
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(23,282)		(23,282)
Provided funding for extraordinary repairs needs in the student union ballroom		80,000		80,000
Changed the purpose of the Governor's recommended special funds appropriation of $3,535,000 from renovation of Crane Hall to construction of a Center for Applied Professional Education from other institutional income				0
Provided funding from revenue bond proceeds for renovation of Crane Hall			$5,000,000	5,000,000
Total	198.82	$27,892,719	$5,000,000	$32,892,719

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 198.82 FTE positions, a decrease of 18.67 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Minot State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $676,870 from the general fund for extraordinary repairs, an increase of $64,020 from the amount appropriated for the 2003-05 biennium of $612,850. The Legislative Assembly changed the purpose of the Governor's recommended special funds appropriation of $3,535,000 from renovation of Crane Hall to construction of a Center for Applied Professional Education and provided a special funds appropriation of $5,000,000 from revenue bond proceeds for renovation of Crane Hall. The Legislative Assembly also provided that the university may enter into a contract for the renovation and operation of Crane Hall.

Minot State University - Bottineau
Budget No. 243
Senate Bill Nos. 2003, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$0	$0
2005-07 legislative appropriations	**34.32**	**4,444,185**	**6,000,000**	**10,444,185**
Legislative increase (decrease) to executive budget	34.32	$4,444,185	$6,000,000	$10,444,185
Legislative increase (decrease) to 2003-05 appropriations	(1.76)	$131,666	$6,000,000	$6,131,666

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	34.32	$4,338,485		$4,338,485
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		109,725		109,725
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,025)		(4,025)
Provided special funds for an entrepreneurial center for horticulture			$3,500,000	3,500,000
Provided special funds (from state bonding proceeds) for an addition to Thatcher Hall (SB 2023)			2,500,000	2,500,000
Total	34.32	$4,444,185	$6,000,000	$10,444,185

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 34.32 FTE positions, a decrease of 1.76 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Minot State University - Bottineau does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $109,725 from the general fund for extraordinary repairs, a decrease of $99,938 from the amount appropriated for the 2003-05 biennium of $209,663. In addition, the Legislative Assembly appropriated $2,500,000 of special funds from state bonding proceeds for an addition to Thatcher Hall and $3,500,000 from other special funds for an entrepreneurial center for horticulture.

North Dakota State University
Budget No. 235
Senate Bill Nos. 2003, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$37,500,000	$37,500,000
2005-07 legislative appropriations	**483.99**	**77,496,876**	**37,500,000**	**114,996,876**
Legislative increase (decrease) to executive budget	483.99	$77,496,876	$0	$77,496,876
Legislative increase (decrease) to 2003-05 appropriations	(61.03)	$2,815,279[1]	$11,500,000	$14,315,279

[1]This amount reflects the 2003-05 deficiency appropriation of $1,500,000 from the general fund to North Dakota State University for 2000 flood disaster expenditures.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions		$75,867,399		$75,867,399
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		1,692,226		1,692,226
Reduced parity funding to recognize the reduction in state employee health insurance premiums from $559.15 to $553.95 per month per policy		(62,749)		(62,749)
Total	0.00	$77,496,876	$0	$77,496,876

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 483.99 FTE positions, a decrease of 61.03 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for North Dakota State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly authorized the following projects:

	General Fund	Other Funds	Total
Hazardous material handling and storage facility (SB 2023) (bonding)		$3,500,000	$3,500,000
Memorial Union renovation and addition (SB 2003) (revenue bonds)		22,000,000	22,000,000
Wellness Center addition (SB 2003) (revenue bonds)		12,000,000	12,000,000
Extraordinary repairs (SB 2003)	$1,692,226		1,692,226
Total	$1,692,226	$37,500,000	$39,192,226

College of Business building - Section 15 of Senate Bill No. 2003 provides that the State Board of Higher Education may enter into an agreement or agreements with the North Dakota State University Foundation or other private entity to authorize construction by the foundation or other private entity of a College of Business building on the North Dakota State University campus, using donations, gifts, or other private funds.

Special assessment district - Section 19 of Senate Bill No. 2003 provides that the State Board of Higher Education may authorize North Dakota State University to request the city of Fargo to create a $1,025,000 special improvement district to finance necessary repairs and improvements to 17th Avenue located on the North Dakota State University campus.

State College of Science
Budget No. 238
Senate Bill Nos. 2003, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$1,104,920	$1,104,920
2005-07 legislative appropriations	**179.88**	**25,740,160**	**2,804,920**	**28,545,080**
Legislative increase (decrease) to executive budget	179.88	$25,740,160	$1,700,000	$27,440,160
Legislative increase (decrease) to 2003-05 appropriations	4.93	$1,097,229	($864,000)	$233,229

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	179.88	$25,008,824		$25,008,824
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		753,332		753,332
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(21,996)		(21,996)
Provided funding for renovating the college's football stadium and track			$1,700,000	1,700,000
Total	179.88	$25,740,160	$1,700,000	$27,440,160

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 179.88 FTE positions, an increase of 4.93 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for the State College of Science does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $753,332 from the general fund for extraordinary repairs, a decrease of $20,168 from the amount appropriated for the 2003-05 biennium of $773,500. The Legislative Assembly did not change the executive recommendation to provide $736,000 of special funds for the electrical distribution Phase II of IV and $368,920 of special funds for the Blikre Activities Center. The Legislative Assembly also provided $1,700,000 of special funds for the football stadium and track renovation.

University of North Dakota
Budget No. 230
Senate Bill Nos. 2003, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$56,663,108	$56,663,108
2005-07 legislative appropriations	**623.76**	**94,852,147**	**97,831,554**	**192,683,701**
Legislative increase (decrease) to executive budget	623.76	$94,852,147	$41,168,446	$136,020,593
Legislative increase (decrease) to 2003-05 appropriations	(82.98)	$5,256,474[1]	$44,531,554	$49,788,028[1]

[1]This amount reflects the 2003-05 deficiency appropriation of $371,000 from the general fund to the University of North Dakota for 1997 flood disaster expenditures.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions		$92,628,579		$92,628,579
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		2,300,545		2,300,545
Reduced parity funding to recognize the reduction in state employee health insurance premiums from $559.15 to $553.95 per month per policy		(76,977)		(76,977)
Increased funding for major capital projects (see **Capital Improvements** section below)			$43,500,000	43,500,000
Removed funding from Senate Bill No. 2023 from bond proceeds for energy improvement projects which was inadvertently included in both Senate Bill No. 2003 and Senate Bill No. 2023			(2,331,554)	(2,331,554)
Total	0.00	$94,852,147	$41,168,446	$136,020,593

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 623.76 FTE positions, a decrease of 82.98 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for the University of North Dakota does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly authorized the following projects:

	General Fund	Other Funds	Total
School of Medicine and Health Sciences allied health facility (SB 2003)		$7,500,000	$7,500,000
School of Medicine and Health Sciences laboratory renovation (SB 2003)		2,500,000	2,500,000
Indoor track facility (SB 2003)		6,000,000	6,000,000
Dining center renovation (SB 2003) (Revenue bonds)		2,100,000	2,100,000
Parking ramp structure (SB 2003) (Revenue bonds)		19,000,000	19,000,000
Housing units replacement (SB 2003) (Revenue bonds)		20,000,000	20,000,000
O'Kelly Hall renovation (SB 2003)		3,500,000	3,500,000
Nursing facility (SB 2003)		3,900,000	3,900,000
Bio-containment laboratory (SB 2003)		31,000,000	31,000,000
Energy improvement projects (SB 2023)		2,331,554	2,331,554
Extraordinary repairs (SB 2003)	$2,300,545		2,300,545
Total	$2,300,545	$97,831,554	$100,132,099

University of North Dakota School of Medicine and Health Sciences
Budget No. 232
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$0	$0
2005-07 legislative appropriations	**178.56**	**31,361,002**		**31,361,002**
Legislative increase (decrease) to executive budget	178.56	$31,361,002	$0	$31,361,002
Legislative increase (decrease) to 2003-05 appropriations	(20.35)	$1,195,137	$0	$1,195,137

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget or the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions		$31,375,828		$31,375,828
Reduced parity funding to recognize the reduction in state employee health insurance premiums from $559.15 to $553.95 per month per policy		(14,826)		(14,826)
Total	0.00	$31,361,002	$0	$31,361,002

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 178.56 FTE positions, a decrease of 20.35 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for University of North Dakota School of Medicine and Health Sciences does not include a specific appropriation of other funds.

Performance Audit

During the April 5, 2005, Legislative Audit and Fiscal Review Committee meeting, a motion was approved by the committee that pursuant to North Dakota Century Code Section 54-10-01(4), the State Auditor's office be requested to conduct a performance audit of the University of North Dakota School of Medicine and Health Sciences. Section 44 of House Bill No. 1015 (2005) provides that the State Auditor's office may not conduct a performance audit during the 2005-07 biennium of the University of North Dakota School of Medicine and Health Sciences until the completion of the school's accreditation process.

Valley City State University
Budget No. 242
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$250,000	$32,000	$282,000
2005-07 legislative appropriations	**90.57**	**12,314,942**		**12,314,942**
Legislative increase (decrease) to executive budget	90.57	$12,064,942	($32,000)	$12,032,942
Legislative increase (decrease) to 2003-05 appropriations	(1.55)	$744,936	($4,085,300)	($3,340,364)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	90.57	$11,817,271		$11,817,271
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		258,416		258,416
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(10,745)		(10,745)
Removed special funds for the W.E. Osmon bleacher replacement project and provided that the university receive $32,000 from the University System office unspent 2003-05 general fund appropriations to complete the $282,000 project			($32,000)	(32,000)
Total	90.57	$12,064,942	($32,000)	$12,032,942

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 90.57 FTE positions, a decrease of 1.55 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Valley City State University does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $258,416 from the general fund for extraordinary repairs, a decrease of $6,918 from the amount appropriated for the 2003-05 biennium of $265,334. The Legislative Assembly did not change the executive recommendation to provide funding of $250,000 from the general fund for the W.E. Osmon bleacher replacement project; however, the Legislative Assembly removed the $32,000 of special funds provided for the project and provided that the university receive $32,000 from the University System office unspent 2003-05 general fund appropriations for the project.

Williston State College
Budget No. 229
Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$0	$6,910,000	$6,910,000
2005-07 legislative appropriations	**44.98**	**5,929,472**	**7,960,000**	**13,889,472**
Legislative increase (decrease) to executive budget	44.98	$5,929,472	$1,050,000	$6,979,472
Legislative increase (decrease) to 2003-05 appropriations	(1.19)	$403,705	$7,960,000	$8,363,705

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The University System budget request included funding for parity to provide for inflationary costs, including the general fund share of salary and health insurance increases. This method of funding these costs was not changed by the executive budget nor the Legislative Assembly.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Allocated funding from the recommended University System office campus operations line item to individual higher education institutions	44.98	$5,758,894		$5,758,894
Allocated funding from the recommended University System office contingency, extraordinary repairs, and capital emergency line item to individual higher education institutions		86,475		86,475
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,897)		(5,897)
Provided funding for extraordinary repair needs in Stevens Hall		90,000		90,000
Provided funding for an oil well training site on campus			$1,050,000	1,050,000
Total	44.98	$5,929,472	$1,050,000	$6,979,472

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 44.98 FTE positions, a decrease of 1.19 FTE positions from the authorized number of FTE positions for the 2003-05 biennium. The decrease in FTE positions reflects agency reductions and adjusts the number of FTE positions to the level supported by the general fund. Pursuant to Section 13 of Senate Bill No. 2003, the State Board of Higher Education is authorized to adjust FTE positions as needed for institutions of higher education. Any FTE adjustment must be reported to the Office of Management and Budget prior to submission of the 2007-09 budget request.

Other Income

The Legislative Assembly approved the executive recommendation, as provided in Section 11 of Senate Bill No. 2003 and Senate Bill No. 2034, to appropriate on a continuing basis (through June 30, 2007) all other funds, including tuition income, received by the institutions of higher education during the 2005-07 biennium. Consequently, the legislative appropriation for Williston State College does not include a specific appropriation of other funds, except for capital projects.

Capital Improvements

The Legislative Assembly provided funding of $176,475 from the general fund for extraordinary repairs, an increase of $87,685 from the amount appropriated for the 2003-05 biennium of $88,790. The Legislative Assembly did not change the executive recommendation to provide $6 million of special funds for a rural development center and $910,000 of special funds for an energy and transportation training center addition. The Legislative Assembly also provided $1,050,000 of special funds for an oil well training site.

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

Total funding - The chart below provides a comparison of legislative appropriations for the department for the 2005-07 biennium compared to the 2003-05 biennium.

Biennium	General Fund	Other Funds	Total
2005-07	$484,421,474	$1,195,640,833	$1,680,062,307
2003-05	411,081,823	1,097,801,932	1,508,883,755
Increase (decrease)	$73,339,651	$97,838,901	$171,178,552

FTE positions - The Department of Human Services is authorized a total of 2,047.43 full-time equivalent (FTE) positions for the 2005-07 biennium, a decrease of 1 FTE compared to the executive budget and a decrease of 3.99 compared to the 2003-05 biennium. The Legislative Assembly authorized the department to hire additional FTE positions for Medicaid program eligibility and payment reviews and up to 21 additional FTE positions for providing substance abuse treatment services at the State Hospital in accordance with provisions of Senate Bill No. 2373. Prior to hiring any additional FTE positions, the department must receive Emergency Commission and Budget Section approval.

Salary savings - The Legislative Assembly did not change the executive recommendation which reduced salaries and wages funding from the general fund at the State Hospital and Developmental Center in anticipation of savings from vacant positions and employee turnover during the 2005-07 biennium. In addition, the Legislative Assembly reduced salaries and wages funding from the general fund in the program and policy subdivision and at the human service centers in anticipation of savings from vacant positions and employee turnover. The reductions made are:

Program and policy	$140,000
State Hospital	657,288
Developmental Center	724,930
Human service centers	
Northwest	20,000
North Central	57,120
Lake Region	38,052
Northeast	97,692
Southeast	137,046
South Central	20,000
West Central	69,804
Badlands	20,286
Total general fund reduction	$1,982,218

Funding flexibility - The Legislative Assembly authorized the department to transfer appropriation authority between line items within each subdivision of the department and between subdivisions of the department for the 2005-07 biennium. The department is to report to the Budget Section after June 30, 2006, on any transfers made in excess of $50,000 and to the Appropriations Committees of the 2007 Legislative Assembly regarding any transfers made.

FMAP - The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid, foster care, and other program costs within the department. The schedule below presents recent and projected FMAPs for North Dakota. The executive budget provided $32 million of additional general fund support as a result of North Dakota's FMAP reductions projected for the 2005-07 biennium and the Legislative Assembly based on April 2005 revised estimates, provided an additional $3.1 million, for a total of $35.1 million from the general fund to provide for the FMAP reductions. In April 2005 the Legislative Assembly received the revised estimate of the federal fiscal year 2007 FMAP. As a result, the department estimated an additional $3.9 million of state matching funds would be needed for the 2005-07 biennium. The Legislative Assembly provided $3.1 million of the estimated $3.9 million.

Federal Fiscal Year	October 2004 FMAP Estimates Used in Executive Budget	April 2005 FMAP Estimates Used by Legislative Assembly
2002	69.87	69.87
2003	72.82	72.82
2004	71.31	71.31
2005	67.49	67.49
2006	65.85	65.85
2007 (estimate)	63.23	62.37

MANAGEMENT

MMIS project - The executive budget recommended and the Legislative Assembly approved the department's request for $29,188,859 to rewrite the Medicaid management information system (MMIS) computer application and related Vision eligibility computer system changes. Of the total, $3,667,820 is state matching funds which the governor recommended be from the general fund; however, the Legislative Assembly provided the one-time matching funds from the permanent oil tax trust fund. Estimated project costs include:

	State Match	Federal Funds	Total
MMIS	$2,731,653	$24,584,872	$27,316,525
Vision eligibility	936,167	936,167	1,872,334
Total	$3,667,820	$25,521,039	$29,188,859

DD facility loan repayments - The Legislative Assembly did not change the executive recommendation which removed funding of $3.3 million from the lands and minerals trust fund for making developmental disability loan payments to the common schools trust fund. A continuing appropriation was provided to the Land Department in Senate Bill No. 2013 for making these loan payments.

PROGRAM AND POLICY

PERM - The Legislative Assembly did not change the executive recommendation which provided $1,230,000, of which $615,000 is from the general fund for payment error rate measurement (PERM) reviews to comply with proposed federal Medicaid and children's health insurance program regulations that, if approved, will become effective October 1, 2005. The executive budget and the Legislative Assembly anticipates that the department will contract for these reviews; however, if the department is unable to contract for this, Section 4 of the bill allows the department to hire additional FTE positions for conducting these reviews. The Legislative Assembly also added Section 5 of the bill which precludes the department from spending this funding if the federal government does not require these reviews.

TANF - Funding for temporary assistance for needy families (TANF) benefits is provided at $24,480,000 of federal funds, the same as the executive budget and $5,027,940 less than the 2003-05 legislative appropriation of $29,507,940.

Indian county allocation - Subsection 3 of North Dakota Century Code Section 50-01.2-03.2 provides for grant payments to Indian counties for their economic assistance program administrative costs that are in excess of the statewide average. The section, as amended by 2005 Senate Bill No. 2301, provides that the grants be distributed at 100 percent of the excess costs rather than 90 percent as was required under the previous statutory provisions. The Legislative Assembly provided $3,111,781 for these grants, of which $1,147,174 is from the general fund and $1,964,607 is from "retained funds," $311,178 more than the executive budget and $497,615 more than the 2003-05 biennium appropriation. All changes to the funding were made to the general fund. "Retained funds" provided in 2003-05, the executive budget, and the 2005-07 appropriation were $1,964,607.

Basic care assistance - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly provided a 2.65 percent annual inflationary increase for each year of the biennium for basic care assistance providers rather than 1.5 percent recommended in the executive budget. The Legislative Assembly, in House Bill No. 1252, added a statutory provision that basic care payment rates be increased by inflationary factors as determined by the Legislative Assembly.

	2003-05 Biennium	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Legislative Increase (Decrease) to 2005-07 Executive Budget	2005-07 Legislative Increase (Decrease) to 2003-05
Total basic care assistance	$8,395,725	$12,812,722	**$13,301,971**	$489,249	$4,906,246
General fund	$747,857	$5,188,369	**$5,350,420**	$162,051	$4,602,563
Health care trust fund			**$158,095**	$158,095	$158,095
"Retained funds"	$2,284,362	$2,284,362	**$2,284,362**	$0	$0
Federal funds	$5,363,506	$5,339,991	**$5,509,094**	$169,103	$145,588

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

- Adding funds to reflect the anticipated funding needed for services under the program, for increasing payment rates for ambulance services, and to provide for annual inflationary increases of 2.65 percent rather than 2 percent recommended by the Governor.
- Reducing funds to reflect provisions of House Bill No. 1459 relating to management of the program and House Bill No. 1181 which reduces the funeral set-aside for medical assistance recipients from $5,500, as recommended by the Governor, to $5,000. Previous statutory provisions allowed a $3,000 set-aside.

	2003-05 Biennium	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Legislative Increase (Decrease) to 2005-07 Executive Budget	2005-07 Legislative Increase (Decrease) to 2003-05
Total medical assistance	$333,037,746	$381,129,213	**$385,558,542**	$4,429,329	$52,520,796
General fund	$84,865,315	$101,475,540	**$101,957,105**	$481,565	$17,091,790
Federal funds	$235,587,631	$254,223,582	**$257,324,634**	$3,101,052	$21,737,003
Health care trust fund			**$846,712**	$846,712	$846,712
Community health trust fund	$114,755	$254,356	**$254,356**	$0	$139,601
Estate collections	$1,818,408	$4,003,032	**$4,003,032**	$0	$2,184,624
Other funds	$10,651,637	$21,172,703	**$21,172,703**	$0	$10,521,066

Intergovernmental transfer program - The federal government adopted rules eliminating the intergovernmental transfer program. As a result, North Dakota received its final intergovernmental transfer payment in July 2004. The 2003-05 biennium legislative appropriation for the intergovernmental transfer program was $27,495,655, of which $8,682,211 was from the general fund. The 2005 Legislative Assembly did not appropriate any funding for intergovernmental transfer payments; however, the 2005 Legislative Assembly approved House Bill No. 1204 which removed the statutory provisions relating to the program and authorized the department to continue to access the program if permitted by the federal government and if beneficial to the state.

Healthy Steps - The Legislative Assembly provided funding of $12,075,542, of which $2,895,233 is from the general fund and $9,180,309 is federal funds for Healthy Steps (children's health insurance program). The amount provided is $2,036,318, of which $428,425 is from the general fund, more than the executive budget. Compared to the 2003-05 legislative appropriation, the funding provided is a $2,589,158 increase, $768,071 of which is from the general fund and $1,821,087 of federal funds. The Legislative Assembly continued eligibility requirements for the program at 140 percent of poverty and anticipated an insurance

premium rate of $181.87 per child per month, an increase of 17.5 percent compared to the 2003-05 premium rate of $154.78. The Legislative Assembly added funding in anticipation of additional children enrolling in the program. The executive budget provided funding to serve an average of 2,300 children per month and the Legislative Assembly increased the number to an average of 2,971 per month.

Developmental disabilities grants - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly approved Senate Bill No. 2342 providing in statute, that the department determine payment rates for developmental disabilities service providers by using the inflationary rates used by the Legislative Assembly in determining the biennial appropriation for the department. The Legislative Assembly added $2,163,480, of which $777,260 is from the health care trust fund and $1,386,220 of federal funds for **increasing the inflationary rate** from 2 percent for each year of the biennium as recommended by the Governor to **2.65 percent for each year**. In addition, the Legislative Assembly added $4,156,499, of which $1,277,262 is from the general fund, $198,148 is from the health care trust fund, and $2,681,089 is from federal funds for **increasing the average wage** for employees of developmental disabilities service providers by **15 cents per hour** for the first year of the biennium and by an additional **20 cents per hour** for the second year.

	2003-05 Biennium	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Legislative Increase (Decrease) to 2005-07 Executive Budget	2005-07 Legislative Increase (Decrease) to 2003-05
Total DD grants	$190,556,127	$206,232,292	**$211,597,570**	$5,365,278	$21,041,443
General fund	$61,852,208	$73,214,645	**$74,091,907**	$877,262	$12,239,699
Health care trust fund			**$975,408**	$975,408	$975,408
Federal funds	$128,703,919	$133,017,647	**$136,530,255**	$3,512,608	$7,826,336

Nursing facilities - The schedule below provides a comparison of the funding provided for nursing facility payments under the medical assistance program. The Legislative Assembly reduced funding to provide for an average of 3,600 beds for medical assistance recipients rather than 3,631 as included in the executive budget. The Legislative Assembly, in House Bill No. 1252, changed the statutory provisions relating to determining inflationary increases for nursing facility payments. The new language provides that the department calculate inflationary increases for nursing facility payment rates using the same inflationary increases specified by the Legislative Assembly in developing the department's biennial appropriation for nursing facilities. The Legislative Assembly specified a 2.65 percent annual inflationary rate for each year of the 2005-07 biennium for nursing facilities, which is a reduction from the 3.52 percent and 3.92 percent that were recommended in the executive budget based on the previous statutory provisions which based the rates on the average of the Data Resources, Inc. (DRI) index and the consumer price index (CPI). House Bill No. 1252 also included provisions changing the method of calculating nursing home payment limits from the "percentile" method to a "median plus" method and providing that the department rebase nursing home rates every four years. The 2005 Legislative Assembly provided funding as recommended in the executive budget to utilize the "median plus" method for determining payment limits and to rebase nursing home rates to 2003. Previously, rates were based on the 1999 rate year.

	2003-05 Biennium	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Legislative Increase (Decrease) to 2005-07 Executive Budget	2005-07 Legislative Increase (Decrease) to 2003-05
Total nursing facilities	$318,444,621	$348,777,523	**$343,013,040**	($5,764,483)	$24,568,419
General fund	$102,073,218	$122,590,332	**$119,809,111**	($2,781,221)	$17,735,893
Health care trust fund			**$736,598**	$736,598	$736,598
Federal funds	$216,371,403	$226,187,191	**$222,467,331**	($3,719,860)	$6,095,928

SPED - The schedule below provides a comparison of funding for service payments for elderly and disabled (SPED). The Legislative Assembly added funding to increase the inflationary rate for SPED from 2 percent for each year of the biennium as recommended in the executive budget to 2.65 percent for each year. This change resulted in additional funding of $147,825, of which $140,431 is from the health care trust fund and $7,394 is county funds. Due to reprojections made by the department which indicated a reduction in the anticipated need for SPED services during the 2005-07 biennium, the Legislative Assembly reduced funding for SPED by $1,740,592, of which $1,653,555 is from the general fund and $87,037 is county funds. The Legislative Assembly added $190,800, of which

$181,260 is from the general fund and $9,540 is county funds to increase the maximum amount of homemaker services an individual may receive under the program from $135 to $185 per month.

	2003-05 Biennium	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Legislative Increase (Decrease) to 2005-07 Executive Budget	2005-07 Legislative Increase (Decrease) to 2003-05
Total SPED	$14,703,198	$14,423,230	**$13,021,263**	($1,401,967)	($1,681,935)
General fund	$13,749,820	$13,487,628	**$12,015,333**	($1,472,295)	($1,734,487)
Health care trust fund			**$140,431**	$140,431	$140,431
County funds	$727,658	$709,882	**$639,779**	($70,103)	($87,879)
Federal funds	$225,720	$225,720	**$225,720**	$0	$0

Expanded SPED - The schedule below provides a comparison of funding for expanded SPED. The Legislative Assembly increased funding for expanded SPED by $14,200 from the general fund to increase the inflationary rate from 2 percent for each year of the biennium as recommended in the executive budget to 2.65 percent for each year. Due to reprojections made by the department which indicated a reduction in the anticipated need for expanded SPED services during the 2005-07 biennium, the Legislative Assembly reduced funding by $401,052 from the general fund. The Legislative Assembly added $36,000 from the general fund to increase the maximum amount of homemaker services an individual may receive under the program from $135 to $185 per month.

	2003-05 Biennium	2005-07 Executive Budget	2005-07 Legislative Appropriation	2005-07 Legislative Increase (Decrease) to 2005-07 Executive Budget	2005-07 Legislative Increase (Decrease) to 2003-05
Total expanded SPED	$834,541	$1,188,889	**$838,037**	($350,852)	$3,496
General fund	$834,541	$1,188,889	**$823,837**	($365,052)	($10,704)
Health care trust fund			**$14,200**	$14,200	$14,200

Senior citizen mill levy match - The Legislative Assembly removed funding of $1,662,945 from the general fund for the senior citizen mill levy matching grant program, in accordance with provisions of Senate Bill No. 2267 which removes the program from the department and provides a continuing appropriation to the State Treasurer for providing senior citizen mill levy matching grants to counties equal to two-thirds of the first mill levied by the county for senior citizen programs. Funding for the grants is provided by allocating each year an amount equivalent to two-thirds of one mill levied statewide from sales and use tax and motor vehicle excise tax collections to the senior citizens and programs fund.

Substance abuse treatment pilot project - The Legislative Assembly approved Senate Bill No. 2373 which appropriates $1.3 million, of which $500,000 is from the general fund to the department for establishing a pilot program at either the State Hospital or at a private facility for the treatment of individuals who are chemically dependent on methamphetamine or other controlled substances. House Bill No. 1015, the Office of Management and Budget appropriations bill, included a section authorizing the State Hospital up to 21 FTE positions if the department establishes the pilot program at the State Hospital.

Independent living center grants - The Legislative Assembly provided $1,094,539, of which $292,345 is from the general fund and $802,194 is federal funds for independent living center grants, the same as the executive recommendation and the 2003-05 biennium appropriation.

STATE HOSPITAL

Secure services - The Legislative Assembly did not change the executive recommendation to provide an additional $3.1 million from the general fund and to authorize an additional 29.85 new FTE positions to expand 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 to a 42-bed unit.

Capital improvements - The Legislative Assembly appropriated $110,000 from the general fund for repairing and painting the State Hospital water tower. The executive recommendation included $215,000 of bond proceeds for this project and for replacing an electrical transformer ($40,000) and repairing a roof ($65,000).

DEVELOPMENTAL CENTER

Drug treatment pilot program - The Legislative Assembly approved Senate Bill No. 2341 which appropriates $448,471 of federal funds to the department for establishing a mandatory drug treatment pilot program for convicted drug offenders involving the Department of Corrections and Rehabilitation and the Developmental Center. The Developmental Center will provide inpatient drug treatment services to selected individuals under this program.

HUMAN SERVICE CENTERS

Operating budget reductions - The Legislative Assembly reduced human service center operating budgets by a total of $400,000 from the general fund as follows:

Human Service Center	Reduction Amount
Northwest	$20,619
North Central	53,566
Lake Region	31,169
Northeast	52,629
Southeast	87,554
South Central	46,123
West Central	75,891
Badlands	32,449
Total	$400,000

Department of Human Services
Budget No. 325
House Bill Nos. 1012, 1015, 1050, 1069, 1460, 1465, Senate Bill Nos. 2023, 2028, 2341, 2373, 2395, 2409

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	2,048.43	$490,373,041	$1,185,403,771	$1,675,776,812
2005-07 legislative appropriations	**2,047.43**[1]	**484,421,474**	**1,195,640,833**	**1,680,062,307**
Legislative increase (decrease) to executive budget	(1.00)	($5,951,567)	$10,237,062	$4,285,495
Legislative increase (decrease) to 2003-05 appropriations	(3.99)[2]	$73,339,651	$97,838,901	$171,178,552

[1]In addition, Section 42 of House Bill No. 1015 authorizes the department to hire up to 21 additional FTE positions, subject to Emergency Commission and Budget Section approval, for providing certain substance abuse treatment services at the State Hospital, in accordance with provisions of Senate Bill No. 2373.

[2]The number of FTE positions for the 2003-05 biennium has been reduced by 6 FTE positions to reflect the reduction of 3 FTE positions due to departmental adjustments and the reduction and transfer of 3 FTE positions relating to information technology services from the department to the Information Technology Department, pursuant to Section 10 of House Bill No. 1505.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Human Services is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
Management				
Executive budget recommendation	99.10	$23,164,639	$48,374,575	$71,539,214
The legislative action:				
Added funding for state employee salary increases		28,284	12,735	41,019
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,205)	(4,900)	(12,105)
Added funding in House Bill No. 1069 for paying military service retirement credit for employees		7,614		7,614

Administration Support

No changes

Information Technology Division				
Changed the source of one-time funding for the state matching funds of $3,667,820 from the general fund as recommended in the executive budget to the permanent oil tax trust fund for the Medicaid management information system (MMIS) computer project. In total, $29,188,859 is provided for the project, $25,521,039 of which is from federal funds.		(3,667,820)	3,667,820	0
Total legislative adjustments - Management	0.00	(3,639,127)	3,675,655	36,528
Total Management	99.10	19,525,512	52,050,230	71,575,742
Program and Policy				
Executive budget recommendation	233.30	368,423,517	1,027,728,022	1,396,151,539
The legislative action:				
Added funding for state employee salary increases		28,517	48,677	77,194
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(8,140)	(20,814)	(28,954)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(140,000)		(140,000)
Reduced operating expenses of all programs within the program and policy subdivision		(50,000)		(50,000)
Provided additional general fund support and reduced federal funding to reflect a portion of the estimated additional general fund matching requirements under the Medicaid program resulting from an anticipated reduction in North Dakota's federal medical assistance percentage (FMAP) for federal fiscal year 2007 of .86 percent, from 63.23 percent estimated in the executive budget to the current estimate of 62.37 percent		3,100,000	(3,100,000)	0
Economic Assistance Policy				
Added funding to calculate Indian county allocation grants at 100 percent of excess costs, rather than 90 percent, in accordance with provisions of Senate Bill No. 2301		311,178		311,178
Removed funding for outreach services of the food stamp program		(25,000)	(25,000)	(50,000)
Provided federal temporary assistance for needy families (TANF) funds for an alternatives-to-abortion services program in Senate Bill No. 2409			500,000	500,000

Child Support				
Reduced federal funding for cooperative agreements with a county or tribe for centralized administration of child support enforcement services. House Bill No. 1172 includes a continuing appropriation of these funds.			(822,970)	(822,970)
Medical Services				
Removed the pharmacy assistant position added in the executive budget	(1.00)	(22,135)	(66,403)	(88,538)
Removed funding for the Global Insight, Inc., contract due to changes in the method of determining inflationary rates for nursing homes as provided for in House Bill No. 1252		(5,920)	(5,919)	(11,839)
Removed funding for the department to contract for generic prescription drug detailing services		(237,775)	(237,775)	(475,550)
Added funding for operating expenses associated with provisions of House Bill No. 1459 relating to management of the medical assistance program		282,500	282,500	565,000
Reduced medical assistance grants to reflect savings as a result of provisions of House Bill No. 1459 relating to management of the medical assistance program		(537,030)	(992,970)	(1,530,000)
Reduced medical assistance grants to reflect provisions of House Bill No. 1181 which allow a Medicaid recipient to set aside up to $5,000 for funeral expenses rather than $3,000 under current law and $5,500 as recommended by the Governor		(91,405)	(161,095)	(252,500)
Added funding for medical assistance grants to adjust the anticipated funding needed for medical assistance services		1,050,000	1,941,453	2,991,453
Added funding for increasing ambulance services payment rates with 50 percent of the funds to be used for increasing air ambulance rates and 40 percent for ground ambulance rates		60,000	110,940	170,940
Added funding for the children's health insurance program (Healthy Steps) in anticipation of increased caseload resulting from implementation of the Vision eligibility system		428,425	1,607,893	2,036,318
Provided funding for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent as recommended in the executive budget. The state matching funds of $846,712 are from the health care trust fund.			3,049,436	3,049,436
Provided funding in House Bill No. 1460 for obtaining actuarial services for the medical assistance program		50,000	50,000	100,000

Provided funding in House Bill No. 1465 for developing a Medicaid and Medicare prescription drug management program	50,000		50,000
Provided funding in Senate Bill No. 2395 for providing Russell-Silver Syndrome treatment services	150,000		150,000
Long-Term Care Services			
Reduced funding for nursing facilities to reflect a reduction in the estimated average number of nursing facility beds needed for Medicaid recipients from 3,631 to 3,600	(1,025,765)	(1,893,498)	(2,919,263)
Reduced funding for nursing facilities to reflect provisions of House Bill No. 1252 which base nursing home payment rates on the inflationary rates as determined by the Legislative Assembly. The inflationary rates being used for nursing home rates for the 2005-07 biennium are 2.65 percent for each year of the biennium. Under previous statutory provisions, the inflationary increases for nursing homes would have been 3.52 percent for the first year and 3.92 percent for the second year of the biennium. Of the other funds shown, $736,598 is state matching funds provided from the health care trust fund.	(1,755,456)	(1,089,764)	(2,845,220)
Increased funding for basic care facilities to reflect provisions of House Bill No. 1252 which base basic care payment rates on the inflationary rates as determined by the Legislative Assembly. The inflationary rates being used for basic care rates for the 2005-07 biennium are 2.65 percent for each year of the biennium. Under previous administrative policies, the inflationary increases for basic care facilities would have been 1.5 percent for each year of the biennium. Of the other funds shown, $158,095 is from the health care trust fund.	162,051	327,198	489,249
Changed funding for home and community-based services to reflect the department's reprojections of the anticipated funding needed for these services for the 2005-07 biennium	(1,987,684)	5,724	(1,981,960)
Added funding to increase the maximum amount of homemaker services an individual may receive from qualified service providers (QSPs) under the service payment for elderly and disabled (SPED) and expanded SPED programs from $135 to $185 per month	217,260	9,540	226,800
Added funding for a 2.65 percent inflationary increase for home and community-based services for each year of the biennium rather than 2 percent as recommended in the executive budget. Of the other funds shown, $269,780 is from the health care trust fund.		486,038	486,038

Aging Services			
Removed funding for the senior citizen mill levy matching grant program to reflect provisions of Senate Bill No. 2267 which provide a continuing appropriation to the State Treasurer for providing these grants	(1,662,945)		(1,662,945)
Children and Family Services			
Reduced federal funding for family preservation services to the level anticipated to be available for the 2005-07 biennium. The department may seek Emergency Commission approval if additional federal funds become available for these services.		(750,000)	(750,000)
Changed the source of funding for children and family services programs from the general fund to federal temporary assistance for needy families (TANF) funds	(1,074,471)	1,074,471	0
Added funding for increasing the maximum treatment services payment for residential child care facilities by $3.50 per day, from $11.50 to $15 per day	71,630	404,314	475,944
Added funding to provide for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent as recommended in the executive budget. Of the other funds shown, $213,407 is state matching funds provided from the health care trust fund.		567,486	567,486
Reduced funding anticipated to be needed for foster care and subsidized adoption services	(150,000)	(159,206)	(309,206)
Mental Health and Substance Abuse Services			
Removed funding from the general fund for compulsive gambling treatment services and appropriated $400,000 from the compulsive gambling treatment fund for these services. North Dakota Century Code Section 50-06-22 provides a continuing appropriation to the Department of Human Services of the money in the compulsive gambling treatment fund for these services.	(150,000)	400,000	250,000
Reduced funding for operating expenses of this program	(50,000)		(50,000)
Provided funding in Senate Bill No. 2373 for costs associated with establishing a pilot program at the State Hospital or at a private treatment facility for the treatment of individuals who are chemically dependent on methamphetamine or other controlled substances	500,000	800,000	1,300,000
Developmental Disabilities Council			
No changes			

Disabilities Services				
Added funding for increasing payment rates for facilities serving children with extensive medical needs, including the Anne Carlsen Center		200,000	369,800	569,800
Reduced funding from the general fund for supported living/extended services by $100,000, from $300,000 recommended in the executive budget to $200,000. This is the same level of general fund support provided in the 2003-05 biennium.		(100,000)		(100,000)
Added funding for costs relating to transferring appropriate individuals from the Developmental Center to community placements. The department may use up to $5,000 of this funding for developing the plan for these transfers.		50,000		50,000
Added funding for increasing the average wage of employees of developmental disabilities service providers by 15 cents per hour for the first year of the biennium and by an additional 20 cents per hour for the second year. Of the other funds shown, $198,148 is state matching funds provided from the health care trust fund.		1,277,262	2,879,237	4,156,499
Added funding to provide for a 2.65 percent inflationary increase for each year of the biennium rather than 2 percent as recommended in the executive budget. Of the other funds shown, $900,217 is state matching funds provided from the health care trust fund.			2,163,480	2,163,480
Reduced funding anticipated to be needed for developmental disabilities grants		(500,000)	(924,501)	(1,424,501)
Provided funding in Senate Bill No. 2028 for contracting with an organization to coordinate a system for the provision of guardianship services to vulnerable adults who are ineligible for developmental disabilities case management services		40,000		40,000
Total legislative adjustments - Program and Policy	(1.00)	(1,544,903)	6,828,272	5,283,369
Total Program and Policy	232.30	366,878,614	1,034,556,294	1,401,434,908
State Hospital				
Executive budget recommendation	424.01	32,117,667	15,825,871	47,943,538
The legislative action:				
Added funding for state employee salary increases		156,312	36,017	192,329

Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(35,810)	(18,104)	(53,914)
Replaced funding from the general fund with special funds in anticipation of general fund savings and additional third-party collections		(100,000)	100,000	0
Changed funding for capital improvements by removing funding from bond proceeds recommended in the executive budget in Senate Bill No. 2023 for replacing an electrical transformer ($40,000) and repairing a roof ($65,000) and providing $110,000 from the general fund in House Bill No. 1012 rather than bond proceeds in Senate Bill No. 2023 as recommended in the executive budget for repairing and painting the State Hospital water tower		110,000	(215,000)	(105,000)
Total legislative adjustments - State Hospital	0.00	130,502	(97,087)	33,415
Total State Hospital	424.01	32,248,169	15,728,784	47,976,953
Developmental Center				
Executive budget recommendation	451.54	11,696,425	31,589,952	43,286,377
The legislative action:				
Added funding for state employee salary increases		51,519	65,713	117,232
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(15,520)	(44,383)	(59,903)
Reduced funding for operating costs of the Developmental Center		(250,000)	(462,251)	(712,251)
Removed funding from bond proceeds recommended in the executive budget in Senate Bill No. 2023 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)
Provided federal funding in Senate Bill No. 2341 for a mandatory drug treatment pilot project			448,471	448,471
Total legislative adjustments - Developmental Center	0.00	(214,001)	(232,450)	(446,451)
Total Developmental Center	451.54	11,482,424	31,357,502	42,839,926

Northwest Human Service Center				
Executive budget recommendation	50.00	3,688,546	3,691,210	7,379,756
The legislative action:				
Added funding for state employee salary increases		14,880	6,831	21,711
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,080)	(3,160)	(6,240)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(20,000)		(20,000)
Reduced funding for operating costs of the center		(20,619)		(20,619)
Total legislative adjustments - Northwest Human Service Center	0.00	(28,819)	3,671	(25,148)
Total Northwest Human Service Center	50.00	3,659,727	3,694,881	7,354,608
North Central Human Service Center				
Executive budget recommendation	113.78	8,163,022	7,270,196	15,433,218
The legislative action:				
Added funding for state employee salary increases		34,328	13,438	47,766
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,976)	(7,000)	(14,976)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(57,120)		(57,120)
Reduced funding for operating costs of the center		(53,566)		(53,566)
Total legislative adjustments - North Central Human Service Center	0.00	(84,334)	6,438	(77,896)
Total North Central Human Service Center	113.78	8,078,688	7,276,634	15,355,322
Lake Region Human Service Center				
Executive budget recommendation	62.00	4,974,499	4,221,881	9,196,380
The legislative action:				
Added funding for state employee salary increases		19,245	8,291	27,536
Reduced funding recommended in the executive budget for state		(3,940)	(3,798)	(7,738)

employee health insurance premiums from $559.15 to $553.95 per month per policy				
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(38,052)		(38,052)
Reduced funding for operating costs of the center		(31,169)		(31,169)
Total legislative adjustments - Lake Region Human Service Center	0.00	(53,916)	4,493	(49,423)
Total Lake Region Human Service Center	62.00	4,920,583	4,226,374	9,146,957
Northeast Human Service Center				
Executive budget recommendation	141.90	8,484,532	12,211,610	20,696,142
The legislative action:				
Added funding for state employee salary increases		30,280	22,197	52,477
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,090)	(11,630)	(18,720)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(97,692)		(97,692)
Reduced funding for operating costs of the center		(52,629)		(52,629)
Total legislative adjustments - Northeast Human Service Center	0.00	(127,131)	10,567	(116,564)
Total Northeast Human Service Center	141.90	8,357,401	12,222,177	20,579,578
Southeast Human Service Center				
Executive budget recommendation	183.60	10,148,529	13,673,717	23,822,246
The legislative action:				
Added funding for state employee salary increases		46,747	29,797	76,544
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(9,260)	(13,204)	(22,464)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(137,046)		(137,046)
Reduced funding for operating costs of the center		(87,554)		(87,554)
Total legislative adjustments - Southeast Human Service Center	0.00	(187,113)	16,593	(170,520)
Total Southeast Human Service Center	183.60	9,961,416	13,690,310	23,651,726

South Central Human Service Center				
Executive budget recommendation	88.00	5,916,635	6,322,357	12,238,992
The legislative action:				
Added funding for state employee salary increases		23,478	12,795	36,273
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,890)	(5,968)	(10,858)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(20,000)		(20,000)
Reduced funding for operating costs of the center		(46,123)		(46,123)
Total legislative adjustments - South Central Human Service Center	0.00	(47,535)	6,827	(40,708)
Total South Central Human Service Center	88.00	5,869,100	6,329,184	12,198,284
West Central Human Service Center				
Executive budget recommendation	124.50	9,025,416	9,675,203	18,700,619
The legislative action:				
Added funding for state employee salary increases		35,646	17,260	52,906
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,545)	(8,180)	(15,725)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(69,804)		(69,804)
Reduced funding for operating costs of the center		(75,891)		(75,891)
Total legislative adjustments - West Central Human Service Center	0.00	(117,594)	9,080	(108,514)
Total West Central Human Service Center	124.50	8,907,822	9,684,283	18,592,105
Badlands Human Service Center				
Executive budget recommendation	76.70	4,569,614	4,819,177	9,388,791
The legislative action:				
Added funding for state employee salary increases		19,619	10,257	29,876

Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,480)	(5,254)	(9,734)
Reduced salaries and wages funding in anticipation of savings from vacant positions and employee turnover		(20,286)		(20,286)
Reduced funding for operating costs of the center		(32,449)		(32,449)
Total legislative adjustments - Badlands Human Service Center	0.00	(37,596)	5,003	(32,593)
Total Badlands Human Service Center	76.70	4,532,018	4,824,180	9,356,198
Total Department of Human Services				
Executive budget recommendation	2,048.43	$490,373,041	$1,185,403,771	$1,675,776,812
Total legislative changes	(1.00)	($5,951,567)	$10,237,062	$4,285,495
Legislative appropriations	2,047.43[1]	$484,421,474	$1,195,640,833	$1,680,062,307

[1]In addition, Section 42 of House Bill No. 1015 authorizes the department to hire up to 21 additional FTE positions, subject to Emergency Commission and Budget Section approval, for providing certain substance abuse treatment services at the State Hospital, in accordance with provisions of Senate Bill No. 2373.

FTE Changes

The Legislative Assembly removed 1 FTE pharmacy assistant position added in the executive budget but did not change the following FTE adjustments recommended in the executive budget:

- In the **Management** subdivision, removed 3 FTE research positions, 2 FTE fiscal positions, a .7 FTE human resource position, and 2 FTE legal positions.
- In the **Program and Policy** subdivision, added 1 FTE Healthy Steps eligibility position in medical services and removed 1.5 FTE aging services positions, 1 FTE mental health services position, and 2 FTE disabilities services positions.
- At the State Hospital, added 29.85 FTE positions for secure services and removed 20.74 FTE traditional services positions.
- At the Developmental Center, removed 4 FTE direct training technicians, 1 FTE social worker, a .5 FTE speech pathologist, and 1 FTE vocational training technician.
- At the human service centers, removed 1 FTE human service center director position at the North Central Human Service Center, added 3 FTE community home counselors and 1 FTE activity therapist at the Northeast Human Service Center, added a .4 FTE case manager, a .4 and a .6 FTE addiction counselor, and 1 FTE activity therapist at the Southeast Human Service Center, added a .5 FTE child care licensing position at the West Central Human Service Center, and removed a .8 FTE vocational rehabilitation supervisor and a .5 FTE child care licensing position at the Badlands Human Service Center.

Other Sections in Bill

Section 4 allows the department, subject to Emergency Commission and Budget Section approval, to hire **additional FTE** positions for Medicaid program eligibility and payment reviews if it is more cost-effective to hire the additional positions than to contract for these services or if no acceptable contract proposal is received.

Section 5 precludes the department from spending the $1,230,000, of which $615,000 is from the general fund and $615,000 is from federal funds provided for **payment error rate measurement eligibility reviews** for the medical assistance program if the federal government does not require the department to conduct these reviews.

Section 6 authorizes the department to **transfer appropriation authority** between line items within each subdivision of the department and between subdivisions of the department. The department is to report to the Budget Section after June 20, 2006, on any transfers made in excess of $50,000 and to the Appropriations Committees of the 2005 Legislative Assembly regarding any transfers made.

Section 7 identifies $254,356 of the department's other funds appropriation as being from the **community health trust fund**.

Section 8 identifies $3,667,820 of the department's other funds appropriation as being from the **permanent oil tax trust fund**.

Section 9 provides for a $100,000 transfer from the **compulsive gambling prevention and treatment fund** to the general fund on July 1, 2005.

Section 10 allows the department to spend up to $30,000 of the operating expenses line item in the Program and Policy subdivision for paying **petitioning costs** for indigent individuals with developmental disabilities who have been referred for corporate guardianship.

Section 11 requires the department to determine the effect of **anticipated FMAP changes** on the department's budget and programs and to report to the Legislative Council on the extent to which the department can provide for any additional general fund requirements related to FMAP changes within the department's budget and to identify programs to reduce or discontinue if the effect cannot be provided for within the department's budget.

Sections 12, 14, and 15 provide for **Legislative Council studies** of:

- The department's system of paying qualified service providers.
- Long-term care services.
- The services provided by residential treatment centers and residential child care facilities and the appropriateness of the payments provided by the state for these services.

Section 16 requires the department to develop a plan to **transfer appropriate individuals from the Developmental Center** to community placements and to begin the transition during the 2005-07 biennium. The section also requires the department to report to the Legislative Council on its plan.

Section 17 requires the department and the Indian Affairs Commission to collaborate to improve the **coordination of tribal and state court activities** relating to child support enforcement.

Section 18 provides that the department may consider additional costs incurred by intermediate care facilities for the mentally retarded (ICF/MRs) serving **medically fragile clients** under 21 years of age.

Section 19 changes the definition of **specialized telecommunications equipment**.

Related Legislation

House Bill No. 1148 continues the requirement that the department provide **personal care services** to eligible Medicaid recipients residing in their own homes. The provision would have expired on June 30, 2005. A provision was added requiring the department to seek a federal waiver to permit the elderly and disabled to direct their own care and to allow personal care services to be provided by non-licensed providers.

House Bill No. 1181 increases the **funeral set-aside** for Medicaid recipients from $3,000 to $5,000 and directs the department to seek a federal waiver to disregard funeral funds of a Medicaid recipient in any amount provided the funds were set aside prior to April 2004.

House Bill No. 1204 removes statutory provisions relating to the **intergovernmental transfer program** and authorizes the department to continue to access the program if permitted by the federal government and if beneficial to the state.

House Bill No. 1217 requires the department to **disregard assets** when considering Medicaid eligibility for an individual owning a long-term care insurance policy, if the provision is approved by the federal government.

House Bill No. 1252 changes the method of determining the **inflationary rate** used for determining **nursing home payments** and payment limits from a formula involving indices relating to consumer prices and nursing home input prices to rates as determined by the Legislative Assembly. The bill included provisions that the department provide for rebasing nursing home rates every four years. The bill also provides that **basic care payment rates** be increased by inflationary factors as determined by the Legislative Assembly.

House Bill No. 1459 provides that the department develop a system for **managing the health care needs** of medical assistance recipients.

Senate Bill No. 2267 removes the **senior citizen mill levy matching grant program** from the department and provides a continuing appropriation to the State Treasurer for providing senior citizen mill levy matching grants to counties equal to two-thirds of the first mill levied by the county for senior citizen programs. Funding for the grants is provided by allocating each year an amount equivalent to two-thirds of one mill levied statewide from sales and use tax and motor vehicle excise tax collections to the senior citizens and programs fund.

Senate Bill No. 2301 allows the department to provide for cooperatively or centrally-administered **child support enforcement** activities. The bill also amended North Dakota Century Code Section 50-01.2-03.2 to increase the Indian county allocation grant formula to 100 percent of excess costs, rather than 90 percent.

Senate Bill No. 2342 provides that the department determine **payment rates for developmental disabilities service providers** by using the inflationary rates used by the Legislative Assembly in determining the biennial appropriation for the department.

Adjutant General/National Guard
Budget No. 540
House Bill Nos. 1017, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	139.00	$16,424,837	$31,384,915	$47,809,752
2005-07 legislative appropriations	**139.00**	**16,445,229**	**31,433,798**	**47,879,027**
Legislative increase (decrease) to executive budget	0.00	$20,392	$48,883	$69,275
Legislative increase (decrease) to 2003-05 appropriations	0.00	$7,274,246	$6,715,082[1]	$13,989,328[1]

[1]This amount reflects the 2003-05 deficiency appropriation of $4 million of federal funds to the Adjutant General for completing construction projects at federally supported facilities and roads authorized in Section 7 of House Bill No. 1017.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Adjutant General is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$17,832	$43,015	$60,847
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,467)	(12,381)	(16,848)
Provided funding for paying military service retirement credit		7,027	18,249	25,276
Total	0.00	$20,392	$48,883	$69,275

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 139 FTE positions, the same as the 2003-05 biennium.

Capital Asset Funding

The Legislative Assembly did not change the executive recommendation to provide $870,000, of which $620,000 is from the general fund, for capital assets. The following is a summary of the capital asset funding:

	General Fund	Special Funds	Total
Roof replacement at the Raymond J. Bohn Armory in Bismarck	$250,000	$250,000	$500,000
Payment in lieu of taxes at Camp Grafton	34,000		34,000
Bond payments	60,000		60,000
Special assessments - Hector Field in Fargo ($170,000) and Wahpeton Armed Forces Reserve Center ($56,000)	226,000		226,000
Grounds equipment at state supported facilities	50,000		50,000
Total	$620,000	$250,000	$870,000

Veterans' Bonus Program

The Legislative Assembly did not change the executive recommendation to provide $5 million from the general fund for payments of additional compensation to resident military members mobilized December 5, 1992, through June 30, 2007. Pursuant to Senate Bill No. 2145, the Adjutant General shall provide additional compensation to resident military members of:

- $50 per month for domestic service up to a total of $900.
- $100 per month for overseas service up to a total of $1,800.
- $2,500 to recipients of a Purple Heart.
- $2,500 to beneficiaries of those who died as a result of service.

Tuition and Enlistment Compensation

The Legislative Assembly did not change the executive recommendation to provide $2,007,500 from the general fund for the tuition and enlistment compensation program, an increase of $1 million from the 2003-05 biennium appropriation of $1,007,500. The tuition and enlistment compensation program is a scholarship program providing approximately $1,000 per semester for eligible students taking 12 or more credits. Students taking fewer than 12 credits receive lower payments. In addition, under North Dakota Century Code Section 37-07.1-03, the participating college or university, which includes all state institutions and three private institutions, waive 25 percent of the total tuition cost for each eligible student.

Veterans Cemetery

The Legislative Assembly provided $292,733, of which $218,273 is from the general fund, for the operation of the Veterans Cemetery. This represents an increase in funding of $17,587 from the 2003-05 biennium appropriation of $275,146, of which $204,376 was from the general fund.

Other Sections in Bill

Line item transfer authority - Section 5 authorizes the Adjutant General to transfer up to $700,000 from various line items into the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2005-07 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

Transfer to the Veterans Cemetery trust fund - Section 6 provides that any unexpended general fund appropriation authority relating to the $5 million appropriated for the payment of adjusted compensation to veterans is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and must be transferred to the Veterans Cemetery trust fund during the 2007-09 biennium.

2003-05 appropriation - Section 7 provides a special funds appropriation of $4 million to the Adjutant General for completing construction projects at federally supported facilities and roads during the 2003-05 biennium.

Office of Administrative Hearings
Budget No. 140
Senate Bill No. 2017, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	8.00	$0	$1,306,482	$1,306,482
2005-07 legislative appropriations	**8.00**		**1,309,844**	**1,309,844**
Legislative increase (decrease) to executive budget	0.00	$0	$3,362	$3,362
Legislative increase (decrease) to 2003-05 appropriations	0.00	$0	$66,886	$66,886

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Administrative Hearings is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$4,485	$4,485
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(1,123)	(1,123)
Total	0.00	$0	$3,362	$3,362

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 8 FTE positions, the same as the 2003-05 biennium.

Related Legislation

Administrative law judges' qualifications - Senate Bill No. 2070 provides that administrative law judges employed by the Office of Administrative Hearings before August 1, 1995, need not be attorneys at law and may be designated by the director of the Office of Administrative Hearings to preside at any administrative proceeding or adjudicative proceeding.

Aeronautics Commission
Budget No. 412
Senate Bill No. 2006, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	6.00	$550,187	$5,237,914	$5,788,101
2005-07 legislative appropriations	**6.00**	**550,187**	**5,240,118**	**5,790,305**
Legislative increase (decrease) to executive budget	0.00	$0	$2,204	$2,204
Legislative increase (decrease) to 2003-05 appropriations	0.00	$27,687	($3,390,232)	($3,362,545)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Aeronautics Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$2,953	$2,953
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(749)	(749)
Total	0.00	$0	$2,204	$2,204

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 6 FTE positions, the same as the 2003-05 biennium.

Air Service (Air Carrier) Airport Grants

The legislative action did not change the executive recommendation to provide funding of $1,777,500, of which $550,000 is from the general fund for the air service airport grant program. This is a decrease of $1,722,500 from the funding provided for the 2003-05 biennium of $3,500,000, which included $522,500 from the general fund and $2,977,500 from other funds. The decrease is primarily due to a reduction in the amount of federal funding anticipated for the program. For the 2003-05 biennium, the Legislative Assembly appropriated additional federal funds to accommodate the possibility of the Federal Aviation Administration directing the states to administer the federal airport block grant program. The Federal Aviation Administration has not yet decided if the federal airport block grant program will be transferred to the states; therefore, the additional federal fund spending authority was removed for the 2005-07 biennium. The following is a summary of funding for the air service airport grant program:

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
General fund	$522,500	$550,000	$27,500
Special funds	2,977,500	1,227,500	(1,750,000)
Total	$3,500,000	$1,777,500	($1,722,500)

General Aviation (Secondary Airport) Grant Program

The legislative action did not change the executive recommendation to provide funding of $1,220,000 of special funds for the general aviation grant program. This is a decrease of $1,750,000 from the funding provided for the 2003-05 biennium of $2,970,000 from special funds. The decrease is due to a reduction in the amount of federal funding anticipated for the program. For the 2003-05 biennium, the Legislative Assembly appropriated additional federal funds to accommodate the possibility of the Federal Aviation Administration directing the states to administer the federal airport block grant program. The Federal Aviation Administration has not yet decided if the federal airport block grant program will be transferred to the states; therefore, the additional federal funds spending authority was removed for the 2005-07 biennium.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Agronomy Seed Farm
Budget No. 649
Senate Bill No. 2020, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	2.97	$0	$1,199,685	$1,199,685
2005-07 legislative appropriations	**2.97**		**1,201,008**	**1,201,008**
Legislative increase (decrease) to executive budget	0.00	$0	$1,323	$1,323
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$0	$34,404	$34,404

[1]The 2003-05 appropriation was based on 2.87 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A .10 FTE position was added pursuant to this section and reported to the Office of Management and Budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Agronomy Seed Farm is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$1,697	$1,697
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(374)	(374)
Total	0.00	$0	$1,323	$1,323

FTE Changes

The 2003-05 appropriation was based on 2.87 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A .10 FTE position was added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 2.97 FTEs. The Legislative Assembly did not change the executive recommendation which included funding for 2.97 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Council on the Arts
Budget No. 709
Senate Bill No. 2010, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	5.00	$1,028,422	$1,268,318	$2,296,740
2005-07 legislative appropriations	**5.00**	**999,691**	**1,268,318**	**2,268,009**
Legislative increase (decrease) to executive budget	0.00	($28,731)	$0	($28,731)
Legislative increase (decrease) to 2003-05 appropriations	0.00	($4,712)	$46,103	$41,391

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Council on the Arts is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$1,893		$1,893
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(624)		(624)
Removed funding for a new grant program to support infrastructure and capital equipment needs of local art organizations		(30,000)		(30,000)
Total	0.00	($28,731)	$0	($28,731)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2003-05 biennium.

Lewis and Clark Bicentennial

The Legislative Assembly did not change the executive recommendation to provide $108,300 from the general fund for the Lewis and Clark Bicentennial line item, a decrease of $55,450 from the 2003-05 biennium appropriation of $163,750. The $108,300 is for the following programs/activities:

Bicentennial programs	
2005 activities, including the Cross Ranch summer festival, Knife River Culturefest, and arts activities held at the Lewis and Clark Interpretive Center in Washburn and the Williston Confluence Center	$10,800
2006 Lewis and Clark signature event	35,000
North Dakota Lewis and Clark Resource Council	2,500
Total bicentennial programs	$48,300
Continuing programs	
Cultural guide reprinting	10,000
2005-06 activities and continuing activities, including additional Lewis and Clark summer activities at Knife River State Park, Cross Ranch State Park, the Amtrak/National Park Service partnership, the Lewis and Clark Confluence Center and the Lewis and Clark Interpretive Center	10,000
North Dakota Council on the Arts traditional arts apprenticeships	5,000
Grants to communities for arts activities during the Lewis and Clark Bicentennial	35,000
Total continuing programs	$60,000
Total Lewis and Clark Bicentennial	$108,300

Other Sections in Bill

Cultural endowment fund appropriation - Section 4 provides that all income from the cultural endowment fund is appropriated to the Council on the Arts for the furthering of the cultural arts in the state.

Employee classification - Section 6 amends North Dakota Century Code (NDCC) Section 54-54-04 to provide that the employees of the Council on the Arts, except for the director, are classified employees.

Investment of the cultural endowment fund - Sections 5 and 7 make the statutory changes necessary to allow the Council on the Arts Board to invest the cultural endowment fund under the supervision of the State Investment Board.

Legislative intent - Section 8 provides a statement of legislative intent regarding the investment of the cultural endowment fund. This section provides that the Council on the Arts, in cooperation with the State Investment Board, determine the mix and risk for investing the assets of the cultural endowment fund under the management of the State Investment Board.

Bank of North Dakota
Budget No. 471
Senate Bill Nos. 2014, 2217, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	178.50	$5,700,000	$45,704,797	$51,404,797
2005-07 legislative appropriations	**178.50**	**6,900,000**	**44,575,075**	**51,475,075**
Legislative increase (decrease) to executive budget	0.00	$1,200,000	($1,129,722)	$70,278
Legislative increase (decrease) to 2003-05 appropriations	0.00	($1,175,000)	$14,796,796	$13,621,796

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Bank of North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$75,901	$75,901
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(23,088)	(23,088)
Reduced funding for operating expenses			(1,182,535)	(1,182,535)
Added funding for deposit in the Biodiesel partnership in assisting community expansion (Biodiesel PACE) fund (see **Related Legislation** section below)		$1,200,000		1,200,000
Total	0.00	$1,200,000	($1,129,722)	$70,278

FTE Changes

The Legislative Assembly did not change the executive branch recommendation which included funding for 178.5 FTE positions, the same as the 2003-05 biennium.

New Bank of North Dakota Building

The Legislative Assembly did not change the executive branch recommendation to allow the Bank of North Dakota to use $11 million of special funds from the Bank's assets to construct a new three-story bank building consisting of a total of 60,000 square feet. The Legislative Assembly added Section 6 to Senate Bill No. 2014 to provide that the Bank of North Dakota advertise for bids for the new Bank building and solicit alternate bids which would allow footings to be installed for up to three additional floors. Section 6 also provides that the Industrial Commission may proceed with the construction of the additional footings upon approval of the Emergency Commission and appropriates any additional funds required for the footings in excess of the $11 million to the Bank of North Dakota.

Economic Development

The Legislative Assembly did not change the recommended funding levels for the PACE fund, the agriculture partnership in assisting community expansion (Ag PACE) fund, or the beginning farmer revolving loan fund. The Legislative Assembly provided a general fund appropriation of $1.2 million for the Biodiesel PACE fund in Senate Bill No. 2217 (see **Related Legislation** section below). The following is a comparison of the funding for the PACE fund, Ag PACE fund, Biodiesel PACE fund, and the beginning farmer revolving loan fund:

	2003-05 Appropriation	Executive Recommendation	2005-07 Appropriation
PACE fund	$5,700,000	$5,700,000	$5,700,000
Ag PACE fund	1,425,000	1,425,000	1,425,000
Biodiesel PACE fund			1,200,000
Beginning farmer revolving loan fund	950,000	950,000	950,000
Total	$8,075,000	$8,075,000	$9,275,000
Funding sources			
General fund	$8,075,000	$5,700,000	$6,900,000
Other funds - Beginning farmer revolving loan fund		$2,375,000	$2,375,000

General Fund Transfers

Section 9 of House Bill No. 1015 provides for transfers of up to $60 million of Bank of North Dakota current earnings and accumulated and undivided profits to the general fund during the 2005-07 biennium. This is the same amount as the executive recommendation and the same as authorized by the 2003 Legislative Assembly. Section 9 also provides that any transfer authorized from the Bank of North Dakota to the general fund may only be made to the extent that the transfer does not reduce the Bank's capital structure below $150 million.

The following schedule shows an analysis of the Bank's estimated capital structure for the 2005-07 biennium:

June 30, 2005, estimated capital level	$160,000,000
Estimated 2005-07 biennium profits	72,000,000[1]
2005-07 biennium transfers to the general fund per Section 9 of House Bill No. 1015	(60,000,000)
Estimated capital on June 30, 2007	$172,000,000

[1]Actual calendar year 2004 profits were $34.2 million

Other Sections in Bill

Unobligated money in PACE fund - Section 17 provides that any unobligated money of up to $2.2 in the PACE fund as of June 30, 2005, must be returned to the general fund and considered general fund Turnback.

Related Legislation

House Bill No. 1053 provides that at the end of the biennium, any funds transferred from the Bank of North Dakota to the general fund in response to a projected revenue shortfall pursuant to a contingent authorization by the Legislative Assembly must be returned to the Bank. The amount returned to the Bank must be the amount of the contingent transfer or the unobligated balance of the general fund at the end of the biennium, whichever is less.

House Bill No. 1360 allows students attending an institution of higher education at a status of less than part-time or a dual credit high school student to be eligible to borrow for costs of attending the college of their choice.

Senate Bill No. 2217 establishes a Biodiesel PACE fund and provides a general fund appropriation of $1.2 million as reflected on the schedule above to the Bank of North Dakota for deposit in the Biodiesel PACE fund.

North Dakota Vision Services - School for the Blind
Budget No. 253
House Bill Nos. 1013, 1015, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	26.95	$2,503,495	$845,535	$3,349,030
2005-07 legislative appropriations	**26.95**	**2,524,609**	**846,447**	**3,371,056**
Legislative increase (decrease) to executive budget	0.00	$21,114	$912	$22,026
Legislative increase (decrease) to 2003-05 appropriations	0.00	$434,784	($320,936)	$113,848

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota Vision Services - School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$3,866	$1,530	$5,396
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,752)	(618)	(3,370)
Provided additional funding in House Bill No. 1015 for temporary salaries (see **Related Legislation** section below)		20,000		20,000
Total	0.00	$21,114	$912	$22,026

FTE Changes

The 2005-07 biennium appropriation includes funding for 26.95 FTE positions, a decrease of .05 FTE position from the 2003-05 biennium authorized level of 27 FTE positions. The legislative action did not change the executive recommendation to eliminate .05 of an FTE position not requested by the agency.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate funding of $67,470, of which $42,380 is from the general fund and $25,090 is from special funds, to replace carpet and roof cooling unit ($15,090), replace air-conditioning for the second floor of the south wing unit ($42,380), and purchase a refreshable braille display ($10,000).

Land Department
Budget No. 226
Senate Bill No. 2013, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	18.75	$0	$7,818,995	$7,818,995
2005-07 legislative appropriations	**18.75**		**7,826,022**	**7,826,022**
Legislative increase (decrease) to executive budget	0.00	$0	$7,027	$7,027
Legislative increase (decrease) to 2003-05 appropriations	1.00	$0	$252,188	$252,188

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Land Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$9,398	$9,398
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(2,371)	(2,371)
Total	0.00	$0	$7,027	$7,027

FTE Changes

The 2005-07 biennium appropriation includes funding for 18.75 FTE positions, an increase of 1 FTE position from the 2003-05 biennium authorized level of 17.75 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE auditor II position.

Other Sections in Bill

Oil and gas development impact grants - Section 4 provides that $5 million of the special funds appropriation contained in Section 3 of the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and for the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 5 provides that North Dakota Century Code (NDCC) Section 54-44.4-11 does not apply to appropriations for oil impact grants and, consequently, the 2005-07 appropriation authority may be continued into the 2007-09 biennium.

Contingencies line item/appropriation transfers - Section 6 provides that upon approval of the Board of University and School Lands, the commissioner of the Board of University and School Lands may transfer appropriation authority from the contingencies line item to all other line items, except the capital assets line item. The commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Trust fund distributions to state entities - Section 7 provides the amounts to be distributed to various state entities from state trust funds managed by the Land Department and provides that NDCC Section 15-03-05.2 does not apply to distributions during the 2005-07 biennium. Section 15-03-05.2 provides the trust fund income may not be retained for future distributions to a trust fund beneficiary or added to a permanent fund if it would result in a decrease in distributions to the fund beneficiary from the amount distributed during the preceding fiscal year.

Lands and minerals trust fund continuing appropriation - Section 8 provides a continuing appropriation from the lands and minerals trust fund to pay the principal and interest to the common schools trust fund on any loans made from the fund to the developmentally disabled loan fund program Nos. 2 and 3.

Related Legislation

House Concurrent Resolution No. 3037 provides for an amendment to Sections 1 and 2 of Article IX of the Constitution of North Dakota relating to distributions from and management of the common schools trust fund and the trust funds of other educational or charitable institutions.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

State Board for Career and Technical Education
Budget No. 270
Senate Bill No. 2019, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	27.50	$17,155,866	$11,270,900	$28,426,766
2005-07 legislative appropriations	**27.50**	**16,840,786**	**11,291,197**	**28,131,983**
Legislative increase (decrease) to executive budget	0.00	($315,080)	$20,297	($294,783)
Legislative increase (decrease) to 2003-05 appropriations	0.00	$2,167,313	$416,697	$2,584,010

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Board for Career and Technical Education is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$11,956	$6,256	$18,212
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,036)	(959)	(2,995)
Reduced funding for the emerging technology program by $600,000 from $1.5 million to $900,000 (see **Grants** section below)		(600,000)		(600,000)
Added funding to grants for new and existing programs for a total general fund increase of $940,000 for the biennium (see **Grants** section below)		250,000		250,000
Added funding to adult farm management to provide a total of $725,760 for the program		25,000		25,000
Added special funds spending authority for operating expenses from the authorization fee fund (see **Related Legislation** section below)			15,000	15,000
Total	0.00	($315,080)	$20,297	($294,783)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 27.5 FTE positions, the same as the 2003-05 biennium.

Grants

The grants line item appropriation for the 2005-07 biennium totals $21,500,116, of which $12,052,219 is from the general fund. The general fund portion consists of $900,000 for the emerging technology program and $11,152,219 for new and existing program funding, an increase of $940,000 compared to the 2003-05 biennium.

Related Legislation

Senate Bill No. 2120 creates an authorization fee fund into which fees provided to the State Board for Career and Technical Education upon application for authorization to operate a postsecondary educational institution must be deposited, provides that the fund and interest earned on the fund may be spent by the board pursuant to legislative appropriations exclusively to carry out the intent and purpose of North Dakota Century Code Chapter 15-20.4. The fund is not subject to Section 54-44.1-11.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill Nos. 1015, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	332.00	$66,546,349	$2,526,808	$69,073,157
2005-07 legislative appropriations	**338.00**[1]	**65,168,362**[1]	**2,729,978**[1]	**67,898,340**[1]
Legislative increase (decrease) to executive budget	6.00[1]	($1,377,987)	$203,170	($1,174,817)
Legislative increase (decrease) to 2003-05 appropriations	2.00[1]	$10,080,993	$686,442	$10,767,435

[1]The 2005-07 legislative appropriation amounts for the judicial branch includes 6 new FTE positions for the Commission on Legal Counsel for Indigents and an appropriation of $815,671, consisting of $365,593 from the general fund, for the establishment of the commission (see the **Indigent Defense** section below for additional information).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		$3,144		$3,144
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from 5.78 percent and 4 percent for each year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases		(24,241)		(24,241)
Added funding for other employees for state employee salary increases		21,671		21,671
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,490)		(5,490)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from 5.78 percent and 4 percent for each		(180,329)		(180,329)

year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases				
Added funding for other employees for state employee salary increases		107,462	$3,082	110,544
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(35,138)	(680)	(35,818)
Reduced funding for indigent defense contracts from a rate of $75 to $65 per hour		(1,155,930)		(1,155,930)
Reduced funding for indigent defense to decrease the reimbursement of overhead expenses relating to the reduction in funding for indigent defense contract rates (Reimbursement of overhead expenses is calculated at 10 percent of the total indigent defense contract amount.)		(115,593)		(115,593)
Reduced funding for indigent defense caseload increases from $500,000 to $250,000		(250,000)		(250,000)
Added 6 FTE positions and provided funding for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information)	6.00	365,593	200,000	565,593
Removed funding for the installation of a digital audio system		(40,000)		(40,000)
Removed funding for the installation of two interactive televisions		(70,000)		(70,000)
Judicial Conduct Commission changes:				
Added funding for state employee salary increases		1,129	1,003	2,132
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(265)	(235)	(500)
Total	6.00	($1,377,987)	$203,170	($1,174,817)

FTE Changes

The 2005-07 biennium appropriation includes funding for 338 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 336 FTE positions. The Legislative Assembly did not change the judicial branch proposal to delete 4 vacant FTE positions that were eliminated pursuant to Senate Bill No. 2423 (2003)--the state employee contingent salary increase bill--to generate savings and allow the judicial branch to provide a 1 percent salary increase for the remaining judicial branch employees as of January 1, 2004. The 4 FTE positions deleted consisted of 3 FTE deputy clerk of court positions (Walsh, Williams, and Stutsman Counties) and 1 FTE juvenile court officer position (Burleigh County). The Legislative Assembly also added 6 FTE positions for the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information).

Other Sections in Bill

Appropriation of additional funding - Section 4 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Center Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Salaries of Supreme Court justices - Section 6, as amended by Section 14 of House Bill No. 1015, provides statutory changes to North Dakota Century Code (NDCC) Section 27-02-02, relating to the salaries of justices of the Supreme Court. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The Supreme Court justices' salaries are to be increased from the current level of $99,122 to $103,087, effective July 1, 2005, and $107,210, effective July 1, 2006. The Chief Justice of the Supreme Court is entitled to receive an additional $3,015 per annum, effective July 1, 2005, and an additional $3,136 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,899 per annum.

Salaries and expenses of district judges - Section 7, as amended by Section 15 of House Bill No. 1015, provides statutory changes to NDCC Section 27-05-03, relating to the salaries and expenses of district court judges. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The district court judges' salaries are to be increased from the current level of $90,671 to $94,298, effective July 1, 2005, and $98,070, effective July 1, 2006. The presiding judge of a judicial district is entitled to receive an additional $2,779 per annum, effective July 1, 2005, and an additional $2,890 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,672 per annum.

Indigent Defense

The judicial branch requested a total of $11,014,298 in the indigent defense line items for the 2005-07 biennium. Of that amount, $10,486,423 was to provide indigent defense services and $527,875 was for guardians ad litem, which represents increases of $5,799,026 for indigent defense services and $152,875 for guardians ad litem from the 2003-05 biennium appropriation. Senate Bill No. 2027, as introduced, provided for the establishment of a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services, provided for the transition of indigent defense services from the judicial branch to the commission by December 31, 2005, and provided a general fund appropriation of $1,135,285 to the commission for the purpose of establishing the commission.

The Legislative Assembly provided a total of $9,492,775 for the indigent defense line items for the 2005-07 biennium, consisting of $8,964,900 for indigent defense services and $527,875 for guardians ad litem. The $8,964,900 for indigent defense services is a decrease of $1,521,523 from the judicial branch's request of $10,486,423, and an increase of $4,277,503 from the 2003-05 biennium appropriation. Although the Legislative Assembly removed the general fund appropriation of $1,135,285 from Senate Bill No. 2027, it provided a total of $815,671 in Senate Bill No. 2002 for the establishment of the Commission on Legal Counsel for Indigents. The $815,671 consists of a general fund appropriation of $365,593 (Section 9 of the bill), special funds appropriation of $200,000 (Section 9 of the bill), general fund carryover of up to $250,078 from the 2003-05 biennium (Section 8 of the bill), and is anticipated to be used to provide salaries and benefits for 6 new FTE positions, operating expenses, startup costs, and oversight board expenses. Funding for the new positions was provided based on the following--1 director (22 months), 1 deputy director (21 months), 1 administrative assistant (21 months), and 3 investigators (2 for 18 months and 1 for 6 months).

Section 8 was added to provide for an exemption to the provisions of NDCC Section 54-44.1-11, relating to unexpended appropriations to allow the judicial branch to carry forward up to $250,078 from the Supreme Court and district courts 2003-05 biennium general fund appropriation to the 2005-07 biennium for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents established by 2005 Senate Bill No. 2027.

Section 9 was added to provide an appropriation of $565,593 to the district courts for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents. This appropriation consists of $365,593 from the general fund and $200,000 from the indigent defense administration fund. This section

also provides that any money not expended by the district courts for this purpose by December 31, 2005, are available to the Commission on Legal Counsel for Indigents and the appropriation must be transferred to the commission on January 1, 2006.

Related Legislation

Senate Bill No. 2027 establishes a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services and provides for the transition of indigent defense services from the Supreme Court to the commission by December 31, 2005.

Senate Bill No. 2103 allows the state courts to participate in the income tax refund debt setoff for purposes of court-ordered fines, fees, or costs due to the state.

Senate Bill No. 2105 repeals NDCC Section 27-02-05.2, which provides for the state juvenile services coordinator position.

Department of Commerce
Budget No. 601
Senate Bill No. 2018, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	59.00	$23,129,164	$105,432,496	$128,561,660
2005-07 legislative appropriations	**62.00**	**19,180,781**	**57,434,283**	**76,615,064**
Legislative increase (decrease) to executive budget	3.00	($3,948,383)	($47,998,213)	($51,946,596)
Legislative increase (decrease) to 2003-05 appropriations	5.00	$166,058	$5,081,176	$5,247,234

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Commerce is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$22,040	$9,837	$31,877
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,695)	(2,044)	(6,739)
Added funding for a vacant position previously paid for with federal funds		120,000		120,000
Added funding from the Development Fund for 1 FTE position recommended in the executive budget to be paid from the Development Fund, pursuant to a continuing appropriation			118,994	118,994

Provided funding for the following economic initiatives recommended by the Primary Sector Business Congress: • Target industry identification and report • Image information program • Business hotline • Local economic developer certification and training • Dakota Manufacturing Initiative • Intellectual property rights study and report • Economic development incentives study and report • Business climate initiative study	1.00	500,000	250,000	750,000
Provided funding for the following economic development grants: • Life sciences sector development ($100,000) • Rural Development Council ($50,000)		150,000		150,000
Provided funding for operating an American Indian Business Development Office within the department	1.00	129,272		129,272
Provided funding from the Development Fund ($500,000) and from the State Mill and Elevator ($200,000) for costs associated with the International Business and Trade Office. Matching funds of 50 percent must be provided before this funding is available.			700,000	700,000
Removed funding recommended by the Governor for centers of excellence (see **Centers of Excellence** section below)		(5,000,000)	(50,000,000)	(55,000,000)
Added funding in the discretionary funds line item for reimbursing political subdivisions for extraordinary costs incurred in rescues of visitors to North Dakota tourist attractions		10,000		10,000
Provided funding for the Tourism Division to develop, market, and implement learning-based vacations, including development of a learning-based vacation web site which will allow individuals to create individualized learning-based vacations	1.00	125,000		125,000
Provided $75,000 from the agricultural fuel tax fund and $150,000 of federal funds to the Agricultural Products Utilization Commission for an animal identification grant program			225,000	225,000
Added funding from a federal technical skills training grant for additional workforce training			700,000	700,000
Total	3.00	($3,948,383)	($47,998,213)	($51,946,596)

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE economic analyst position and 1 FTE administrative position for the Development Fund. The Legislative Assembly added 1 FTE relating to economic initiatives, including the image information program and business hotline, 1 FTE for the American Indian Business Development Office, and 1 FTE for the Tourism Division relating to the learning vacation initiative.

Centers of Excellence

The executive budget recommended for the department an appropriation of $5 million from the general fund and authorization to borrow up to $50 million from the Bank of North Dakota for providing grants to the centers of excellence. The Legislative Assembly removed these provisions and authorized the Office of Management and Budget to borrow up to $15 million from the Bank of North Dakota and to distribute the funds to the centers of excellence as directed by the Centers of Excellence Commission. If the $15 million is not adequate funding for the 2005-07 biennium, the Office of Management and Budget may borrow up to an additional $5 million from the Bank to be used for centers of excellence grants, subject to Emergency Commission and Budget Section approval. A section of legislative intent was added providing that the Legislative Assembly intends to provide a total of $50 million for the centers of excellence during the 2005-07 biennium and future bienniums.

Any loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of $77 million of oil tax revenues has been received by the general fund, of which $71 million will be retained in the general fund and $6 million transferred to the permanent oil tax trust fund. As additional amounts in excess of the $6 million are transferred into the fund, the Office of Management and Budget may use 50 percent of any additional transfers for repaying the Bank loan and interest, the total of which may not exceed $16 million during the 2005-07 biennium. Section 44 of the bill amends statutory provisions relating to the permanent oil tax trust fund to allow transfers from the general fund to the permanent oil tax trust fund before the end of each biennium.

Tourism Grants

House Bill No. 1020, the Parks and Recreation Department appropriations bill, includes a section requiring the Tourism Division of the Department of Commerce to provide the following grants from the general fund appropriation included in the Lewis and Clark Bicentennial line item in Senate Bill No. 2018:

Fort Abraham Lincoln Foundation	$100,000
Lewis and Clark Foundation	100,000
Three Affiliated Tribes Lewis and Clark Bicentennial	50,000
Standing Rock Tourism - Lewis and Clark	50,000
Cowboy Hall of Fame	25,000
Total	$325,000

Other Sections in Bill

Section 16 was added providing for a $425,000 transfer from the beginning farmer revolving loan fund to the agricultural fuel tax fund for the Agricultural Products Utilization Commission.

Sections 17 and 18 allow the Agricultural Products Utilization Commission to continue any unspent 2005-07 appropriation authority for grants into the 2007-09 biennium and the department to continue any unspent 2005-07 biennium appropriation authority in the discretionary funds line item into the 2007-09 biennium.

Section 22 was added requiring that upon receipt, review, and approval of an application from a private company within the state doing research on sensor technology relating to wheat scab disease, the Agricultural Products Utilization Commission shall provide a $100,000 grant to this company.

Section 25 requires the department to provide a $400,000 grant from its general fund appropriation to the Red River Valley research corridor for matching federal funds.

Section 26 requires the department to provide a $50,000 grant from its general fund appropriation to the North Dakota center for technology program.

Section 27 requires the department to provide a $250,000 grant from its general fund appropriation to the partners in marketing program.
Sections 29, 30, 31, 32, and 39 were added creating an Office of Renewable Energy and Energy Efficiency within the department and transferring responsibility to administer the ethanol incentive program from the Agricultural Products Utilization Commission to this office.

Sections 35 and 37 were added providing for responsibilities of an International Business and Trade Office in the Economic Development and Finance Division of the department and Section 46 provides for a report to the Legislative Council.

Section 36 was added changing statutory provisions relating to the American Indian Business Development Office within the department and Section 46 provides for a report to the Legislative Council.

Section 38 was added requiring the department to implement a local economic developer certification program and Section 47 provides for a report to the Legislative Council.

Section 40 was added requiring the department to identify target industries, designate one of the industries as a special focus target industry, and report biennially to the Legislative Council.

Section 41 was added requiring the department to implement an image information program and Section 48 provides for a report to the Legislative Council.

Section 42 was added requiring the department to implement a business hotline program and Section 49 provides for a report to the Legislative Council.

Section 45 was added requiring the department to implement a Dakota Manufacturing Initiative and Section 50 provides for a report to the Legislative Council.

Section 51 was added requiring the department to study the state's intellectual property laws and report to the Legislative Council.

Section 52 was added requiring the department to study the state's economic development incentives and report to the Legislative Council.

Section 53 was added requiring the department to monitor and report annually to the Legislative Council regarding economic goals and benchmarks identified in this section.

Related Legislation

House Bill No. 1020 includes a section requiring the Tourism Division of the Department of Commerce to provide $325,000 of general fund grants from the funding included in the Lewis and Clark Bicentennial line item in Senate Bill No. 2018 (see **Tourism Grants** section above).

House Bill No. 1185 continues the department's rural growth incentive grant program that otherwise would have been discontinued on July 31, 2005.

House Bill No. 1203 provides for economic development accountability reporting.

House Bill No. 1478 reduces the motor vehicle fuel tax rate to one cent per gallon on sales of "E85" fuel and provides for the transfer of 20 cents per gallon of "E85" sold from the funding of the Agricultural Products Utilization Commission to the highway tax distribution fund until a total of 1.2 million gallons is sold.

House Bill No. 1519 allows the Agricultural Products Utilization Commission to provide agricultural technology grants in addition to its other grant programs.

Senate Bill No. 2032 addresses a number of economic development and business climate issues, including providing for the centers of excellence program.

Senate Bill No. 2147 allows the Agricultural Products Utilization Commission to provide nature-based tourism grants and technical assistance grants for value-added businesses in addition to its other grant programs.

Senate Bill No. 2270 provides ethanol incentives for existing ethanol plants in North Dakota for the 2005-07 biennium and allows for continuing ethanol production incentives for existing plants if the plants increase production levels.

Department of Corrections and Rehabilitation
Budget No. 530
Senate Bill Nos. 2015, 2023, 2341, House Bill Nos. 1050, 1069, 1408

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	675.28	$101,188,393	$31,736,926	$132,925,319
2005-07 legislative appropriations	**677.28**	**101,135,684**	**27,765,147**	**128,900,831**
Legislative increase (decrease) to executive budget	2.00	($52,709)	($3,971,779)	($4,024,488)
Legislative increase (decrease) to 2003-05 appropriations	33.10	$17,666,905[1]	($4,814,940)	$12,851,965[1]

[1]The 2003-05 biennium appropriations reflect $1,732,168 of general fund deficiency appropriations approved by the 2005 Legislative Assembly in House Bill No. 1024.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Corrections and Rehabilitation is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		$29,778	$3,053	$32,831
Increased funding for the salary equity pool for the department to provide salary equity adjustments for all the department's employees. This increase is in addition to the $1 million salary equity pool for correctional officers provided in the executive recommendation.		500,000		500,000
Juvenile Services Division Changes				
Added funding for state employee salary increases		33,193	8,645	41,838
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(13,459)	(2,399)	(15,858)
Reduced funding for extraordinary repairs for the Youth Correctional Center		(30,000)		(30,000)
Reduced funding for equipment over $5,000 for the Youth Correctional Center to reduce funding for the purchase of security beds from $36,777 to $16,777		(20,000)		(20,000)
Reduced funding for operating expenses for Juvenile Community		(50,000)		(50,000)

Services ($26,200) and the Youth Correctional Center ($23,800)				
Reduced funding for pharmacy services for the Youth Correctional Center due to the addition of a pharmacy technician position at the State Penitentiary to replace contract technicians and provide pharmacy services for the Youth Correctional Center, resulting in pharmacy cost-savings for the Youth Correctional Center (see **Adult Services Division Changes** below for the effect on the Prisons Division)		(25,000)		(25,000)
Adult Services Division Changes				
Added funding for state employee salary increases		195,886	13,822	209,708
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(59,838)	(4,800)	(64,638)
Removed 2.5 new FTE positions and related salaries for sexual offender treatment from the Prisons Division	(2.50)	(256,675)		(256,675)
Reduced general fund support for the Field Services Division by removing the increase in general fund support that was provided in the executive recommendation related to the reduction or elimination of various federal grants		(226,748)		(226,748)
Reduced funding for inmate contract housing		(200,000)		(200,000)
Added special funds from the State Hospital and 3 FTE positions to the Field Services Division for community commitment supervision	3.00		427,410	427,410
Replaced general fund appropriation with special funds from supervision fees related to increasing the monthly supervision fee from $36 to $40 per offender		(205,000)	205,000	0
Reduced funding for payments to the Bismarck Transition Center		(150,000)		(150,000)
Reduced funding for extraordinary repairs for the Prisons Division from $722,500 to $500,000		(222,000)		(222,000)
Reduced funding for equipment over $5,000 for the Prisons Division from $188,615 to $150,615		(38,000)		(38,000)
Added 1 FTE pharmacy technician position at the State Penitentiary to replace contracting with 3 pharmacy technicians and to provide pharmacy services for the Youth Correctional Center (see **Juvenile Services Division Changes** above for the effect on the Youth Correctional Center)	1.00	19,299		19,299
Removed spending authority of Roughrider Industries for the			(2,600,000)	(2,600,000)

purchase of raw material necessary for a general issue of license plates, as funding for a new issue was not included in the Department of Transportation appropriation				
Removed capital asset funding from Senate Bill No. 2023 for a multipurpose building that would have replaced the current dining building at the Missouri River Correctional Center			(2,022,510)	(2,022,510)
Provided funding in House Bill No. 1408 for the Department of Corrections and Rehabilitation to reimburse a nonprofit, faith-based organization in North Dakota for room and board costs associated with an extended residential care program in northwestern North Dakota for indigent adults with alcohol or other substance abuse issues		150,000		150,000
Provided funding in Senate Bill No. 2341 to the Department of Corrections and Rehabilitation Field Services Division for funding the mandatory drug treatment pilot project	0.50	515,855		515,855
Total	2.00	($52,709)	($3,971,779)	($4,024,488)

FTE Changes

The following table summarizes FTE position changes:

Position	Proposed FTE Changes Included in Executive Budget	FTE Changes Included in Legislative Appropriation	Legislative Increase (Decrease) From Executive Budget
Juvenile Services Division	0.00	0.00	
Adult Services Division			
Field Services Division			
Administrative assistant II	5.10	5.10	
Parole and probation officer II	2.00	2.00	
Community corrections agent I	0.50	0.50	
Community corrections agent II	2.00	2.00	
Parole and probation program manager	1.00	1.00	
Community commitment supervision		3.00	3.00
Program manager		0.50	0.50
Prisons Division			
Dentist	1.00	1.00	
Dental assistant	1.00	1.00	
Physician	1.00	1.00	
Nurse practitioner	1.00	1.00	
Social worker II	4.00	3.00	(1.00)
Addiction counselor II	2.00	2.00	
Human relations counselor	3.00	3.00	
Mental health care specialist II	2.00	2.00	
Correctional unit case manager	3.00	3.00	
Licensed psychologist II	1.00		(1.00)
Administrative assistant II	0.50		(0.50)
Addiction counselor III	1.00	1.00	
Pharmacy technician		1.00	1.00

Total	31.1	33.1	2

Capital Projects

Project	2005-07 Executive Budget			2005-07 Legislative Appropriations			Legislative Appropriation Increase (Decrease)		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Juvenile Services Division									
Youth Correctional Center									
Extraordinary repairs	$55,000		$55,000	$25,000		$25,000	($30,000)		($30,000)
Air exchange system in welding shop		$135,000	135,000		$135,000	135,000			
Total - Juvenile Services Division	**$55,000**	**$135,000**	**$190,000**	**$25,000**	**$135,000**	**$160,000**	**($30,000)**	**$0**	**($30,000)**
Adult Services Division									
Prisons Division									
Extraordinary repairs	$722,000		$722,000	$500,000		$500,000	($222,000)		($222,000)
ET building improvements - James River Correctional Center		$980,000	980,000		$980,000	980,000			
Programs building code improvements - James River Correctional Center		584,000	584,000		584,000	584,000			
Multipurpose building - Missouri River Correctional Center		2,022,510	2,022,510					($2,022,510)	(2,022,510)
Roughrider Industries building - Missouri River Correctional Center		320,000	320,000		320,000	320,000			
Total - Adult Services Division	**$722,000**	**$3,906,510**	**$4,628,510**	**$500,000**	**$1,884,000**	**$2,384,000**	**($222,000)**	**($2,022,510)**	**($2,244,510)**
Total Department of Corrections and Rehabilitation	$777,000	$4,041,510	$4,818,510	$525,000	$2,019,000	$2,544,000	($252,000)	($2,022,510)	($2,274,510)

Inmate Population

The following table summarizes the 2005-07 biennium inmate population projections used to develop the legislative appropriation, the same population estimates used to develop the executive recommendation:

	Male	Female	Total
Fiscal Year 2006			
July	1,237	134	1,371
August	1,243	135	1,378
September	1,249	136	1,385
October	1,256	136	1,392
November	1,262	137	1,399
December	1,268	138	1,406
January	1,275	139	1,414
February	1,281	139	1,420
March	1,287	140	1,427
April	1,294	141	1,435
May	1,300	141	1,441
June	1,307	142	1,449
Fiscal Year 2007			
July	1,313	143	1,456
August	1,320	143	1,463
September	1,327	144	1,471
October	1,333	145	1,478
November	1,340	146	1,486
December	1,347	146	1,493
January	1,353	147	1,500
February	1,360	148	1,508
March	1,367	149	1,516
April	1,374	149	1,523
May	1,381	150	1,531
June	1,388	151	1,539

The following table shows the actual average male and female inmate populations for July 2003 through April 2005, as compared to the legislative population estimates for the 2003-05 biennium:

	Male Inmate Population Estimated vs. Actual			Female Inmate Population Estimated vs. Actual		
	Legislative Estimated Population	Actual Population	Actual Above/(Below) Estimate	Legislative Estimated Population	Actual Population	Actual Above/(Below) Estimate
Fiscal Year 2004						
July	1,013	1,087	74	104	106	2
August	1,017	1,082	65	105	109	4
September	1,020	1,095	75	106	107	1
October	1,023	1,129	106	107	111	4
November	1,027	1,138	111	109	110	1
December	1,030	1,143	113	111	110	(1)
January	1,034	1,148	114	112	114	2
February	1,037	1,160	123	113	115	2
March	1,040	1,168	128	114	118	4
April	1,044	1,173	129	116	121	5
May	1,047	1,173	126	117	125	8
June	1,051	1,166	115	119	126	7
Fiscal Year 2005						
July	1,054	1,171	117	120	127	7
August	1,058	1,178	120	122	127	5
September	1,061	1,167	106	123	129	6
October	1,064	1,181	117	124	131	7
November	1,068	1,196	128	125	141	16
December	1,071	1,191	120	126	135	9
January	1,075	1,205	130	128	131	3
February	1,078	1,216	138	129	135	6
March	1,081	1,221	140	131	139	8
April	1,085	1,232	147	132	144	12
May	1,088			134		
June	1,092			136		

Inmate Contract Housing

The Legislative Assembly reduced funding for inmate contract housing by $200,000, for a total inmate contract housing appropriation for the 2005-07 biennium of $8,433,190, a total increase of $1,864,973 from the 2003-05 biennium appropriation. The executive budget recommendation provided a total of $8,633,190 for inmate contract housing, consisting of $7,374,549 for daily housing costs and $1,258,641 for medical expenses. These amounts represent increases of $1,225,112 and $839,861, respectively, from the amounts appropriated for the 2003-05 biennium. This funding is to be used by the department to contract house female inmates at the Dakota Women's Correctional Rehabilitation Center in New England and to house excess male inmates at county jails and private facilities.

The following table shows the actual female inmate contract housing rates at the Dakota Women's Correctional Rehabilitation Center for the 2003-05 biennium, and the estimated female inmate contract housing rates for the 2005-07 biennium, as provided to the Legislative Assembly by the Dakota Women's Correctional Rehabilitation Center based on a population of 100 female inmates:

		Estimated 2005-07 Biennium		Estimated Increase From 2003-05 Biennium	
	2003-05 Biennium	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2007
Daily housing rates					
Without treatment	$62.23	$71.50	$71.50	$9.27	$9.27
With treatment	$74.23	$83.50	$83.50	$9.27	$9.27
Orientation	$74.23	$84.70	$84.70	$10.47	$10.47
Daily medical rates	$15.50	$20.58	$21.50	$5.08	$6.00
Total daily rate without treatment	$77.73	$92.08	$93.00	$14.35	$15.27

Total daily rate with treatment	$89.73	$104.08	$105.00	$14.35	$15.27
Total daily rate for orientation	$89.73	$105.28	$106.20	$15.55	$16.47

NOTE: Under the 2003-05 contract, the daily medical rate of $15.50 per inmate for the 2003-05 biennium is deposited into a medical expense account and used to cover female inmate medical expenses at the Dakota Women's Correctional Rehabilitation Center. The center will pay for the first $50,000 of medical expenses in excess of the amount available in the medical expense account, and the Department of Corrections and Rehabilitation is responsible for any medical expenses above the first $50,000 covered by the center.

Short-Term Diversion

The executive recommendation for the Department of Corrections and Rehabilitation included placing up to 30 inmates on short-term diversion, which is a program designed to help reduce the need for prison beds by keeping inmates with short-term sentences out of prison. Short-term diversion involves the use of global positioning systems (GPS) and home confinement to manage inmates with short-term sentences outside prison. Inmates on short-term diversion will be supervised by the Field Services Division. The Legislative Assembly added Section 11 to Senate Bill No. 2015 providing a statement of legislative intent that the Department of Corrections and Rehabilitation increase the number of inmates on short-term diversion during the 2005-07 biennium by 15 inmates, from 30 to 45.

Relapse Program

The Legislative Assembly did not change the executive recommendation to provide 3 FTE positions for a 90-day, 13-bed relapse program at the Missouri River Correctional Center. This program's target population will be parole violators that use drugs and alcohol in violation of their parole agreement. The relapse program will focus on the criminogenic risk, criminogenic need, and relapse prevention strategies of those parole violators that have completed a primary treatment program but have failed to the point in the community that they need to be in a structured and supportive correctional setting. The overall program will be based on the cognitive behavioral social learning theory and will work extensively in identifying antisocial thinking processes, behaviors, and attitudes to develop interventions that challenge these criminal beliefs and thinking patterns and reintroduce them to pro-social thinking and behavior patterns. The 3 new FTE positions for this program include 1 FTE licensed addiction counselor II position, 1 FTE human relations counselor position, and 1 FTE correctional counselor position. In addition to the 13 beds at the Missouri River Correctional Center, the department also plans to contract for 17 relapse treatment beds with a private facility.

Assessment Center Program

The Legislative Assembly did not change the executive recommendation to provide $910,800 for a 30-bed assessment center program. This program will be managed by the Department of Corrections and Rehabilitation and another private or public agency to provide further assessment and evaluation of offenders. The assessment program will provide a thorough assessment for offenders requiring evaluation, stabilization in a controlled environment, and coordinated case management to refer for the treatment of services.

The assessment center was authorized by the 2003 Legislative Assembly to be included with the Tompkins Rehabilitation and Correction Center located on the campus of the State Hospital. However, the department was unable to implement the assessment center at the Tompkins Rehabilitation and Correction Center, because the 30 beds that were anticipated to be used for the assessment center had to be used to house female inmates at the Tompkins Rehabilitation and Correction Center.

Other Sections in Bill

Crime victims restitution and gift fund - Section 4 provides that $44,000 included in the Field Services line item is from the crime victims restitution and gift fund to be used and disbursed by the department in accordance with the terms of the payment or donation or, if there are no terms, for the costs and expenses for the implementation of crime victims compensation.

State Penitentiary land fund - Section 5 provides that $135,000 included in the Youth Correctional Center line item is from the State Penitentiary land fund and shall be used by the department for capital projects at the Youth Correctional Center.

Probationer violation transportation fund - Section 6 provides that $165,000 included in the Field Services line item is from the probationer violation transportation fund and shall be used by the department for defraying the costs of returning to the state probationers who violate their conditions of supervision.

Female inmates in Grade 1 correctional facilities - Section 7 was added to create a new section to North Dakota Century Code (NDCC) Chapter 12-44.1 to allow a Grade 1 correctional facility that has a contract with the Department of Corrections and Rehabilitation to confine female inmates who have been sentenced to the legal and physical custody of the department for more than one year in accordance with the terms of the contract. This section expires June 30, 2007.

Supervision fees - Section 8 was added to amend subsection 2 of NDCC Section 12.1-32-07 to change the monthly offender supervision fees from $36 to $40 per offender.

Legislative intent - Section 9 was added to provide a statement of legislative intent that future composite schedules for teacher salaries prepared by the Office of Management and Budget Human Resource Management Services Division be developed to base pay increases on the salaries of all teachers who teach in schools with a combined enrollment of greater than 100 students, excluding the Fargo and West Fargo School Districts. This section was repealed by Section 27 of House Bill No. 1015.

Legislative intent - Section 10 was added to provide a statement of legislative intent that if the Department of Corrections and Rehabilitation can identify $250,000 of general fund savings within its 2005-07 biennium appropriation, the department may use that savings to provide additional salary equity adjustments for employees in the Field Services Division.

Legislative intent - Section 11 was added to provide a statement of legislative intent that the Department of Corrections and Rehabilitation increase the number of inmates in short-term diversion during the 2005-07 biennium by 15 inmates, from 30 to 45 inmates.

Legislative Council study - Section 12 was added to provide for a Legislative Council study for the development of a strategic plan for the Department of Corrections and Rehabilitation incarceration and correctional facility needs. This section was amended by Section 12 of House Bill No. 1015 to remove subsection 2 of the study which provided for the membership and chairmanship of the committee.

Related Legislation

House Bill No. 1024 provides a deficiency appropriation of $1,732,168 to the Department of Corrections and Rehabilitation.

House Bill No. 1473 creates a Commission on Alternatives to Incarceration.

Senate Bill No. 2023 authorizes the Industrial Commission, acting as the North Dakota Building Authority, to issue bonds for capital projects, including ET building improvements at the James River Correctional Center (total project cost of $980,000) and programs building code improvements at the James River Correctional Center (total project cost of $584,000).

Council on the Arts
Budget No. 709
Senate Bill No. 2010, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	5.00	$1,028,422	$1,268,318	$2,296,740
2005-07 legislative appropriations	**5.00**	**999,691**	**1,268,318**	**2,268,009**
Legislative increase (decrease) to executive budget	0.00	($28,731)	$0	($28,731)
Legislative increase (decrease) to 2003-05 appropriations	0.00	($4,712)	$46,103	$41,391

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Council on the Arts is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$1,893		$1,893
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(624)		(624)
Removed funding for a new grant program to support infrastructure and capital equipment needs of local art organizations		(30,000)		(30,000)
Total	0.00	($28,731)	$0	($28,731)

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 5 FTE positions, the same as the 2003-05 biennium.

Lewis and Clark Bicentennial

The Legislative Assembly did not change the executive recommendation to provide $108,300 from the general fund for the Lewis and Clark Bicentennial line item, a decrease of $55,450 from the 2003-05 biennium appropriation of $163,750. The $108,300 is for the following programs/activities:

Bicentennial programs	
2005 activities, including the Cross Ranch summer festival, Knife River Culturefest, and arts activities held at the Lewis and Clark Interpretive Center in Washburn and the Williston Confluence Center	$10,800
2006 Lewis and Clark signature event	35,000
North Dakota Lewis and Clark Resource Council	2,500
Total bicentennial programs	$48,300
Continuing programs	
Cultural guide reprinting	10,000
2005-06 activities and continuing activities, including additional Lewis and Clark summer activities at Knife River State Park, Cross Ranch State Park, the Amtrak/National Park Service partnership, the Lewis and Clark Confluence Center and the Lewis and Clark Interpretive Center	10,000
North Dakota Council on the Arts traditional arts apprenticeships	5,000
Grants to communities for arts activities during the Lewis and Clark Bicentennial	35,000
Total continuing programs	$60,000
Total Lewis and Clark Bicentennial	$108,300

Other Sections in Bill

Cultural endowment fund appropriation - Section 4 provides that all income from the cultural endowment fund is appropriated to the Council on the Arts for the furthering of the cultural arts in the state.

Employee classification - Section 6 amends North Dakota Century Code (NDCC) Section 54-54-04 to provide that the employees of the Council on the Arts, except for the director, are classified employees.

Investment of the cultural endowment fund - Sections 5 and 7 make the statutory changes necessary to allow the Council on the Arts Board to invest the cultural endowment fund under the supervision of the State Investment Board.

Legislative intent - Section 8 provides a statement of legislative intent regarding the investment of the cultural endowment fund. This section provides that the Council on the Arts, in cooperation with the State Investment Board, determine the mix and risk for investing the assets of the cultural endowment fund under the management of the State Investment Board.

School for the Deaf
Budget No. 252
House Bill Nos. 1013, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	49.94	$5,488,553	$1,326,566	$6,815,119
2005-07 legislative appropriations	**49.19**	**5,365,097**	**1,327,265**	**6,692,362**
Legislative increase (decrease) to executive budget	(0.75)	($123,456)	$699	($122,757)
Legislative increase (decrease) to 2003-05 appropriations	(2.66)	$291,855	$455,816	$747,671

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the School for the Deaf is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$11,667	$824	$12,491
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(6,489)	(125)	(6,614)
Removed funding for salaries and wages ($76,749) and operating expenses ($51,885) relating to the school's new outreach efforts to individuals who are over 21 years of age	(0.75)	(128,634)		(128,634)
Total	(0.75)	($123,456)	$699	($122,757)

FTE Changes

The 2005-07 biennium appropriation includes funding for 49.19 FTE positions, a decrease of 2.66 FTE positions from the 2003-05 biennium authorized level of 51.85 FTE positions. The legislative action did not change the executive recommendation to eliminate 1.91 FTE positions not requested by the agency. In addition, the Legislative Assembly removed a .75 faculty nonclassified FTE position.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate $279,495, of which $46,645 is from the general fund and $232,850 is from special funds, for pool building roof repair ($36,645), repair of roads and parking lots ($10,000), and implementing facility enhancement measures ($232,850).

Related Legislation

Mission and responsibilities - House Bill No. 1231 provides that the School for the Deaf may collaborate with public and private entities for the provision of services to individuals who are deaf or hearing-impaired. The School for the Deaf is not, however, permitted to compete with any public or private entity offering the same services within a region.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill Nos. 1015, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	332.00	$66,546,349	$2,526,808	$69,073,157
2005-07 legislative appropriations	**338.00**[1]	**65,168,362**[1]	**2,729,978**[1]	**67,898,340**[1]
Legislative increase (decrease) to executive budget	6.00[1]	($1,377,987)	$203,170	($1,174,817)
Legislative increase (decrease) to 2003-05 appropriations	2.00[1]	$10,080,993	$686,442	$10,767,435

[1]The 2005-07 legislative appropriation amounts for the judicial branch includes 6 new FTE positions for the Commission on Legal Counsel for Indigents and an appropriation of $815,671, consisting of $365,593 from the general fund, for the establishment of the commission (see the **Indigent Defense** section below for additional information).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		$3,144		$3,144
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from 5.78 percent and 4 percent for each year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases		(24,241)		(24,241)
Added funding for other employees for state employee salary increases		21,671		21,671
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,490)		(5,490)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from 5.78 percent and 4 percent for each		(180,329)		(180,329)

year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases				
Added funding for other employees for state employee salary increases		107,462	$3,082	110,544
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(35,138)	(680)	(35,818)
Reduced funding for indigent defense contracts from a rate of $75 to $65 per hour		(1,155,930)		(1,155,930)
Reduced funding for indigent defense to decrease the reimbursement of overhead expenses relating to the reduction in funding for indigent defense contract rates (Reimbursement of overhead expenses is calculated at 10 percent of the total indigent defense contract amount.)		(115,593)		(115,593)
Reduced funding for indigent defense caseload increases from $500,000 to $250,000		(250,000)		(250,000)
Added 6 FTE positions and provided funding for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information)	6.00	365,593	200,000	565,593
Removed funding for the installation of a digital audio system		(40,000)		(40,000)
Removed funding for the installation of two interactive televisions		(70,000)		(70,000)
Judicial Conduct Commission changes:				
Added funding for state employee salary increases		1,129	1,003	2,132
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(265)	(235)	(500)
Total	6.00	($1,377,987)	$203,170	($1,174,817)

FTE Changes

The 2005-07 biennium appropriation includes funding for 338 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 336 FTE positions. The Legislative Assembly did not change the judicial branch proposal to delete 4 vacant FTE positions that were eliminated pursuant to Senate Bill No. 2423 (2003)--the state employee contingent salary increase bill--to generate savings and allow the judicial branch to provide a 1 percent salary increase for the remaining judicial branch employees as of January 1, 2004. The 4 FTE positions deleted consisted of 3 FTE deputy clerk of court positions (Walsh, Williams, and Stutsman Counties) and 1 FTE juvenile court officer position (Burleigh County). The Legislative Assembly also added 6 FTE positions for the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information).

Other Sections in Bill

Appropriation of additional funding - Section 4 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Center Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Salaries of Supreme Court justices - Section 6, as amended by Section 14 of House Bill No. 1015, provides statutory changes to North Dakota Century Code (NDCC) Section 27-02-02, relating to the salaries of justices of the Supreme Court. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The Supreme Court justices' salaries are to be increased from the current level of $99,122 to $103,087, effective July 1, 2005, and $107,210, effective July 1, 2006. The Chief Justice of the Supreme Court is entitled to receive an additional $3,015 per annum, effective July 1, 2005, and an additional $3,136 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,899 per annum.

Salaries and expenses of district judges - Section 7, as amended by Section 15 of House Bill No. 1015, provides statutory changes to NDCC Section 27-05-03, relating to the salaries and expenses of district court judges. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The district court judges' salaries are to be increased from the current level of $90,671 to $94,298, effective July 1, 2005, and $98,070, effective July 1, 2006. The presiding judge of a judicial district is entitled to receive an additional $2,779 per annum, effective July 1, 2005, and an additional $2,890 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,672 per annum.

Indigent Defense

The judicial branch requested a total of $11,014,298 in the indigent defense line items for the 2005-07 biennium. Of that amount, $10,486,423 was to provide indigent defense services and $527,875 was for guardians ad litem, which represents increases of $5,799,026 for indigent defense services and $152,875 for guardians ad litem from the 2003-05 biennium appropriation. Senate Bill No. 2027, as introduced, provided for the establishment of a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services, provided for the transition of indigent defense services from the judicial branch to the commission by December 31, 2005, and provided a general fund appropriation of $1,135,285 to the commission for the purpose of establishing the commission.

The Legislative Assembly provided a total of $9,492,775 for the indigent defense line items for the 2005-07 biennium, consisting of $8,964,900 for indigent defense services and $527,875 for guardians ad litem. The $8,964,900 for indigent defense services is a decrease of $1,521,523 from the judicial branch's request of $10,486,423, and an increase of $4,277,503 from the 2003-05 biennium appropriation. Although the Legislative Assembly removed the general fund appropriation of $1,135,285 from Senate Bill No. 2027, it provided a total of $815,671 in Senate Bill No. 2002 for the establishment of the Commission on Legal Counsel for Indigents. The $815,671 consists of a general fund appropriation of $365,593 (Section 9 of the bill), special funds appropriation of $200,000 (Section 9 of the bill), general fund carryover of up to $250,078 from the 2003-05 biennium (Section 8 of the bill), and is anticipated to be used to provide salaries and benefits for 6 new FTE positions, operating expenses, startup costs, and oversight board expenses. Funding for the new positions was provided based on the following--1 director (22 months), 1 deputy director (21 months), 1 administrative assistant (21 months), and 3 investigators (2 for 18 months and 1 for 6 months).

Section 8 was added to provide for an exemption to the provisions of NDCC Section 54-44.1-11, relating to unexpended appropriations to allow the judicial branch to carry forward up to $250,078 from the Supreme Court and district courts 2003-05 biennium general fund appropriation to the 2005-07 biennium for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents established by 2005 Senate Bill No. 2027.

Section 9 was added to provide an appropriation of $565,593 to the district courts for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents. This appropriation consists of $365,593 from the general fund and $200,000 from the indigent defense administration fund. This section

also provides that any money not expended by the district courts for this purpose by December 31, 2005, are available to the Commission on Legal Counsel for Indigents and the appropriation must be transferred to the commission on January 1, 2006.

Related Legislation

Senate Bill No. 2027 establishes a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services and provides for the transition of indigent defense services from the Supreme Court to the commission by December 31, 2005.

Senate Bill No. 2103 allows the state courts to participate in the income tax refund debt setoff for purposes of court-ordered fines, fees, or costs due to the state.

Senate Bill No. 2105 repeals NDCC Section 27-02-05.2, which provides for the state juvenile services coordinator position.

Department of Emergency Services
Budget No. 512
House Bill Nos. 1016, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	54.00	$5,106,239	$56,961,521	$62,067,760
2005-07 legislative appropriations	**54.00**	**5,115,672**	**57,870,280**	**62,985,952**
Legislative increase (decrease) to executive budget	0.00	$9,433	$908,759	$918,192
Legislative increase (decrease) to 2003-05 appropriations	34.00	($3,876,877)[1]	$20,653,139	$16,776,262[1]

[1]This amount reflects the 2003-05 deficiency appropriation of $7,623,514 from the general fund to the Department of Emergency Services for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires ($151,369) and repayment of the loan from the Bank of North Dakota for the state's share of disaster costs ($7,472,145).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Emergency Services is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$12,984	$11,698	$24,682
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,551)	(2,939)	(6,490)
Created a salaries and wages pool of $213,493, of which $2,977 is from the general fund and $210,516 is from special funds, with funding from the salaries and wages line item (see **Salaries and Wages Pool** section below)				0
Authorized the borrowing of funds from the Bank of North Dakota for expenses associated with the migration of the State Radio Communications system from analog to digital			900,000	900,000
Total	0.00	$9,433	$908,759	$918,192

FTE Changes

The 2005-07 biennium appropriation includes funding for 54 FTE positions, an increase of 34 FTE positions from the 2003-05 authorized level. The legislative action did not change the executive recommendation to transfer 29 FTE positions relating to State Radio Communications from the Office of Management and Budget to the Department of Emergency Services and to continue 5 emergency program specialist FTE positions authorized during the 2003-05 biennium by the Emergency Commission.

Agency Reorganization

The Legislative Assembly did not change the executive budget recommendation to transfer the funding and 29 FTE positions associated with State Radio Communications from the Office of Management and Budget to the Division of Emergency Management. The Legislative Assembly did change the name of the Division of Emergency Management to the Department of Emergency Services consisting of a Division of State Radio and a Division of Homeland Security. The Adjutant General is the director of the department, and the Adjutant General shall appoint a separate director of each division. The Division of Homeland Security is to consist of the state operations center section, the disaster recovery section, and the homeland security section. The Adjutant General is to provide for shared administration of both divisions.

Salaries and Wages Pool

The Legislative Assembly created a salaries and wages pool of $213,493, of which $2,977 is from the general fund and $210,516 is from special funds, with funding from the Department of Emergency Services salaries and wages line item. Section 10 of House Bill No. 1016 provides that the department, in conjunction with Human Resource Management Services of the Office of Management and Budget shall reevaluate job classifications impacted by the department's reorganization. The department is to report the positions affected by the department's reorganization, a detailed justification of any prior salary increases, and a recommendation and analysis of any proposed salary increases or decreases to the Budget Section. The funding of $213,493 is available to the department for providing salary increases to positions affected by the reorganization subject to approval by the Budget Section.

Other Sections in Bill

Performance audit - Section 5 requires the State Auditor to conduct a performance audit of the Department of Emergency Services, including a review of fees collected for 911 services and the utilization of the fees during the 2005-07 biennium. If possible, the audit should include options for the appropriate method of funding costs incurred by the department for providing 911 services, including the costs incurred by the department for answering calls from counties not under contract with the department for 911 services. The results of the audit must be presented to the Legislative Audit and Fiscal Review Committee and filed with the Appropriations Committees of the 2007 Legislative Assembly.

Loan authorization - Section 6 authorizes the Department of Emergency Services to borrow up to $900,000 from the Bank of North Dakota for expenses associated with the migration of the State Radio Communications system from analog to digital subject to the approval of the Emergency Commission and the Budget Section. The loan, including interest, is to be repaid with federal funds made available from the United States Department of Homeland Security.

Homeland security funding allocation review process - Section 7 provides that the Department of Emergency Services implement a review process relating to the department's allocation of federal homeland security funds to political subdivisions during the 2005-06 interim. The process must assure that all agencies and responders are involved in the distribution of the federal funds and that the priorities included in the local needs assessment are met. The department, as requested, shall provide the Legislative Council a report detailing the uses of federal homeland security funds at the state and local level and a report regarding any discrepancies relating to the needs assessments completed by the department and political subdivisions and purchases made with federal homeland security funds.

Political subdivision financial participation - Section 8 provides legislative intent that political subdivisions spend a portion of the federal homeland security funding allocations on costs associated with the migration of the State Radio Communications system from analog to digital.

State Radio Communications system migration project - Section 9 provides legislative intent that the Office of Management and Budget address all remaining costs associated with the migration of the State Radio Communications system from analog to digital in the department's budget request for the 2007-09 biennium.

Department of Emergency Services Advisory Committee - Section 13 provides that the Adjutant General create one or more advisory committees to the Department of Emergency Services. An advisory committee may consist of not more than 11 members representing local and state interests in the department. Members must be appointed to four-year staggered terms. An advisory committee shall advise the department regarding collaboration with political subdivisions, and each member of an advisory committee shall report to the local interest each member represents concerning recommendations approved by the committee.

Agency reorganization - Sections 14 through 33 provide the necessary statutory changes to reflect the agency reorganization and the agency name change from the Division of Emergency Management to the Department of Emergency Services.

Related Legislation

2003-05 deficiency appropriation - House Bill No. 1024 provides the Department of Emergency Services a 2003-05 deficiency appropriation of $7,623,514 from the general fund for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires ($151,369) and repayment of the loan from the Bank of North Dakota for the state's share of disaster costs ($7,472,145).

State Fair Association
Budget No. 665
Senate Bill No. 2009

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$590,000	$0	$590,000
2005-07 legislative appropriations	**0.00**	**615,000**		**615,000**
Legislative increase (decrease) to executive budget	0.00	$25,000	$0	$25,000
Legislative increase (decrease) to 2003-05 appropriations	0.00	$33,250	($20,000)	$13,250

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for premiums from $380,000 to $405,000		$25,000		$25,000
Total	0.00	$25,000	$0	$25,000

State Fair Premiums

The Legislative Assembly provided funding of $405,000 from the general fund for premiums. The $405,000 is $13,250 more than the 2003-05 appropriation of $391,750, of which $371,750 was from the general fund and $20,000 was to be raised by the State Fair, and $25,000 more than the executive budget recommendation of $380,000. The following is a summary of funding for State Fair premiums:

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
General fund	$371,750	$405,000	$33,250
Special funds	20,000		(20,000)
Total	$391,750	$405,000	$13,250

Debt Payments

The Legislative Assembly did not change the executive recommendation which provided $210,000 from the general fund to continue the interest rate buydown on State Fair capital construction project payments for the 2005-07 biennium, the same level provided in the 2003-05 biennium.

Other Sections in Bill

State Fair Association Board of Directors - Section 4 amends North Dakota Century Code Section 4-02.1-09 relating to vacancies and special compensation of State Fair Board members.

Department of Financial Institutions
Budget No. 413
Senate Bill No. 2008, House Bill Nos. 1050, 1174

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	26.00	$0	$4,207,793	$4,207,793
2005-07 legislative appropriations	**27.00**		**4,445,503**	**4,445,503**
Legislative increase (decrease) to executive budget	1.00	$0	$237,710	$237,710
Legislative increase (decrease) to 2003-05 appropriations	2.00	$0	$796,119	$796,119

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Financial Institutions is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$15,044	$15,044
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(3,245)	(3,245)
Added a contingent appropriation for employee travel reimbursement increases (see **Related Legislation** section below)			32,169	32,169
Added funding and 1 FTE position in House Bill No. 1174 for licensing and regulation of money transmitters (see **Related Legislation** section below)	1.00		193,742	193,742
Total	1.00	$0	$237,710	$237,710

FTE Changes

The 2005-07 biennium appropriation includes funding for 27 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 25 FTE positions, and an increase of 1 FTE position from the executive recommendation of 26 FTE positions. The Legislative Assembly did not change the executive recommendation which added 1 FTE bank examiner position for the Minot area, and the Legislative Assembly added 1 FTE position for the licensing and regulation of money transmitters.

Other Sections in Bill

Contingent appropriation - Section 4 provides a contingent appropriation of $32,169 to the Department of Financial Institutions from the financial institutions regulatory fund for an increase in travel expenses for the department pursuant to provisions of Senate Bill No. 2195 (see **Related Legislation** section below).

Related Legislation

House Bill No. 1127 provides that an applicant for a money broker license must pay an additional annual fee of $50 for each branch location within the state and the Department of Financial Institutions may charge an additional $50 fee for a delinquent license renewal.

House Bill No. 1174 provides for the licensing, reports, and examination of money transmitters, and as reflected above, provides a $193,742 appropriation from the financial institutions regulatory fund to the Department of Financial Institutions for the expenses related to licensing and regulation of money transmitters and authorizes 1 additional FTE position.

Senate Bill No. 2195 provides an increase in the reimbursement of lodging expenses for state employees from $45 to $50 per night plus tax and increases the allowances for meals for state employees from $20 to $25 per day.

Game and Fish Department
Budget No. 720
House Bill Nos. 1018, 1050, 1069, 1189

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	152.00	$0	$48,465,166	$48,465,166
2005-07 legislative appropriations	**152.00**		**51,201,059**	**51,201,059**
Legislative increase (decrease) to executive budget	0.00	$0	$2,735,893	$2,735,893
Legislative increase (decrease) to 2003-05 appropriations	5.00	$0	$7,835,296	$7,835,296

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Game and Fish Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$72,931	$72,931
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(18,970)	(18,970)
Added funding for boat ramp improvements and marina development			800,000	800,000
Added funding to provide a grant for construction costs of the Grahams Island Road			750,000	750,000
Increased funding for wildlife services from $550,000 to $680,000			130,000	130,000
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans			1,932	1,932
Added funding in House Bill No. 1189 for the department to enter leases with private landowners to provide access for hunting purposes			1,000,000	1,000,000
Total	0.00	$0	$2,735,893	$2,735,893

FTE Changes

The 2005-07 biennium appropriation includes funding for 152 FTE positions, an increase of 5 FTE positions from the 2003-05 biennium authorized level of 147 FTE positions. The Legislative Assembly did not change the executive recommendation which added 1 FTE license clerk position, 1 FTE wildlife technician position, 2 FTE wildlife biologist I positions, and 1 FTE fisheries biologist position.

Funding for Department of Agriculture

Wildlife Services

The Legislative Assembly increased the executive recommendation for the wildlife services line item by $130,000 from the game and fish fund. The funding will be made available to the Agriculture Commissioner to contract with the United States Department of Agriculture - Wildlife Services Agency to alleviate wildlife depredation and damage in North Dakota. The Legislative Assembly provided a contingent appropriation to the Department of Agriculture for a total of $130,000 in addition to the $550,000 appropriation included in the executive recommendation for wildlife services. The contingent appropriation provides that if federal funding for the cooperative wildlife damage management program for North Dakota wildlife services for federal fiscal year 2006 is less than $400,000, then $65,000 of the contingent appropriation is available for wildlife services programs and if the same federal funding is less than $400,000 for federal fiscal year 2007, an additional $65,000 of the contingent appropriation is available for wildlife services programs. The total 2005-07 biennium appropriation for wildlife services is $680,000, $130,000 more than the 2003-05 biennium appropriation of $550,000.

Board of Animal Health

The Legislative Assembly did not change the executive recommendation to provide $150,000 from the game and fish fund for a grant to the Department of Agriculture for expenses of the Board of Animal Health, the same as the 2003-05 biennium appropriation.

Funding for Parks and Recreation Department

The Legislative Assembly did not change the executive recommendation to provide $122,000 from the game and fish fund for a grant to the Parks and Recreation Department for state park boat ramp maintenance and repairs, the same as the 2003-05 biennium appropriation.

Capital Projects

The Legislative Assembly did not change the executive recommendation to provide funding from the game and fish fund for the following capital projects:

Project	Other Funds
Extraordinary repairs	$416,116
Construction of two storage buildings at the Bismarck shop	400,000
Fishing area projects	870,000
Wildlife management area projects	150,000
Land acquisitions	750,000
Equipment over $5,000	485,000
Total	$3,071,116

NOTE: The total of $3,071,116 consists of $2,961,116 in the capital assets line, $70,000 in the land habitat and deer depredation line, and $40,000 in the Lonetree Reservoir line.

The Legislative Assembly also provided $800,000 in the ramp improvements and marina development line item for various boat ramp improvements and marina development and added an emergency section to the bill for the funds included in this line item.

Other Sections in Bill

Private land habitat and access improvement - Section 4 provides that $3,500,000 included in the land habitat and deer depredation line item is from the private land habitat and access improvement fund and shall be used by the department for the private land habitat and access improvement program, as provided in North Dakota Century Code (NDCC) Section 20.1-02-05.

Nongame wildlife fund - Section 5 provides that $35,000 of the nongame wildlife conservation line item is from the nongame wildlife fund and is to be used by the department for the purposes of preservation, inventory, perpetuation, and conservation of nongame wildlife, natural areas, and nature preserves in this state.

Wildlife services - Section 6 provides that the wildlife services line item ($680,000) is from the game and fish fund and is to be used for the purpose of alleviating wildlife depredation and damage in North Dakota. Projects, contracts, and agreements may be entered into by the department in cooperation with the Agriculture Commissioner.

Legislative intent - Section 7 provides a statement of legislative intent regarding the grants, gifts, and donations line item. This section states that up to $500,000 included in the grants, gifts, and donations line item was provided to the Game and Fish Department as a gift from the estate of Rodney Underdahl and it is the intent of the Legislative Assembly to approve the unrestricted receipt of the gift.

Legislative intent - Section 8 provides a statement of legislative intent regarding the Grahams Island Road project. This section provides that if the bids for the Grahams Island Road construction project are less than the amount budgeted, then $350,000 of the $750,000 grant provided by the Game and Fish Department for the road project must be returned to the game and fish fund.

Game and fish fund balance - Section 9 amends NDCC Section 20.1-02-16.1 to change the required minimum balance of the game and fish fund from $10 million to $15 million.

Opening of youth pheasant season - Section 10 amends NDCC Section 20.1-04-15 to provide that the Governor, in the Governor's proclamation, may provide a pheasant hunting season for youth ages 12 through 16 on the Saturday and Sunday preceding the opening of the regular pheasant season. Section 11 provides an expiration date of July 31, 2007, for Section 10.

Related Legislation

House Bill No. 1062 changes the eligibility for individuals to participate in the deerproof hay yard program so that landowners that allow commercial big game hunting in exchange for compensation and who post that person's land to prohibit big game hunting is not eligible to participate in the program.

House Bill No. 1100 provides for the protection of Game and Fish Department records of personal information obtained from the public and records of sensitive biological data.

House Bill No. 1102 provides that the capture or killing of a black bear or mountain lion shall be reported to the Game and Fish Department within 24 hours and the entire animal must be turned over to the department. The department shall assess the status of mountain lions in the state and report its findings to the Legislative Council.

House Bill No. 1276 provides for the powers of the game and fish director and guiding on prohibited lands and provides for the licensing and qualifications of guides and outfitters.

House Bill No. 1395 increases the per diem for members of the state Game and Fish Advisory Board from $50 to $62.50.

House Bill No. 1402 establishes a nonresident wild turkey hunting license with a fee of $80.

Senate Bill No. 2041 eliminates the requirement that non-Indians must have a state hunting license to hunt on tribal or Indian-owned land.

Senate Bill No. 2100 changes the definition of a resident for game and fish purposes.

Senate Bill No. 2256 creates a new statewide nonresident waterfowl hunting license with a fee increase of $40, which is not subject to current zone restrictions. The bill provides that $40 of each statewide nonresident fee must be used for the private land open to sportsmen program.

Senate Bill No. 2290 changes the formula for calculating the annual fee for a shooting preserve license.

Senate Bill No. 2294 increases the fee for resident wholesale bait licenses from $30 to $50, establishes Class A and Class B nonresident wholesale bait vendor licenses, changes the fee for a Class B nonresident license from $200 to $250, and provides for a Class A nonresident license fee of $500.

Senate Bill No. 2334 allows nonresident full-time college students residing in and attending college in North Dakota to purchase fishing and hunting licenses at resident rates.

Senate Bill No. 2338 establishes an aquatic nuisance species program within the Game and Fish Department.

Senate Bill No. 2367 changes the nonresident small game hunting license periods from 10 consecutive days or two 5-day periods to 14 consecutive days or two 7-day periods.

Senate Bill No. 2369 creates a new 10-day nonresident fishing license for $25.

State Department of Health
Budget No. 301
Senate Bill No. 2004, House Bill Nos. 1012, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	317.00	$14,439,108	$112,120,210	$126,559,318
2005-07 legislative appropriations	**311.50**	**13,468,904**	**112,270,220**	**125,739,124**
Legislative increase (decrease) to executive budget	(5.50)	($970,204)	$150,010	($820,194)
Legislative increase (decrease) to 2003-05 appropriations	(1.00)[1]	$367,812	$5,788,564	$6,156,376

[1]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 State Department of Health to the Information Technology Department as of November 1, 2003, provided for in Section 10 of House Bill No. 1505 (2003).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Department of Health is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$49,356	$88,853	$138,209
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(9,849)	(29,962)	(39,811)
Provided funding for grants for suicide prevention programs on the Standing Rock Indian Reservation (HB 1012)		30,000		30,000
Provided funding for defraying the cost of paying military service retirement credit (HB 1069)		5,920	10,738	16,658
Decreased funding and removed FTE positions for the worksite wellness program, which was included in the executive budget recommendation. Other funds spending authority was provided for the department to contract with a nonstate entity for a worksite wellness pilot project.	(2.50)	(517,766)	135,000	(382,766)
Changed the funding source for food and lodging inspections from primarily general fund money to primarily special funds from license fee collections. In addition, it was provided that license	(1.00)	(527,865)	511,546	(16,319)

fees are to be determined by the department rather than set in statute and that the fees collected are to be retained by the department to operate the food and lodging inspection program rather than be deposited in the general fund as departmental collections. An environmental health inspector FTE position, which was included in the executive recommendation to conduct additional food and lodging inspections, was removed. (See **Food and Lodging Inspections** section below)				
Removed funding from the health care trust fund for the scholarship and nurses' student loan repayment grant program			(489,500)	(489,500)
Reduced funding from the health care trust fund for the quick response unit pilot project from $225,000 to $125,000			(100,000)	(100,000)
Provided other funds spending authority for the department to receive a grant to address arsenic issues in southeastern North Dakota			700,000	700,000
Removed 1 FTE program administrator position and decreased funding for the asthma program. The department is to request approval from the Emergency Commission and Budget Section if federal funding for this program is available.	(1.00)		(604,265)	(604,265)
Increased spending authority from the domestic violence prevention fund from $280,000 to $340,000 for grants. Additional revenues of approximately $60,000 will be collected due to a $6 increase in the marriage license fee as provided for in 2005 Senate Bill No. 2361.			60,000	60,000
Added $220,000 of other funds spending authority for abstinence programs with the intent that the State Department of Health pursue additional funding for the program			220,000	220,000
Removed 1 FTE position and related funding for a proposed health care data warehouse program	(1.00)		(352,400)	(352,400)
Total	(5.50)	($970,204)	$150,010	($820,194)

FTE Changes

The 2005-07 appropriation includes funding for 311.5 FTE positions, a decrease of 1 FTE position from the 2003-05 authorized level of 312.5 positions. The Legislative Assembly authorized 1 FTE human service program administrator position for tobacco prevention to coordinate tobacco cessation activities and removed 1 FTE administrator position related to the asthma program and 1 FTE position in the Administrative Support Division related to the data warehouse program.

Other Sections in Bill

Abandoned motor vehicle disposal fund - Section 4 provides $250,000 from the abandoned motor vehicle disposal fund, the same as the 2003-05 biennium. The funding source for this fund is from the $2 tax on each initial North Dakota certificate of title issued on vehicles.

Environment and rangeland protection fund - Section 5 provides funding from the environment and rangeland protection fund for the ground water testing program ($202,808) and for a grant to the North Dakota Stockmen's Association environmental services program ($50,000).

Community health trust fund - Section 9 provides that the State Department of Health is appropriated $6,610,000 from the community health trust fund. The funding is for tobacco prevention and control ($4.7 million), dentists' loan program ($420,000), tobacco "quit line" ($884,000), tobacco cessation grants ($395,000), Community Health Grant Advisory Committee ($100,000), and for salaries and wages and operating expenses for the tobacco prevention coordinator position ($111,000). See community health trust fund analysis in the **Trust Fund Analyses** section of this report.

Indirect cost recoveries - Section 10 allows the State Department of Health to deposit indirect cost recoveries from federal programs and special funds in its operating account.

Environmental review process - Section 13 provides that the State Department of Health establish an environmental review process for commercial buildings.

Healthy North Dakota program study - Section 20 provides for a Legislative Council study of the costs and benefits of adopting a comprehensive Healthy North Dakota and workplace wellness program in collaboration with the State Department of Health, health insurers and other third-party payers, Workforce Safety and Insurance, interested nonprofit health-related agencies, and others who have an interest in establishing accident and disease prevention programs.

Public health infrastructure and food and lodging inspection study - Section 21 provides for a Legislative Council study of the state's public health unit infrastructure and the ability of the public health units to respond to public health issues. The study is to include an assessment of the efficiency of operations, given the personnel and financial resources available, and the effectiveness of services, given the lines of governmental authority of the current infrastructure. The study is also to examine the efficiency of the food and lodging investigation services provided by the State Department of Health and public health units and the development of a plan maximizing efficiencies through a coordinated system and fee structure. (See **Food and Lodging Inspections** section below)

Tobacco settlement collections study - Section 22 provides for a Legislative Council study to determine the funding guidelines for additional tobacco settlement funds that are anticipated to be received and deposited in the community health trust fund from 2008 through 2017. The additional funding is provided based on each state's contribution to litigation or resolution of state tobacco lawsuits.

Worksite wellness pilot project - Section 23 provides legislative intent that the State Department of Health use federal funding to match nonstate funding and contract with a nonstate entity for a worksite wellness pilot project.

Funding for abstinence programs - Section 24 provides intent that the State Department of Health pursue $220,000 for abstinence programs from federal grants or other sources and the new funding be in addition to existing funding for abstinence programs.

Federal bioterrorism funding - Section 25 provides intent that FTE employee positions funded with federal bioterrorism grants be discontinued when the funding for the programs ends. The 2005-07 biennium funding for bioterrorism programs is as follows:

	2005-07 Biennium
Salaries and wages (15 FTE positions)	$1,651,940
Operating expenses	3,776,048
Capital assets	232,015
Grants	9,876,406
Total	$15,536,409

Bioterroism funding sources as compared to the 2003-05 biennium as listed in the schedule below:

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
Centers for Disease Control and Prevention (CDC)	$15,997,399	$10,938,441	($5,058,958)
Health Resources and Services Administration (HRSA) hospital preparedness program	4,075,399	4,597,968	522,569
Total	$20,072,798	$15,536,409	($4,536,389)

Basic care survey pilot project - Section 26 provides for the State Department of Health to develop a pilot project to test an announced basic care survey process. The pilot project will begin with 50 percent of the state-licensed basic care providers surveyed receiving an announced survey and the remaining receiving an unannounced survey. The State Department of Health is to evaluate the pilot project and submit a report to the Legislative Council during the 2005-06 interim, which is to include a recommendation of whether the unannounced survey process should continue for all basic care facilities.

Food and Lodging Inspections

The Legislative Assembly removed 1 FTE food and lodging inspector position and a total of $16,319 of appropriation authority, as compared to the executive recommendation, for food and lodging inspections as follows:

	Executive Recommendation	Legislative Authorization	Increase (Decrease)
Salaries and wages	$688,929	**$598,852**	($90,077)
Operating expenses	73,483	**147,241**	73,758
Total	$762,412	**$746,093**	($16,319)
General fund	$652,865	**$125,000**	($527,865)
Federal funds	79,429	**79,429**	
Special funds	30,118	**541,664**	511,546
Total	$762,412	**$746,093**	($16,319)
FTE positions	7	**6**	(1)

The Legislative Assembly changed the funding source for food and lodging inspections from primarily general fund money to primarily special funds from food and lodging license fee collections and provided that the food and lodging license fees be retained by the department to operate the inspection program rather than deposited in the general fund as departmental collections. The State Department of Health estimated 2005-07 biennium food and lodging license revenues to be $351,664. The North Dakota Century Code references to food and lodging license fee rates were removed by the Legislative Assembly and the State Department of Health was provided authority to determine the license fees through the departmental rules process. Based on special funds spending authority for the food and lodging inspection program of $541,664, food and lodging inspection fees will increase by approximately $190,000 for the biennium.

Capital Improvements

The Legislative Assembly appropriated $685,309, of which $340,636 is from the general fund and $344,673 is from federal funds for bond payments for the laboratory addition and $107,960 from federal funds for extraordinary repairs for the laboratory building.

Related Legislation

Regulatory assurances for contaminated property - House Bill No. 1279 provides a continuing appropriation to the State Department of Health from the environmental remediation operating fund to develop rules and collect fees related to contaminated property remediation activities.

State-community matching physician loan repayment program - Senate Bill No. 2266 increases the maximum amount available under the state-community matching physician loan repayment program to a qualifying physician for loan repayment from $40,000 to $45,000 and provides that the loan may be repaid over two years rather than four years. The State Health Council may select any number of recipients and communities each year as participants in the program subject to the availability of funding. The total appropriation for this program is $75,000 from the general fund.

Domestic violence prevention fund - Senate Bill No. 2361 increases the supplemental marriage license fee for aid to victims of domestic violence from $29 to $35. The funding is deposited in the domestic violence prevention fund pursuant to North Dakota Century Code Chapter 14-07.1.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Highway Patrol
Budget No. 504
Senate Bill Nos. 2011, 2031, House Bill Nos. 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	186.00	$19,805,490	$14,554,138	$34,359,628
2005-07 legislative appropriations	**186.00**	**20,080,862**	**14,738,746**	**34,819,608**
Legislative increase (decrease) to executive budget	0.00	$275,372	$184,608	$459,980
Legislative increase (decrease) to 2003-05 appropriations	(6.00)	$1,869,340	($742,341)	$1,126,999

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Highway Patrol is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$86,088	$2,782	$88,870
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(14,540)	(8,174)	(22,714)
Added funding for salary equity (see **Salary Equity** section below for additional information. The other funds are from the highway tax distribution fund.		166,258	28,209	194,467
Added federal funding for a trooper position. The position is authorized only for the period of time that federal funds are available to provide for the cost of the position.	1.00		190,000	190,000
Removed funding for the new trooper position added in the executive budget. The other funds were from the highway tax distribution fund.	(1.00)	(166,258)	(28,209)	(194,467)
Provided funding in House Bill No. 1069 for paying military service retirement credit		3,824		3,824
Removed funding added in the executive budget for replacing the Highway Patrol's case management computer software system. The Highway Patrol may replace the system if funding becomes available from other areas of the patrol's budget.		(200,000)		(200,000)

Added funding in Senate Bill No. 2031 for training law enforcement officers and other emergency services providers		400,000		400,000
Total	0.00	$275,372	$184,608	$459,980

FTE Changes

The Legislative Assembly added 1 FTE trooper position with federal funding and removed the new FTE trooper position recommended in the executive recommendation. The Legislative Assembly did not change the executive recommendation to transfer 4 FTE positions from the Office of Management and Budget to the Highway Patrol for Capitol security, to add 4 FTE positions for northern border security, and to remove 15 FTE positions relating to the closure of weigh inspection stations.

Salary Equity

The Legislative Assembly provided $194,467, of which $166,258 is from the general fund and $28,209 is from the highway tax distribution fund, for providing salary equity adjustments for troopers and sergeants. In addition, the Highway Patrol may spend up to $219,000 of savings from within its 2005-07 biennium budget for providing additional salary equity adjustments for troopers and sergeants.

Capitol Security

Senate Bill No. 2087, recommended as part of the executive budget and approved by the Legislative Assembly, provides the statutory changes necessary to transfer responsibility for state Capitol security from the Office of Management and Budget to the Highway Patrol. The Legislative Assembly did not change the executive recommendation which provided $438,855 from the general fund to the Highway Patrol for providing Capitol security services for the 2005-07 biennium. The funding includes costs relating to 4 FTE positions transferred from the Office of Management and Budget to the Highway Patrol for security services.

Weigh Inspection Stations

The Legislative Assembly did not change the executive recommendation which removed $1,263,000, of which $896,730 is from the general fund and $366,270 is from the highway tax distribution fund, and 15 FTE positions relating to the closure of weigh inspection stations located at Beach, Bowman, Mooreton, Joliette, West Fargo, and Williston.

Highway Tax Distribution Fund Transfer

The Legislative Assembly appropriated $7,516,175 from the highway tax distribution fund for Highway Patrol operations for the 2005-07 biennium, $5,795 less than the executive recommendation. The 2003 Legislative Assembly appropriated $7,444,054 from the highway tax distribution fund for Highway Patrol operations during the 2003-05 biennium.

Training Funds

Senate Bill No. 2031 provides $400,000 from the general fund to the Highway Patrol for training law enforcement officers and other emergency services personnel.

State Historical Society
Budget No. 701
House Bill Nos. 1019, 1050, Senate Bill No. 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	57.00	$7,580,724	$4,025,455	$11,606,179
2005-07 legislative appropriations	**57.00**	**8,094,058**	**9,927,165**	**18,021,223**
Legislative increase (decrease) to executive budget	0.00	$513,334	$5,901,710	$6,415,044
Legislative increase (decrease) to 2003-05 appropriations	0.00	$834,124	$5,536,123	$6,370,247

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Historical Society is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$19,699	$2,459	$22,158
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(6,365)	(749)	(7,114)
Increased funding for cultural heritage grants from $75,000 to $325,000		250,000		250,000
Added funding to operating expenses for the costs of reprinting and creating new posters		15,000		15,000
Added funding to capital assets for the Fort Abercrombie Interpretive Center project		200,000	200,000	400,000
Added contingency funding for the State Historical Society to provide a grant to the Minot Park Board for a Medal of Honor monument to be located at Roosevelt Park in Minot		35,000		35,000
Added funding for the State Historical Society and Heritage Center research collections expansion project (see **Capital Projects** section below)			5,700,000	5,700,000
Total	0.00	$513,334	$5,901,710	$6,415,044

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 57 FTE positions, the same as the 2003-05 biennium.

Capital Projects

The Legislative Assembly added $400,000 for the Fort Abercrombie Interpretive Center project, consisting of $200,000 from the general fund which is to be used to match $200,000 of federal funds from the Save America's Treasures grant. The Legislative Assembly also added $5,700,000 for the State Historical Society and Heritage Center research collections expansion project, consisting of $5,500,000 from bonding proceeds and $200,000 from federal and other funds. The following table shows the capital projects authorized for the 2005-07 biennium:

Project	General Fund	Other Funds	Total
Chateau de Mores Interpretive Center renovation and expansion		$1,600,000[1]	$1,600,000
Heritage Center compact storage units	$250,000		250,000
Extraordinary repairs	251,319		251,319
Equipment over $5,000	81,000		81,000
Total - Executive recommendation	$582,319	$1,600,000	$2,182,319
Legislative action added			
Fort Abercrombie Interpretive Center project	$200,000	$200,000	$400,000
State Historical Society and Heritage Center research collections expansion project		5,700,000[2]	5,700,000
Total capital assets	$782,319	$7,500,000	$8,282,319

NOTE: The total amount of $8,282,319 consists of the capital assets line item in House Bill No. 1019 ($982,319) and the two State Historical Society bonding projects contained in Senate Bill No. 2023 ($7,300,000).

[1] The Chateau de Mores Interpretive Center project, contained in Senate Bill No. 2023, consists of $800,000 of bond proceeds and $800,000 of special and federal funds.

[2] The State Historical Society and Heritage Center research collections expansion project, contained in Senate Bill No. 2023, consists of $5,500,000 of bond proceeds and $200,000 of special and federal funds.

Lewis and Clark Bicentennial

The Legislative Assembly provided a total general fund appropriation of $932,420 for the Lewis and Clark Bicentennial line item for the 2005-07 biennium, a decrease of $797 from the executive recommendation due to salary and health insurance adjustments, and an increase of $8,674 from the 2003-05 biennium appropriation of $923,746. The Lewis and Clark Bicentennial appropriation is for the following projects/programs:

Exhibits	
Heritage Center museum exhibits	$88,426
Public programming and interpretation	
State historic sites and Heritage Center programming	$90,000
State historic sites and Heritage Center brochure reprints	75,000
Archaeological Field School	100,000
Statewide History Conference	10,000
Heritage Center marketing	50,000
State historic sites signage	25,000
Total programming and interpretation	$350,000
Operating and enhancements	
Fort Buford confluence interpretive staff	$167,226
Fort Buford interpretive center operating	90,000
State historic sites seasonal maintenance	53,590
Heritage Center Lewis and Clark historian and state archives staffing	183,178
Total operating and enhancements	$493,994
Total Lewis and Clark Bicentennial funding - General fund	$932,420

Other Sections in Bill

Revolving fund appropriation - Section 4 provides that all fees collected by the State Historical Society and deposited in the revolving fund are appropriated to the State Historical Society for making investigations of permit applicants and for the management and analysis of records and artifacts submitted to the director.

Grants, gifts, and bequests appropriation - Section 5 provides that all gifts, grants, devises, bequests, donations, and assignments received by the State Historical Society and deposited with the State Treasurer are appropriated to the State Historical Society to be paid out for the purpose prescribed by the donor as authorized by the board.

Contingent appropriation - Section 6 provides a contingent appropriation of $35,000 from the general fund for the State Historical Society to construct a monument in Roosevelt Park in Minot to honor recipients of the Medal of Honor. This section also provides that the contingent funds may only be spent if the State Historical Society receives matching funds from any source for the monument after consultation and cooperation with the Minot Park Board, veterans, veterans' groups, and other interested parties through an advisory committee appointed by the director of the State Historical Society.

Related Legislation

House Bill No. 1177 allows the State Historical Society to deposit its unexpended appropriations in the historical society impact emergency fund up to an amount of $250,000.

Section 6 of Senate Bill No. 2023 provided a general fund appropriation of $150,000 to the Office of Management and Budget for conducting a study regarding an expanded Heritage Center and to examine an alternate location for a comparable replacement facility for the Heritage Center on the Capitol grounds. This section was vetoed by the Governor.

Senate Bill No. 2207 provides that the State Historical Society may develop and administer a historical marker program for the purpose of identifying local, state, and national points of interest in the state.

Housing Finance Agency
Budget No. 473
Senate Bill No. 2014, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	43.00	$0	$33,895,707	$33,895,707
2005-07 legislative appropriations	**43.00**		**33,910,014**	**33,910,014**
Legislative increase (decrease) to executive budget	0.00	$0	$14,307	$14,307
Legislative increase (decrease) to 2003-05 appropriations	0.00	$0	$320,247	$320,247

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Housing Finance Agency is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$19,673	$19,673
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(5,366)	(5,366)
Total	0.00	$0	$14,307	$14,307

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 43 FTE positions, the same as the 2003-05 biennium.

Other Sections in Bill

Firsthome Park grant - Section 15 provides legislative intent that the Housing Finance Agency provide a $100,000 grant from funds appropriated in the grants line item to the Dickinson Park District for park improvements at the West River Community Center Complex to be named the Firsthome Park.

Indian Affairs Commission
Budget No. 316
Senate Bill No. 2005, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	3.00	$386,228	$20,000	$406,228
2005-07 legislative appropriations	**3.00**	**387,297**	**20,000**	**407,297**
Legislative increase (decrease) to executive budget	0.00	$1,069	$0	$1,069
Legislative increase (decrease) to 2003-05 appropriations	0.00	$32,054	$20,000	$52,054

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Indian Affairs Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$1,443		$1,443
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(374)		(374)
Total	0.00	$1,069	$0	$1,069

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 3 FTE positions, the same as the 2003-05 biennium.

Industrial Commission
Budget No. 405
Senate Bill No. 2014, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	51.37	$6,861,925	$43,654,885	$50,516,810
2005-07 legislative appropriations	**51.37**[1]	**6,878,658**	**43,903,138**	**50,781,796**
Legislative increase (decrease) to executive budget	0.00	$16,733	$248,253	$264,986
Legislative increase (decrease) to 2003-05 appropriations	(7.00)[1]	($148,226)	$6,611,302	$6,463,076

[1]The authorized FTE positions do not include the 2 contingent FTE positions for the Oil and Gas Division that were added by the Legislative Assembly. Section 18 of Senate Bill No. 2014 provides that upon Emergency Commission approval, the Oil and Gas Division of the Industrial Commission may hire up to 2 FTE positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Industrial Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$22,348	$3,628	$25,976
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,615)	(875)	(6,490)
Added a contingent appropriation from the land and minerals trust fund for the Oil and Gas Division to hire up to 2 FTE positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period			225,000	225,000
Increased special funds spending authority for the Industrial Commission's secretary salary			20,500	20,500
Total	0.00	$16,733	$248,253	$264,986

FTE Changes

The 2005-07 biennium appropriation includes funding for 51.37 FTE positions, a decrease of 7 FTE positions from the 2003-05 biennium authorized level of 58.37 FTE positions. The Legislative Assembly did not change the executive recommendation to eliminate .70 FTE administrative officer I position and 1 FTE office assistant II position from the Oil and Gas Division, and 1 FTE geologic map technician II position, .30 FTE administrative officer I position, 1 FTE appointed position, 1 FTE geologist III position, and 2 FTE geologic map technician II positions from the Geological Survey. The Legislative Assembly also provided a

contingent appropriation and authorized up to 2 additional FTE positions, consisting of 1 FTE field inspector position and 1 FTE plugging and reclamation supervisor position, for the Oil and Gas Division for the 2005-07 biennium.

Lease Payments

The Legislative Assembly did not change the executive recommendation to provide $27,292,412 for lease payments, an increase of $7,461,422 from the 2003-05 biennium appropriation of $19,830,990. The following schedule lists the 2003-05 and 2005-07 bienniums lease payments:

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
Higher education institutions	$12,790,689	$14,278,141	$1,487,452
Department of Corrections and Rehabilitation - State Penitentiary	2,117,009	3,038,586	921,577
Department of Corrections and Rehabilitation - Youth Correctional Center	554,598		(554,598)
State Department of Health	387,673	685,309	297,636
Job Service North Dakota	553,594	696,650	143,056
Department of Human Services - Southeast Human Service Center	589,075	571,731	(17,344)
Department of Human Services - State Hospital	547,608	517,634	(29,974)
Department of Human Services - Developmental Center at Westwood Park, Grafton	627,582	593,231	(34,351)
Adjutant General	60,987	59,248	(1,739)
Veterans Home improvement fund	235,050	234,891	(159)
Information Technology Department ConnectND		5,402,163	5,402,163
Subtotal	$18,463,865	$26,077,584	$7,613,719
University System energy conservation projects	1,367,125	1,214,828	(152,297)
Total	$19,830,990	$27,292,412	$7,461,422

Lignite Research Grants

The Legislative Assembly approved the executive recommendation to provide $15,200,000 for lignite research grants, a decrease of $1,070,000 from the 2003-05 biennium appropriation of $16,270,000. The lignite research grant funding consists of:

Anticipated carryover from the 2003-05 biennium	$9,544,128
Two cent per ton coal severance tax for research and development	1,200,000
50% of the coal severance taxes deposited in the coal development trust fund	3,375,000
20% of the coal severance taxes deposited in the coal development trust fund (clean coal projects)	1,350,000
Interest income	180,000
Total	$15,649,128

Section 13 provides that up to $1,500,000 of the special funds appropriation is for contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and jobs or that will lead to increased development of lignite and its products and create new lignite jobs and economic growth for the general welfare of this state. This section also provides that funds appropriated may also be used for the purpose of contracting for nonmatching studies and activities in support of the Lignite Vision 21 Project; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Money not needed for these purposes is available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

Please refer to the **Trust Fund Analyses** section for an analysis of the lignite research fund.

Other Sections in Bill

Contingent Oil and Gas Division funding - Section 18 provides the $225,000 of special funds appropriated in the Oil and Gas Division contingency line item is from the lands and minerals trust fund and the Oil and Gas Division may use the funds to hire up to 2 FTE positions, upon Emergency Commission approval, if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period.

Oil and Gas Division and Geological Survey merger - Sections 20 through 27 and Sections 30 through 33 provide the statutory changes necessary for the merger of the Oil and Gas Division and the Geological Survey into the Department of Mineral Resources and transfers the State Geologist's functions to the director of mineral resources.

Industrial Commission secretary's salary - Section 29 amends North Dakota Century Code (NDCC) Section 54-17-03 to allow the salary for the secretary of the Industrial Commission to exceed the maximum salary in the grade established for the classification assigned.

Oil put options - Section 34 repeals Section 3 of Chapter 491 of the 2003 Session Laws providing for the expiration of the authorization for the state to purchase oil put options. Section 35 of House Bill No. 1015 provides general fund appropriation authority to the Office of Management and Budget to purchase oil put options through the State Investment Board.

Related Legislation

House Bill No. 1152 provides that the Industrial Commission transfer $9 million of earnings from the student loan trust fund to the general fund during the 2005-07 biennium.

House Bill No. 1169 creates the North Dakota Transmission Authority to be governed by the Industrial Commission.

Senate Bill No. 2023 provides an appropriation for capital projects and state facility improvement capital projects of various state departments and institutions and authorizes the Industrial Commission to issue and sell evidences of indebtedness for the capital projects.

Senate Bill No. 2074 changes the name of the Municipal Bond Bank to the Public Finance Authority and authorizes the Public Finance Authority to issue bonds or other evidences of indebtedness on behalf of other state agencies.

Senate Bill No. 2130 provides that the Industrial Commission may set the compensation for members of a board, committee, or council that advises the commission.

Senate Bill No. 2150 allows the Building Authority to utilize the most efficient legal arrangement available to complete the financing authorized by the Legislative Assembly.

Information Technology Department
Budget No. 112
Senate Bill No. 2021, House Bill Nos. 1013, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	265.20	$10,810,359	$98,830,575	$109,640,934
2005-07 legislative appropriations	**265.20[1]**	**9,972,837[2]**	**98,934,390**	**108,907,227[2]**
Legislative increase (decrease) to executive budget	0.00	($837,522)	$103,815	($733,707)
Legislative increase (decrease) to 2003-05 appropriations	8.50	$707,892[3]	$817,089	$1,524,981[3]

[1]The number of authorized FTE positions for the 2005-07 biennium includes 10 FTE positions authorized in Section 5 of Senate Bill No. 2021 for the development and implementation of the Department of Human Services Medicaid management information system.

[2]The amounts include $198,800 appropriated for the Division of Independent Study in House Bill No. 1013 for developing, publishing, and distributing a North Dakota studies textbook and workbook ($148,800) and revitalizing civic education ($50,000).

[3]This amount reflects the 2003-05 deficiency appropriation of $1,070,142 from the general fund to the Information Technology Department 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).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Information Technology Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$8,766	$133,144	$141,910
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(1,996)	(29,329)	(31,325)
Reduced funding for Educational Technology Council grants to schools from $1,453,182 to $585,000		(868,182)		(868,182)
Reduced funding from the general fund for the Criminal Justice Information Sharing Initiative from $700,000 to $525,090		(174,910)		(174,910)
Removed funding of $8,125,784 from special funds and 10 FTE positions relating to the development and implementation of the Department of Human Services Medicaid management information system and provided that the funding and FTE positions are appropriated contingent upon the approval of				0

the project by the Legislative Assembly. The Legislative Assembly did approve the project.				
Provided funding in House Bill No. 1013 to the Division of Independent Study for developing, publishing, and distributing a North Dakota studies textbook and workbook for grades 4 and 8		148,800		148,800
Provided funding in House Bill No. 1013 to the Division of Independent Study for revitalizing civic education		50,000		50,000
Total	0.00	($837,522)	$103,815	($733,707)

FTE Changes

The 2005-07 biennium appropriation includes funding for 265.2 FTE positions, an increase of 8.5 FTE positions from the 2003-05 biennium authorized level of 256.7 FTE positions. The Legislative Assembly did not change the executive recommendation to transfer .5 of an FTE position to the Office of Management and Budget, receive 1 FTE position from State Radio Communications, and eliminate 2 FTE positions not requested by the agency. The Legislative Assembly did provide that the 10 new FTE positions relating to the development and implementation of the Department of Human Services Medicaid management information system are contingent upon the approval of the project by the Legislative Assembly. The Legislative Assembly did approve funding for the project. Section 5 of Senate Bill No. 2021 provides that the 10 FTE positions are only authorized until the development and implementation of the Medicaid management information system is completed.

Statewide Information Technology Network Funding

The Information Technology Department appropriation for the 2005-07 biennium includes funding of $7,544,155, of which $3,396,755 is from the general fund and $4,147,400 is from special funds, for continued funding of the kindergarten through grade 12 portion of the statewide information technology network. The funding of $7,544,155 is an increase of $741 from the executive recommendation of $7,543,414, of which $3,396,014 was from the general fund and $4,147,400 was from special funds, and an increase of $107,932 from the 2003-05 biennium appropriation of $7,436,223, of which $3,382,023 was from the general fund and $4,054,200 was from special funds. The 1999 Legislative Assembly in Senate Bill No. 2043 required the Information Technology Department to provide to each state agency, institution, county, city, and school district access to wide area network services to transmit voice, data, or video. As a result, the Information Technology Department implemented a statewide information technology network infrastructure that connects approximately 194 cities and 500 physical locations across the state.

Geographic Information System Initiative

The Information Technology Department appropriation for the 2005-07 biennium includes $687,750 from the general fund for continued support of a centralized geographic information system. The $687,750 is an increase of $544 from the executive recommendation of $687,206 and an increase of $9,407 from the 2003-05 biennium general fund appropriation of $678,343.

Criminal Justice Information Sharing Initiative

The Information Technology Department appropriation for the 2005-07 biennium includes $2,525,090, of which $525,090 is from the general fund and $2,000,000 is from federal funds, for the Criminal Justice Information Sharing Initiative. The funding of $2,525,090 is a decrease of $174,910 from the executive recommendation of $2,700,000, of which $700,000 was from the general fund and $2 million was from special funds, and a decrease of $2,216,110 from the 2003-05 biennium appropriation of $4,741,200 from special funds. The funding of $525,090 from the general fund includes $281,090 for operational costs and $244,000 for project costs for the 2005-07 biennium.

Division of Independent Study

The Information Technology Department appropriation for the 2005-07 biennium includes funding of $6,037,100, of which $1,011,558 is from the general fund and $5,025,542 is from special funds, for the Division of Independent Study, including 39.7 FTE positions. The funding of $6,037,100 is an increase of $209,191 from

the executive recommendation of $5,827,909, of which $810,106 was from the general fund and $5,017,803 was from special funds, and an increase of $411,620 from the 2003-05 biennium of $5,625,480, of which $841,948 was from the general fund and $4,783,532 was from special funds.

Educational Technology Council Funding

The Information Technology Department appropriation for the 2005-07 biennium includes funding of $887,852 from the general fund for the Educational Technology Council. The funding of $887,852 is a decrease of $867,337 from the executive recommendation of $1,755,189, and an increase of $94,034 from the 2003-05 biennium general fund appropriation of $793,818. The funding of $887,852 consists of $251,246 for salaries and wages, $41,606 for operating expenses, and $585,000 for grants to schools, including $35,000 for learning management system licenses and $550,000 for classroom video grants, classroom transformation grants, and atomic learning licenses.

EduTech Funding

The Legislative Assembly did not change the executive recommendation to provide funding of $2,652,348 from the general fund for EduTech, formerly known as the Center for Innovation and Instruction and SENDIT Technology Services. The funding of $2,652,348 is an increase of $112,000 from the 2003-05 biennium general fund appropriation of $2,540,348.

Contingent Appropriation

The Legislative Assembly removed funding of $8,125,784 from special funds from the salaries and wages line item ($1,259,810) and operating expenses ($6,865,974) and 10 FTE positions relating to the development and implementation of the Department of Human Services Medicaid management information system and provided that the funding and FTE positions are appropriated contingent upon the approval of the project by the Legislative Assembly. The Legislative Assembly did approve funding for the project. Section 5 of Senate Bill No. 2021 provides that 10 FTE positions are only authorized until the development and implementation of the system is completed.

Other Sections in Senate Bill No. 2021

Secretary of State appropriation - Section 4 provides a $125,000 general fund appropriation to the Secretary of State for a portion of the costs associated with migrating the agency's information technology data base from the AS/400 to a current platform.

Criminal Justice Information Sharing Initiative and Educational Technology Council - Section 6 provides that if federal homeland security funding or other federal funding becomes available, the first $175,000 must be used to complete all proposed Criminal Justice Information Sharing Initiative projects totaling $418,910. The next $50,000 must be used to replace funding from the general fund appropriated for the Criminal Justice Information Sharing Initiative projects with the savings being made available to the Educational Technology Council for additional classroom video and classroom transformation grants. Any remaining funds must be used to replace funding appropriated from the general fund with the funds from the general fund remaining unspent.

Transfers - Section 7 authorizes the Office of Management and Budget to make transfers of funds between line items of the Information Technology Department as may be requested by the Chief Information Officer as necessary for the development and implementation of the Medicaid management information system. Any increase in FTE positions needed for the project must be reported to the Office of Management and Budget.

Financing arrangements - Section 8 allows the Information Technology Department to enter into an agreement to finance the purchase of software, equipment, or implementation services for a period not to exceed five years and allows the department to receive financing approval for those agreements in excess of $1 million from either the Budget Section or the Legislative Assembly.

Related Legislation

2003-05 deficiency appropriation - House Bill No. 1024 provides the Information Technology Department a $1,070,142 general fund deficiency appropriation for the 2003-05 biennium. The appropriation represents the 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 funds agency information technology reductions ($70,142).

Information technology projects - House Bill No. 1275 provides that an executive, legislative, or judicial branch agency, except for institutions under the control of the State Board of Higher Education, shall report to the State Information Technology Advisory Committee regarding the plan for and status of any information technology project that is estimated to cost more than $250,000. Agencies shall notify the State Information Technology Advisory Committee if:

- At a project milestone, the amount expended on the project exceeds the planned budget by 20 percent or more or the project schedule extends beyond the planned schedule by 20 percent or more.
- Upon completion of the project, the budget for the project exceeded the original budget by 20 percent or more or the final project completion date extended beyond the original project scheduled completion date by 20 percent or more.

Parks and Recreation Department
Budget No. 750
House Bill Nos. 1020, 1050, 1069, Senate Bill Nos. 2023, 2228

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	48.50	$8,502,575	$12,986,253	$21,488,828
2005-07 legislative appropriations	**46.50**	**8,144,153**	**13,427,583**	**21,571,736**
Legislative increase (decrease) to executive budget	(2.00)	($358,422)	$441,330	$82,908
Legislative increase (decrease) to 2003-05 appropriations	2.25	$1,087,640	$2,655,476	$3,743,116

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$17,454	$1,622	$19,076
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,616)	(499)	(6,115)
Removed funding and 2 FTE positions related to the Elkhorn Ranch project	(2.00)	(317,461)	(110,000)	(427,461)
Added federal funds to the capital assets line item for the Parks and Recreation Department to receive funds from the Corps of Engineers to maintain boat ramp access on Lake Sakakawea			200,000	200,000
Removed funding from the capital assets line item for the Lake Sakakawea State Park campground rewire project		(55,000)		(55,000)
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		2,201	207	2,408
Provided funding in Senate Bill No. 2228 from the permanent oil tax trust fund for the Parks and Recreation Department to provide a one-time grant to the International Music Camp to assist with construction costs of the International Arts Center (see **Related Legislation** section below)			350,000	350,000
Total	(2.00)	($358,422)	$441,330	$82,908

FTE Changes

The 2005-07 biennium appropriation includes funding for 46.5 FTE positions, an increase of 2.25 FTE positions from the 2003-05 biennium authorized level of 44.25 FTE positions and a decrease of 2 FTE positions from the executive budget recommendation of 48.5 FTE positions. The Legislative Assembly did not change the executive recommendation to convert four .75 FTE park maintenance positions to four 1 FTE positions, to convert one .75 FTE park ranger position at Beaver Lake State Park to 1 FTE position, and to add 1 FTE position for a snowmobile and ATV safety instructor. The Legislative Assembly removed the 2 FTE positions included in the executive recommendation for the Elkhorn Ranch project.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

	2005-07 Executive Recommendation			2005 Legislative Action			2005-07 Legislative Appropriation		
Project	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Capital projects included in executive budget									
Extraordinary repairs	$742,700	$42,000	$784,700				$742,700	$42,000	$784,700
Equipment over $5,000		380,500	380,500					380,500	380,500
Corps of Engineers authority for potential boat ramp capital projects		500,000	500,000					500,000	500,000
Coast Guard authority for potential floating breakwater projects - Fort Stevenson State Park		250,000	250,000					250,000	250,000
Elkhorn preserve development	110,000	110,000	220,000	($110,000)	($110,000)	($220,000)			
FEMA authority for potential capital projects		100,000	100,000					100,000	100,000
Campground rehabilitation - Fort Stevenson State Park	160,000		160,000				160,000		160,000
Campground upgrade - Icelandic State Park	95,000	95,000	190,000				95,000	95,000	190,000
Boat ramp improvements - Lake Sakakawea State Park	25,000	25,000	50,000				25,000	25,000	50,000
Campground utilities upgrade - Lake Sakakawea State Park	145,000		145,000				145,000		145,000
Campground rewire - Lake Sakakawea State Park	55,000		55,000	(55,000)		(55,000)			
Peace Garden Conflict Resolution Center	250,000		250,000				250,000		250,000
Pembina Gorge trails	50,000	200,000	250,000				50,000	200,000	250,000
Administrative office - Turtle River State Park [1]		700,000	700,000					700,000	700,000
Boat ramp access - Lake Sakakawea [2]			0		200,000	200,000		200,000	200,000
Total - Executive recommendation	$1,632,700	$2,402,500	$4,035,200	($165,000)	$90,000	($75,000)	$1,467,700	$2,492,500	$3,960,200

NOTE: The total legislative appropriation of $3,960,200 consists of $3,260,200 from House Bill No. 1020--capital assets line item ($2,705,200), Lewis and Clark Bicentennial line item ($305,000), and International Peace Garden line item ($250,000)--and $700,000 from Senate Bill No. 2023.

[1]The Turtle River State Park administrative office building construction project is included in Senate Bill No. 2023--the bonding bill. The $700,000 consists of $350,000 from bonding proceeds and $350,000 from federal or other funds.

[2]The Legislative Assembly added $200,000 of federal funds spending authority to the capital assets line item to allow the Parks and Recreation Department to receive $200,000 from the Corps of Engineers to maintain boat ramp access on Lake Sakakawea and added an emergency clause for this spending authority.

Lewis and Clark Bicentennial

The Legislative Assembly provided a total general fund appropriation of $617,335 for the Lewis an Clark Bicentennial line item for the 2005-07 biennium, a decrease of $437 from the executive recommendation due to salary and health insurance adjustments and a decrease of $143,283 from the 2003-05 biennium appropriation of $760,618. The Lewis and Clark Bicentennial appropriation is for the following projects/programs:

Capital projects	
Fort Stevenson State Park campground rehabilitation	$160,000
Lake Sakakawea State Park campground utilities upgrade	145,000
Total capital projects	$305,000
Salaries	
One FTE park ranger position	$80,302
Temporary salaries	148,500
Total salaries	$228,802
Operating	$83,533
Total Lewis and Clark Bicentennial - All general fund	$617,335

International Peace Garden

The Legislative Assembly did not change the executive recommendation to provide a total of $602,854 from the general fund for the International Peace Garden for the 2005-07 biennium, an increase of $250,000 from the 2003-05 biennium appropriation amount of $352,854. The $250,000 increase is for planning relating to the construction of a conflict resolution center at the Peace Garden.

Other Sections in Bill

Snowmobile fund - Section 4 provides that $907,262 of the estimated income line item appropriated in Section 3 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 5 provides that $128,004 of the estimated income line item appropriated in Section 3 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 6 provides that $120,691 of the estimated income line item appropriated in Section 3 of the bill is from the state parks gift fund.

Game and fish operating fund - Section 7 provides that $122,000 of the estimated income line item appropriated in Section 3 of the bill is from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, and must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at various state parks.

Lewis and Clark Bicentennial grants - Section 8 provides that the Lewis and Clark Bicentennial line item in Section 3 of Senate Bill No. 2018, the appropriations bill for the Department of Commerce, includes $325,000 from the general fund that the Tourism Division shall provide as grants to the following entities:

Fort Abraham Lincoln Foundation	$100,000
Lewis and Clark Foundation	$100,000
Three Affiliated Tribes Lewis and Clark Bicentennial	$50,000
Standing Rock Tourism, Lewis and Clark Bicentennial	$50,000
Cowboy Hall of Fame	$25,000

Related Legislation

Senate Bill No. 2228 provides an appropriation as reflected on the schedule above of $350,000 from the permanent oil tax trust fund to the Parks and Recreation Department to provide a one-time grant to the International Music Camp to assist with the construction costs of the International Arts Center to be located at the International Music Camp at the International Peace Garden, subject to the building project being awarded to a contractor pursuant to the procedures set forth in North Dakota Century Code Chapter 48-01.1.

Job Service North Dakota
Budget No. 380
Senate Bill Nos. 2016, 2018, House Bill Nos. 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	355.80	$1,480,724	$58,139,352	$59,620,076
2005-07 legislative appropriations	**355.80**	**1,501,012**	**58,270,259**	**59,771,271**
Legislative increase (decrease) to executive budget	0.00	$20,288	$130,907	$151,195
Legislative increase (decrease) to 2003-05 appropriations	(10.37)	$251,012	$2,065,542	$2,316,554

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Job Service North Dakota is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$397	$150,448	$150,845
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(109)	(43,321)	(43,430)
Provided funding in Senate Bill No. 2018 for costs associated with implementing a shared work demonstration project (see **Related Legislation** section below)		20,000	20,000	40,000
Provided funding in House Bill No. 1069 for paying military service retirement credit			3,780	3,780
Total	0.00	$20,288	$130,907	$151,195

FTE Changes

The 2005-07 biennium appropriation includes funding for 355.80 FTE positions, a decrease of 10.37 FTE positions from the 2003-05 biennium authorized level of 366.17 FTE positions. The legislative action did not change the executive recommendation to delete 10.37 FTE positions not requested by the agency.

Work Force 2000

The Legislative Assembly decreased funding from the general fund for the Work Force 2000 program by $96, from $1,480,724, as recommended in the executive budget to $1,480,628. The funding of $1,480,628 represents an increase in funding from the general fund of $230,628 compared to the 2003-05 general fund appropriation for the Work Force 2000 program of $1,250,000. Section 7 of Senate Bill No. 2016 requires that 50 percent of the Work Force 2000 funding for the 2005-07 biennium is to be used for projects for new or expanding businesses in North Dakota.

Work First - Reed Act

The Legislative Assembly provided a $254,925 special funds appropriation from federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002 for paying allowable Wagner-Peyser Act expenses associated with a Work First demonstration project. Section 8 of Senate Bill No. 2016 provides that Job Service North Dakota is to carry out a Work First demonstration project on the effectiveness of certain actions in causing more rapid reemployment of unemployment insurance claimants and a corresponding reduction in the average duration of claims. The agency may provide additional or alternative services to the group of claimants randomly selected for participation in the demonstration project and may, after assuring appropriate due process requirements are met, make participation in those services a condition of nonmonetary eligibility for unemployment insurance benefits.

Unemployment Insurance Modernization - Reed Act

The Legislative Assembly did not change the executive recommendation to provide a $525,000 special funds appropriation from federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002 for procurement planning for replacement of the current automated unemployment insurance tax and benefit system. Section 9 of Senate Bill No. 2016 provides that Job Service North Dakota is specifically directed to take those actions necessary to determine the requirements of such a replacement system and to issue a request for proposals to vendors to seek responses from those vendors on a timetable that will allow the selected response to be used as the basis for an appropriation request to the 2007 Legislative Assembly.

Related Legislation

Shared work demonstration project - Senate Bill No. 2018 provides Job Service North Dakota funding as reflected on the schedule earlier of $20,000 from the general fund and $20,000 from other funds to be collected by the agency for costs associated with implementing a shared work demonstration project. Section 8 of Senate Bill No. 2018 provides that during the 2005-06 interim, Job Service North Dakota shall develop, implement, and operate a shared work demonstration project to demonstrate the feasibility of providing for a statewide shared work unemployment compensation program. Job Service North Dakota is to seek the advice of the Unemployment Insurance Advisory Council in developing, implementing, and operating this demonstration project. The demonstration project must:

1. Operate for one selected employer, which must have at least 75 employees and must be an experienced-rated employer.
2. Operate in accordance with a specific written agreement between Job Service North Dakota, the selected employer, and the labor representative of the collective bargaining agreement if a collective bargaining agreement exists.
3. Allow shared work compensation to be paid to employees who, being otherwise eligible for unemployment insurance benefits, have their working hours reduced by the selected employer by at least 10 percent but no more than 60 percent.
4. Operate in such a manner that the selected employer's unemployment insurance experience ratings are not compromised.
5. Operate in such a manner that the unemployment trust fund is not so negatively impacted as to result in a greater tax burden to the remainder of the employers contributing to the trust fund.
6. Operate from January 1, 2006, through June 30, 2007, after which the demonstration project must cease.
7. Provide that employees receiving benefits calculated solely under the shared work demonstration project are not subject to 60 percent weekly earnings disregard provided for under North Dakota Century Code Section 52-06-06.

Legislative Council study - Section 9 of Senate Bill No. 2018 provides that the Legislative Council consider studying the implementation by Job Service North Dakota of a shared work demonstration project.

Performance audits - Senate Bill No. 2085 changes the frequency of agency performance audit from biennial to when requested by the Legislative Audit and Fiscal Review Committee.

Fees for services - Senate Bill No. 2086 allows Job Service North Dakota to charge reasonable fees for providing job task services, testing services, job fair services, and personal reemployment account services and provides the agency a continuing appropriation to use the fees collected for providing these services.

Unemployment compensation tax rate - House Bill No. 1027 revises the formula for determining unemployment compensation tax rates so that a proportionately greater responsibility is shifted to negative balance employers for that portion of the unemployment insurance tax burden which represents the amount of revenue necessary to make due progress toward the unemployment insurance reserve fund solvency target.

Job Service North Dakota Advisory Council - House Bill No. 1028 establishes an eight-member Job Service North Dakota Advisory Council, appointed by the Governor, for the purpose of advising Job Service North Dakota regarding issues relating to the operations, effectiveness, fairness, and efficiency of the unemployment insurance program.

Work Force 2000 program - House Bill No. 1059 changes the name for the Work Force 2000 program to the Work Force 20/20 program and revises eligibility for the program.

Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill Nos. 1015, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	332.00	$66,546,349	$2,526,808	$69,073,157
2005-07 legislative appropriations	**338.00**[1]	**65,168,362**[1]	**2,729,978**[1]	**67,898,340**[1]
Legislative increase (decrease) to executive budget	6.00[1]	($1,377,987)	$203,170	($1,174,817)
Legislative increase (decrease) to 2003-05 appropriations	2.00[1]	$10,080,993	$686,442	$10,767,435

[1]The 2005-07 legislative appropriation amounts for the judicial branch includes 6 new FTE positions for the Commission on Legal Counsel for Indigents and an appropriation of $815,671, consisting of $365,593 from the general fund, for the establishment of the commission (see the **Indigent Defense** section below for additional information).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		$3,144		$3,144
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from 5.78 percent and 4 percent for each year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases		(24,241)		(24,241)
Added funding for other employees for state employee salary increases		21,671		21,671
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,490)		(5,490)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from 5.78 percent and 4 percent for each		(180,329)		(180,329)

year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases				
Added funding for other employees for state employee salary increases		107,462	$3,082	110,544
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(35,138)	(680)	(35,818)
Reduced funding for indigent defense contracts from a rate of $75 to $65 per hour		(1,155,930)		(1,155,930)
Reduced funding for indigent defense to decrease the reimbursement of overhead expenses relating to the reduction in funding for indigent defense contract rates (Reimbursement of overhead expenses is calculated at 10 percent of the total indigent defense contract amount.)		(115,593)		(115,593)
Reduced funding for indigent defense caseload increases from $500,000 to $250,000		(250,000)		(250,000)
Added 6 FTE positions and provided funding for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information)	6.00	365,593	200,000	565,593
Removed funding for the installation of a digital audio system		(40,000)		(40,000)
Removed funding for the installation of two interactive televisions		(70,000)		(70,000)
Judicial Conduct Commission changes:				
Added funding for state employee salary increases		1,129	1,003	2,132
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(265)	(235)	(500)
Total	6.00	($1,377,987)	$203,170	($1,174,817)

FTE Changes

The 2005-07 biennium appropriation includes funding for 338 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 336 FTE positions. The Legislative Assembly did not change the judicial branch proposal to delete 4 vacant FTE positions that were eliminated pursuant to Senate Bill No. 2423 (2003)--the state employee contingent salary increase bill--to generate savings and allow the judicial branch to provide a 1 percent salary increase for the remaining judicial branch employees as of January 1, 2004. The 4 FTE positions deleted consisted of 3 FTE deputy clerk of court positions (Walsh, Williams, and Stutsman Counties) and 1 FTE juvenile court officer position (Burleigh County). The Legislative Assembly also added 6 FTE positions for the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information).

Other Sections in Bill

Appropriation of additional funding - Section 4 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Center Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Salaries of Supreme Court justices - Section 6, as amended by Section 14 of House Bill No. 1015, provides statutory changes to North Dakota Century Code (NDCC) Section 27-02-02, relating to the salaries of justices of the Supreme Court. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The Supreme Court justices' salaries are to be increased from the current level of $99,122 to $103,087, effective July 1, 2005, and $107,210, effective July 1, 2006. The Chief Justice of the Supreme Court is entitled to receive an additional $3,015 per annum, effective July 1, 2005, and an additional $3,136 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,899 per annum.

Salaries and expenses of district judges - Section 7, as amended by Section 15 of House Bill No. 1015, provides statutory changes to NDCC Section 27-05-03, relating to the salaries and expenses of district court judges. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The district court judges' salaries are to be increased from the current level of $90,671 to $94,298, effective July 1, 2005, and $98,070, effective July 1, 2006. The presiding judge of a judicial district is entitled to receive an additional $2,779 per annum, effective July 1, 2005, and an additional $2,890 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,672 per annum.

Indigent Defense

The judicial branch requested a total of $11,014,298 in the indigent defense line items for the 2005-07 biennium. Of that amount, $10,486,423 was to provide indigent defense services and $527,875 was for guardians ad litem, which represents increases of $5,799,026 for indigent defense services and $152,875 for guardians ad litem from the 2003-05 biennium appropriation. Senate Bill No. 2027, as introduced, provided for the establishment of a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services, provided for the transition of indigent defense services from the judicial branch to the commission by December 31, 2005, and provided a general fund appropriation of $1,135,285 to the commission for the purpose of establishing the commission.

The Legislative Assembly provided a total of $9,492,775 for the indigent defense line items for the 2005-07 biennium, consisting of $8,964,900 for indigent defense services and $527,875 for guardians ad litem. The $8,964,900 for indigent defense services is a decrease of $1,521,523 from the judicial branch's request of $10,486,423, and an increase of $4,277,503 from the 2003-05 biennium appropriation. Although the Legislative Assembly removed the general fund appropriation of $1,135,285 from Senate Bill No. 2027, it provided a total of $815,671 in Senate Bill No. 2002 for the establishment of the Commission on Legal Counsel for Indigents. The $815,671 consists of a general fund appropriation of $365,593 (Section 9 of the bill), special funds appropriation of $200,000 (Section 9 of the bill), general fund carryover of up to $250,078 from the 2003-05 biennium (Section 8 of the bill), and is anticipated to be used to provide salaries and benefits for 6 new FTE positions, operating expenses, startup costs, and oversight board expenses. Funding for the new positions was provided based on the following--1 director (22 months), 1 deputy director (21 months), 1 administrative assistant (21 months), and 3 investigators (2 for 18 months and 1 for 6 months).

Section 8 was added to provide for an exemption to the provisions of NDCC Section 54-44.1-11, relating to unexpended appropriations to allow the judicial branch to carry forward up to $250,078 from the Supreme Court and district courts 2003-05 biennium general fund appropriation to the 2005-07 biennium for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents established by 2005 Senate Bill No. 2027.

Section 9 was added to provide an appropriation of $565,593 to the district courts for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents. This appropriation consists of $365,593 from the general fund and $200,000 from the indigent defense administration fund. This section

also provides that any money not expended by the district courts for this purpose by December 31, 2005, are available to the Commission on Legal Counsel for Indigents and the appropriation must be transferred to the commission on January 1, 2006.

Related Legislation

Senate Bill No. 2027 establishes a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services and provides for the transition of indigent defense services from the Supreme Court to the commission by December 31, 2005.

Senate Bill No. 2103 allows the state courts to participate in the income tax refund debt setoff for purposes of court-ordered fines, fees, or costs due to the state.

Senate Bill No. 2105 repeals NDCC Section 27-02-05.2, which provides for the state juvenile services coordinator position.

Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill Nos. 1015, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	332.00	$66,546,349	$2,526,808	$69,073,157
2005-07 legislative appropriations	**338.00**[1]	**65,168,362**[1]	**2,729,978**[1]	**67,898,340**[1]
Legislative increase (decrease) to executive budget	6.00[1]	($1,377,987)	$203,170	($1,174,817)
Legislative increase (decrease) to 2003-05 appropriations	2.00[1]	$10,080,993	$686,442	$10,767,435

[1]The 2005-07 legislative appropriation amounts for the judicial branch includes 6 new FTE positions for the Commission on Legal Counsel for Indigents and an appropriation of $815,671, consisting of $365,593 from the general fund, for the establishment of the commission (see the **Indigent Defense** section below for additional information).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		$3,144		$3,144
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from 5.78 percent and 4 percent for each year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases		(24,241)		(24,241)
Added funding for other employees for state employee salary increases		21,671		21,671
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,490)		(5,490)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from 5.78 percent and 4 percent for each		(180,329)		(180,329)

year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases				
Added funding for other employees for state employee salary increases		107,462	$3,082	110,544
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(35,138)	(680)	(35,818)
Reduced funding for indigent defense contracts from a rate of $75 to $65 per hour		(1,155,930)		(1,155,930)
Reduced funding for indigent defense to decrease the reimbursement of overhead expenses relating to the reduction in funding for indigent defense contract rates (Reimbursement of overhead expenses is calculated at 10 percent of the total indigent defense contract amount.)		(115,593)		(115,593)
Reduced funding for indigent defense caseload increases from $500,000 to $250,000		(250,000)		(250,000)
Added 6 FTE positions and provided funding for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information)	6.00	365,593	200,000	565,593
Removed funding for the installation of a digital audio system		(40,000)		(40,000)
Removed funding for the installation of two interactive televisions		(70,000)		(70,000)
Judicial Conduct Commission changes:				
Added funding for state employee salary increases		1,129	1,003	2,132
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(265)	(235)	(500)
Total	6.00	($1,377,987)	$203,170	($1,174,817)

FTE Changes

The 2005-07 biennium appropriation includes funding for 338 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 336 FTE positions. The Legislative Assembly did not change the judicial branch proposal to delete 4 vacant FTE positions that were eliminated pursuant to Senate Bill No. 2423 (2003)--the state employee contingent salary increase bill--to generate savings and allow the judicial branch to provide a 1 percent salary increase for the remaining judicial branch employees as of January 1, 2004. The 4 FTE positions deleted consisted of 3 FTE deputy clerk of court positions (Walsh, Williams, and Stutsman Counties) and 1 FTE juvenile court officer position (Burleigh County). The Legislative Assembly also added 6 FTE positions for the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information).

Other Sections in Bill

Appropriation of additional funding - Section 4 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Center Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Salaries of Supreme Court justices - Section 6, as amended by Section 14 of House Bill No. 1015, provides statutory changes to North Dakota Century Code (NDCC) Section 27-02-02, relating to the salaries of justices of the Supreme Court. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The Supreme Court justices' salaries are to be increased from the current level of $99,122 to $103,087, effective July 1, 2005, and $107,210, effective July 1, 2006. The Chief Justice of the Supreme Court is entitled to receive an additional $3,015 per annum, effective July 1, 2005, and an additional $3,136 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,899 per annum.

Salaries and expenses of district judges - Section 7, as amended by Section 15 of House Bill No. 1015, provides statutory changes to NDCC Section 27-05-03, relating to the salaries and expenses of district court judges. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The district court judges' salaries are to be increased from the current level of $90,671 to $94,298, effective July 1, 2005, and $98,070, effective July 1, 2006. The presiding judge of a judicial district is entitled to receive an additional $2,779 per annum, effective July 1, 2005, and an additional $2,890 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,672 per annum.

Indigent Defense

The judicial branch requested a total of $11,014,298 in the indigent defense line items for the 2005-07 biennium. Of that amount, $10,486,423 was to provide indigent defense services and $527,875 was for guardians ad litem, which represents increases of $5,799,026 for indigent defense services and $152,875 for guardians ad litem from the 2003-05 biennium appropriation. Senate Bill No. 2027, as introduced, provided for the establishment of a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services, provided for the transition of indigent defense services from the judicial branch to the commission by December 31, 2005, and provided a general fund appropriation of $1,135,285 to the commission for the purpose of establishing the commission.

The Legislative Assembly provided a total of $9,492,775 for the indigent defense line items for the 2005-07 biennium, consisting of $8,964,900 for indigent defense services and $527,875 for guardians ad litem. The $8,964,900 for indigent defense services is a decrease of $1,521,523 from the judicial branch's request of $10,486,423, and an increase of $4,277,503 from the 2003-05 biennium appropriation. Although the Legislative Assembly removed the general fund appropriation of $1,135,285 from Senate Bill No. 2027, it provided a total of $815,671 in Senate Bill No. 2002 for the establishment of the Commission on Legal Counsel for Indigents. The $815,671 consists of a general fund appropriation of $365,593 (Section 9 of the bill), special funds appropriation of $200,000 (Section 9 of the bill), general fund carryover of up to $250,078 from the 2003-05 biennium (Section 8 of the bill), and is anticipated to be used to provide salaries and benefits for 6 new FTE positions, operating expenses, startup costs, and oversight board expenses. Funding for the new positions was provided based on the following--1 director (22 months), 1 deputy director (21 months), 1 administrative assistant (21 months), and 3 investigators (2 for 18 months and 1 for 6 months).

Section 8 was added to provide for an exemption to the provisions of NDCC Section 54-44.1-11, relating to unexpended appropriations to allow the judicial branch to carry forward up to $250,078 from the Supreme Court and district courts 2003-05 biennium general fund appropriation to the 2005-07 biennium for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents established by 2005 Senate Bill No. 2027.

Section 9 was added to provide an appropriation of $565,593 to the district courts for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents. This appropriation consists of $365,593 from the general fund and $200,000 from the indigent defense administration fund. This section

also provides that any money not expended by the district courts for this purpose by December 31, 2005, are available to the Commission on Legal Counsel for Indigents and the appropriation must be transferred to the commission on January 1, 2006.

Related Legislation

Senate Bill No. 2027 establishes a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services and provides for the transition of indigent defense services from the Supreme Court to the commission by December 31, 2005.

Senate Bill No. 2103 allows the state courts to participate in the income tax refund debt setoff for purposes of court-ordered fines, fees, or costs due to the state.

Senate Bill No. 2105 repeals NDCC Section 27-02-05.2, which provides for the state juvenile services coordinator position.

Labor Commissioner
Budget No. 406
House Bill Nos. 1007, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	11.00	$958,622	$498,215	$1,456,837
2005-07 legislative appropriations	**11.00**	**961,239**	**498,965**	**1,460,204**
Legislative increase (decrease) to executive budget	0.00	$2,617	$750	$3,367
Legislative increase (decrease) to 2003-05 appropriations	1.00	$83,292	$269,267	$352,559

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Labor Commissioner is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$3,612	$1,128	$4,740
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(995)	(378)	(1,373)
Total	0.00	$2,617	$750	$3,367

FTE Changes

The 2005-07 biennium appropriation includes funding for 11 FTE positions, an increase of 1 FTE position from the 2003-05 biennium authorized level of 10 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 administrative assistant position.

Land Department
Budget No. 226
Senate Bill No. 2013, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	18.75	$0	$7,818,995	$7,818,995
2005-07 legislative appropriations	**18.75**		**7,826,022**	**7,826,022**
Legislative increase (decrease) to executive budget	0.00	$0	$7,027	$7,027
Legislative increase (decrease) to 2003-05 appropriations	1.00	$0	$252,188	$252,188

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Land Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$9,398	$9,398
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(2,371)	(2,371)
Total	0.00	$0	$7,027	$7,027

FTE Changes

The 2005-07 biennium appropriation includes funding for 18.75 FTE positions, an increase of 1 FTE position from the 2003-05 biennium authorized level of 17.75 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE auditor II position.

Other Sections in Bill

Oil and gas development impact grants - Section 4 provides that $5 million of the special funds appropriation contained in Section 3 of the bill is from the oil and gas impact grant fund and may be used for the purpose of providing oil and gas development impact grants and for the administration of the oil and gas development impact grant program.

Carryover of appropriations for oil and gas impact grants - Section 5 provides that North Dakota Century Code (NDCC) Section 54-44.4-11 does not apply to appropriations for oil impact grants and, consequently, the 2005-07 appropriation authority may be continued into the 2007-09 biennium.

Contingencies line item/appropriation transfers - Section 6 provides that upon approval of the Board of University and School Lands, the commissioner of the Board of University and School Lands may transfer appropriation authority from the contingencies line item to all other line items, except the capital assets line item. The commissioner shall notify the Office of Management and Budget of each transfer made pursuant to this section.

Trust fund distributions to state entities - Section 7 provides the amounts to be distributed to various state entities from state trust funds managed by the Land Department and provides that NDCC Section 15-03-05.2 does not apply to distributions during the 2005-07 biennium. Section 15-03-05.2 provides the trust fund income may not be retained for future distributions to a trust fund beneficiary or added to a permanent fund if it would result in a decrease in distributions to the fund beneficiary from the amount distributed during the preceding fiscal year.

Lands and minerals trust fund continuing appropriation - Section 8 provides a continuing appropriation from the lands and minerals trust fund to pay the principal and interest to the common schools trust fund on any loans made from the fund to the developmentally disabled loan fund program Nos. 2 and 3.

Related Legislation

House Concurrent Resolution No. 3037 provides for an amendment to Sections 1 and 2 of Article IX of the Constitution of North Dakota relating to distributions from and management of the common schools trust fund and the trust funds of other educational or charitable institutions.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Legislative Assembly
Budget No. 150
Senate Bill No. 2001, **House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$13,117,952	$0	$13,117,952
2005-07 legislative appropriations	**0.00**	**9,492,225**	**20,000**	**9,512,225**
Legislative increase (decrease) to executive budget	0.00	($3,625,727)	$20,000	($3,605,727)
Legislative increase (decrease) to 2003-05 appropriations	0.00	$930,973	$20,000	$950,973

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for increasing legislators' monthly compensation by $100 per month, from $250 to $350, beginning July 1, 2005		$364,288		$364,288
Reduced funding recommended in the executive budget for legislators' health insurance premiums from $559.15 to $553.95 per month per policy		(16,100)		(16,100)
Removed funding for replacing legislative computer system applications (see **Legislative Applications Replacement System Project** section below)		(4,200,000)		(4,200,000)
Added funding in House Bill No. 1015 from the water development trust fund for North Dakota's contribution to the Legislators' Forum for Manitoba, Minnesota, North Dakota, and South Dakota			$20,000	20,000
Added funding for replacing sound system mixers in the House chamber		26,085		26,085
Added funding for designing and remodeling space in the Capitol for an additional committee room and for refurnishing committee rooms		200,000		200,000
Total	0.00	($3,625,727)	$20,000	($3,605,727)

Legislative Applications Replacement System Project

The Legislative Assembly, in its 2005-07 biennium budget request, included $4.2 million from the general fund for replacing legislative computer applications. The Legislative Assembly removed this funding as reflected on the schedule above and allowed, in Section 9 of Senate Bill No. 2001, the continuation of any unspent 2003-05 biennium appropriation authority of the legislative branch for costs of the legislative applications replacement system computer project. The Legislative Assembly also added Section 5 providing for the governance of the project by the Legislative Council.

Other Sections in Bill

Section 6 requires a Legislative Council study of the feasibility of printing bills and resolutions using high-speed printers for the 2007 legislative session.

Section 7 requires a Legislative Council study of the need for additional legislative committee meeting rooms.

Section 8 requires a Legislative Council study of the appropriateness of increasing the daily compensation for chairmen of substantive standing committee divisions established by House or Senate rules.

Section 10 makes the statutory change necessary to increase legislators monthly compensation from $250 to $350 per month.

Related Legislation

Senate Bill No. 2058 increases the state mileage reimbursement rate from 31 to 37.5 cents per mile.

Senate Bill No. 2059 increases the maximum reimbursement legislators may receive for lodging during legislative sessions from $650 to $900 per month retroactive to January 1, 2005.

Senate Bill No. 2195 increases the state meal reimbursement rate from a total of $20 per day to a total of $25 per day and increases the in-state lodging reimbursement allowance from a maximum of $45 per night plus tax to a maximum of $50 per night plus tax.

Legislative Council
Budget No. 160
Senate Bill Nos. 2001, 2003, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	33.00	$7,598,596	$0	$7,598,596
2005-07 legislative appropriations	**33.00**	**7,788,941**		**7,788,941**
Legislative increase (decrease) to executive budget	0.00	$190,345	$0	$190,345
Legislative increase (decrease) to 2003-05 appropriations	0.00	$256,085	$0	$256,085

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Legislative Council is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$19,463		$19,463
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,118)		(4,118)
Added funding in Senate Bill No. 2003 for conducting a higher education study		175,000		175,000
Total	0.00	$190,345	$0	$190,345

FTE Changes

The 2005-07 biennium appropriation includes funding for 33 FTE positions, the same as the 2003-05 biennium authorized level.

Other Sections in Bill

Section 6 requires a Legislative Council study of the feasibility of printing bills and resolutions using high-speed printers for the 2007 legislative session.

Section 7 requires a Legislative Council study of the need for additional legislative committee meeting rooms.

Section 8 requires a Legislative Council study of the appropriateness of increasing the daily compensation for chairmen of substantive standing committee divisions established by House or Senate rules.

Section 9 allows the legislative branch to continue any of its unspent 2003-05 biennium appropriation authority for costs relating to the legislative application replacement system computer project.

Related Legislation

Senate Bill No. 2058 increases the state mileage reimbursement rate from 31 to 37.5 cents per mile.

Senate Bill No. 2195 increases the state meal reimbursement rate from a total of $20 per day to a total of $25 per day and increases the in-state lodging reimbursement allowance from a maximum of $45 per night plus tax to a maximum of $50 per night plus tax.

State Library
Budget No. 250
House Bill Nos. 1013, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	28.75	$3,501,626	$1,658,575	$5,160,201
2005-07 legislative appropriations	**28.75**	**3,507,082**	**1,659,272**	**5,166,354**
Legislative increase (decrease) to executive budget	0.00	$5,456	$697	$6,153
Legislative increase (decrease) to 2003-05 appropriations	0.00	$480,036	$29,293	$509,329

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$8,077	$1,071	$9,148
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,621)	(374)	(2,995)
Total	0.00	$5,456	$697	$6,153

FTE Changes

The 2005-07 biennium appropriation includes funding for 28.75 FTE positions, the same as the 2003-05 biennium authorized level.

Other Sections in Bill

State aid to public libraries - Section 13 of House Bill No. 1013 provides that the grants line item for the State Library includes $1 million from the general fund for aid to public libraries, an increase of $155,963 from the amount appropriated for the 2003-05 biennium of $844,037.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Office of Management and Budget
Budget No. 110
House Bill Nos. 1015, 1050, 1069, Senate Bill Nos. 2018, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	130.50	$22,269,688	$14,838,281	$37,107,969
2005-07 legislative appropriations	**131.50**	**20,156,011**	**46,655,319**	**66,811,330**
Legislative increase (decrease) to executive budget	1.00	($2,113,677)	$31,817,038	$29,703,361
Legislative increase (decrease) to 2003-05 appropriations	(30.50)[1]	$415,500	$38,766,843	$39,182,343[2]

[1]The number of FTE positions for the 2003-05 biennium do not reflect an additional .5 FTE position, relating to consolidation of information technology services, transferred from the Information Technology Department to the Office of Management and Budget and a reduction of 30 FTE positions transferred--29 FTE positions to the Division of Emergency Management and 1 FTE position to the Information Technology Department--as a result of the transfer of State Radio from the Office of Management and Budget to the Division of Emergency Management. There is a decrease of 1 FTE position from the 2003-05 biennium as compared to the 2005-07 biennium, net of the State Radio and Information Technology consolidation transfers.

[2]The funding for the 2003-05 biennium includes funding of $8,214,488, of which $3,976,218 is from the general fund, for State Radio operations and $129,366 from the general fund relating to 1 FTE position transferred to the Information Technology Department.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$39,215	$9,827	$49,042
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(12,892)	(3,332)	(16,224)
Removed funding for statewide market equity compensation adjustments for classified state employees		(2,500,000)	(2,500,000)	(5,000,000)
Removed funding for a Capitol complex energy savings program. The program is anticipated to proceed, but spending authority is not needed because it will be funded by a third party.			(1,800,000)	(1,800,000)
Added funding for grants to provide schools with access to North Central Council of School TV programming		210,000		210,000
Added federal funding for Risk Management Division to receive a			107,200	107,200

homeland security grant for server hosting services at the Information Technology Department				
Provided funding for defraying the cost of paying military service retirement credit (HB 1069)			3,343	3,343
Added funding and 1 FTE position for establishing and maintaining a state procurement web site (SB 2018)	1.00	150,000		150,000
Added funding authority for the Office of Management and Budget to borrow and repay up to $15 million from the Bank of North Dakota for grants to centers of excellence (see **Centers of Excellence** section below)			31,000,000	31,000,000
Approved an additional $5 million of Bank of North Dakota loan proceeds to be used for centers of excellence grants if the $15 million loan is not adequate for the 2005-07 biennium (see **Centers of Excellence** section below)			5,000,000	5,000,000
Approved $150,000 from the general fund to conduct a study regarding expansion of the Heritage Center. **The Governor vetoed this section.**				
Total	1.00	($2,113,677)	$31,817,038	$29,703,361

FTE Changes

The 2005-07 appropriation included funding for 131.5 FTE positions, a decrease of 30.5 FTE positions from the 2003-05 authorized level of 162 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE positions--a procurement officer position for Central Services and an accounting manager position in the Fiscal Management Division. A total of 4 FTE security officer positions were transferred from the Office of Management and Budget to the Highway Patrol because security services will be provided by the Highway Patrol in the 2005-07 biennium. The Legislative Assembly added 1 FTE position to the Office of Management and Budget in Senate Bill No. 2018 for establishing and maintaining a state procurement web site. In addition, there was a reduction of 29.5 FTE positions from the 2003-05 biennium relating to the transfer of 29 FTE positions to the Division of Emergency Management and 1 FTE position to the Information Technology Department, as a result of the transfer of State Radio from the Office of Management and Budget to the Division of Emergency Management, and the addition of a .5 FTE position transferred from the Information Technology Department relating to consolidation of information technology services.

State Memberships

The Legislative Assembly did not change the executive recommendation which included $477,860 from the general fund for state memberships and related expenses as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	$80,000
Council of State Governments	143,100
Government Accounting Standards Board	4,000
Western Governors' Association	74,300
National Governors Association	72,000
Midwestern Governors Association	5,000
National Lieutenant Governors Conference	1,200
Education Commission of the States	98,260
Total dues and memberships	$477,860

Capital Improvements

The Legislative Assembly removed $1.8 million of spending authority for a Capitol complex energy savings program. The program is anticipated to proceed, but spending authority is not needed because it will be funded by a third party. The Legislative Assembly did not change the executive recommendation for a new fire suppression system for the Capitol tower and legislative wing. The source of the funding is from bond proceeds as authorized in Senate Bill No. 2023. The total funding authorized for capital improvements and extraordinary repairs is $3,959,000, of which $804,000 is funded from the general fund.

Fire suppression system (bonding)	$3,155,000
New parking area	245,000
Building automation system	80,000
Pavers	40,000
Memorial Library elevator controller	50,000
Judicial wing parking lot repair	150,000
Governor's residence maintenance	20,000
Electrical improvements	70,000
Building automation	40,000
Special assessment	74,000
Other projects	35,000
Total	$3,959,000

Transfers to the General Fund

Special fund transfers - House Bill No. 1015 provides for the following special fund transfers to the general fund:

Lands and minerals trust fund (Section 7)	$6,800,000
Permanent oil tax trust fund (Section 32)	55,300,000
Total	$62,100,000

Bank of North Dakota transfers - Section 9 provides for a transfer of $60 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that the transfer may only be made to the extent the transfer does not reduce the Bank's capital structure below $150 million.

Transfer to the Budget Stabilization Fund

Budget stabilization fund - The Legislative Assembly did not approve the executive recommendation to repeal the section providing that any amount in the general fund in excess of $65 million at the end of any biennium must be transferred to the budget stabilization fund; therefore, the estimated amount that will be transferred to the budget stabilization fund at the end of the 2003-05 biennium is $64,467,187.

Centers of Excellence

The Legislative Assembly authorized, in Senate Bill No. 2018, the Office of Management and Budget to borrow up to $15 million from the Bank of North Dakota and to distribute the funds to the centers of excellence as directed by the Centers of Excellence Commission. If the $15 million is not adequate funding for the 2005-07 biennium, the Office of Management and Budget may borrow an additional $5 million from the Bank to be used for centers of excellence grants, subject to Emergency Commission and Budget Section approval. A section of legislative intent was added providing that the Legislative Assembly intends to provide a total of $50 million for the centers of excellence during the 2005-07 biennium and future bienniums.

Any loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of $77 million of oil tax revenues has been received by the general fund, of which $71 million will be retained in the general fund and $6 million transferred to the permanent oil tax trust fund. As additional amounts in excess of the $6 million are transferred into the fund, the office of management and budget may use 50 percent of any additional transfers for repaying the Bank loan and interest, the total of which may not exceed $16 million during the 2005-07

biennium. Section 44 of Senate Bill No. 2018 amends statutory provisions relating to the permanent oil tax trust fund to allow transfers from the general fund to the permanent oil tax trust fund before the end of each biennium.

Other Sections in Bill

Elected officials' salaries - The Legislative Assembly added sections in House Bill No. 1015 making the statutory changes to provide elected officials and Supreme Court and district judges a 4 percent salary increase for each year of the biennium. The salary for the Governor and Lieutenant Governor were not changed from the proposal included in the executive recommendation of 2 percent for the first year of the biennium and 4 percent for the second year.

Approval of calendar requirements for schools - Section 12 amends North Dakota Century Code (NDCC) Section 15.1-06-06 relating to required approval of public and nonpublic school calendar requirements by the Superintendent of Public Instruction.

Expense reimbursement of members of the Legislative Assembly - Section 17 amends NDCC Section 54-03-20 to provide for a member of the Legislative Assembly to elect to be reimbursed for lodging during legislative sessions at a rate less than the amount to which the legislator is entitled.

Preparation of the budget data - Section 22 amends NDCC Section 54-44.1-06 to provide that appropriation bills prepared by the Office of Management and Budget provide the same funding as approved by the most recently adjourned special or regular session of the Legislative Assembly, with amendments presented to reflect the executive recommendation. In addition, the Office of Management and Budget is to provide the Legislative Assembly with estimated budget information for an additional four-year period beyond the two-year period covered by the executive recommendation. **The Governor vetoed this section.**

Capital construction bill - Section 23 amends NDCC Section 54-44.1-06.1 to provide that the capital construction bill include only projects involving bonding and that all other capital projects be included in draft amendments to the appropriate agency's appropriations bill. **The Governor vetoed this section.**

Emergency services communication systems fees - Section 25 amends NDCC Section 57-40.6-02 relating to voter approval of imposition of fees for emergency services communication systems. If the electors have approved imposition of a fee for emergency services communication systems before July 1, 2005, and the governing body of the city or county has not implemented that fee by June 30, 2005, the approval by the electors remains valid until the fee is implemented and, upon implementation, the fee may be imposed for a six-year period.

Effective date of the wheat tax levy - Section 26 changes the effective date for the increase in the wheat tax levy from the start of the next calendar quarter beginning 30 days after the effective date of the Act to July 1, 2005.

Composite schedules for teacher salaries - Section 27 repeals the section in Senate Bill No. 2015, the appropriations bill for the Department of Corrections and Rehabilitation, relating to preparation of future composite schedules for teacher salaries.

State employee compensation study - Section 28 provides for a Legislative Council study of state employee compensation, including the human resources system, retirement benefits, health insurance benefits, and the feasibility and desirability of implementing equity pay, merit pay, and pay for performance compensation systems.

Department of Corrections and Rehabilitation employee salaries study - Section 29 provides for a Legislative Council study of employee salaries of the Department of Corrections and Rehabilitation.

Pillars in Memorial Hall - Section 30 provides legislative intent that the Office of Management and Budget restore the pillars in the Memorial Hall of the State Capitol prior to December 1, 2006.

Highway fund transfer to special road fund - Section 31 requires the Department of Transportation to transfer funds from the state highway fund to the special road fund to make available $500,000 in the special road fund for projects during the 2005-07 biennium.

North Dakota Vision Services - School for the Blind appropriation - Section 34 provides a $20,000 general fund appropriation to the North Dakota Vision Services - School for the Blind for providing additional funding for temporary salaries.

Oil put options - Section 35 provides authority for the Office of Management and Budget to purchase oil put options.

Lake Region child support enforcement unit - Section 36 provides a $65,000 general fund appropriation to the Department of Human Services for providing additional incentive money to the Lake Region child support enforcement unit.

Legislators' Forum dues - Section 37 provides an appropriation of $20,000 from the water development trust fund to the Legislative Assembly for paying North Dakota's contribution to the Legislators' Forum for Manitoba, Minnesota, North Dakota, and South Dakota.

Disclosure of public records - Sections 38 and 45 provide for Section 7 of House Bill No. 1286, relating to disclosure of public records and open records requests, to be an emergency.

Fuels tax refunds by tribal members or entities - Section 39 provides legislative intent that Sections 13 and 16 of Senate Bill No. 2012 may not be construed to preclude claims for motor vehicle and special fuel tax refunds by tribal members or tribal entities for taxes on purchases made before January 1, 2005.

Streamlined sales tax agreement - Section 40 changes the effective date of streamlined sales tax agreement compliance provisions included in House Bill No. 1043 from January 1, 2006, to October 1, 2005.

Department of Corrections and Rehabilitation's incarceration and correctional facility needs study - Section 41 amends the Legislative Council study, as included in Senate Bill No. 2015, relating to the membership and chairman of the interim committee.

State Hospital employee positions authorization - Section 42 authorizes up to 21 additional FTE positions at the State Hospital for the substance abuse treatment pilot program authorized in Senate Bill No. 2373. The State Hospital is required to receive approval from the Emergency Commission and the Budget Section prior to hiring the additional positions.

Lake Region State College - North Hall - Section 43 authorizes a change in the scope of the North Hall renovation project approved by the 2003 Legislative Assembly.

University of North Dakota School of Medicine and Health Sciences performance audit - Section 44 provides that the State Auditor's office may not conduct a performance audit of the University of North Dakota School of Medicine and Health Sciences until the completion of the school's accreditation process.

Department of Transportation projects - Section 45 provides that the section in Senate Bill No. 2012, the Department of Transportation appropriations bill, relating to issuing bonds for United States Highway 2 and the Liberty Memorial Bridge is an emergency.

Prairie Public Broadcasting - The Legislative Assembly authorized a $1,337,138 general fund appropriation for grants to Prairie Public Broadcasting. 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 Office of Management and Budget's budget request for the 2005-07 biennium.

Related Legislation

Bank of North Dakota transfers to the general fund - House Bill No. 1053 provides that if a contingency transfer is made from the Bank of North Dakota to the general fund in response to a projected shortfall of general fund revenues, the director of the Office of Management and Budget must return to the Bank any funds available in the general fund at the end of the biennium, up to the amount of the contingency transfer.

Student loan trust fund transfer - House Bill No. 1152 provides for a transfer of $9 million from the student loan trust fund to the general fund.

Health care trust fund transfer - House Bill No. 1445 provides for a transfer of $16.9 million from the health care trust fund to the general fund.

State employee compensation - House Bill No. 1050 provides for state employee salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006.

Tie bid preference - House Bill No. 1091 provides that in the event that two or more bids contain identical pricing or receive identical evaluation scores, governing bodies of the state's political subdivisions must give preference to bids submitted by North Dakota vendors.

Mileage reimbursement - Senate Bill No. 2058 provides for the mileage reimbursement rate for state officials and employees to be increased from 31 to 37.5 cents per mile.

Lodging and meal reimbursement for state employees - Senate Bill No. 2195 increases the reimbursement for meal allowances--breakfast from $4 to $5; lunch from $6 to $7.50; and dinner from $10 to $12.50--and increases the reimbursement for the in-state lodging allowance from $45 to $50 per night.

Mill and Elevator Association
Budget No. 475
Senate Bill No. 2014

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	127.00	$0	$32,657,254	$32,657,254
2005-07 legislative appropriations	**127.00**		**32,841,404**	**32,841,404**
Legislative increase (decrease) to executive budget	0.00	$0	$184,150	$184,150
Legislative increase (decrease) to 2003-05 appropriations	2.00	$0	$2,859,252	$2,859,252

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Mill and Elevator Association is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			($15,850)	($15,850)
Added funding to provide a transfer to the International Business and Trade Office within the Department of Commerce			200,000	200,000
Total	0.00	$0	$184,150	$184,150

FTE Changes

The 2005-07 biennium appropriation includes funding for 127 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 125 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE positions for anticipated additional bulk loading as a result of the mill upgrade completion.

Transfers to the General Fund

Section 12 of Senate Bill No. 2014 provides for a $5 million transfer from the Mill and Elevator Association to the general fund during the 2005-07 biennium. The $5 million represents the amount included in the executive recommendation and is the same amount as the Mill and Elevator transfer to the general fund during the 2003-05 biennium.

Other Sections in Bill

International Business and Trade Office grant - Section 19 provides that the Mill and Elevator Association provide a grant of $200,000 to the International Business and Trade Office upon proof of the International Business and Trade Office securing $1 of matching funds from other public or private sources for every $2 from the Mill and Elevator Association.

Report to the Budget Section - Section 35 provides that the manager of the Mill and Elevator Association present an annual report to the Budget Section. The report must include the current role and mission of the Mill and Elevator Association and short-term and long-term plans for acquisitions, construction, renovation, equipment upgrades, sales and marketing, personnel, and all financial matters. This section also provides that the report to the Budget Section must also include a description of efforts by the Mill and Elevator Association to inform legislators about the role, mission, and operations of the mill.

NDSU Extension Service
Budget No. 630
Senate Bill No. 2020, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	266.10	$15,241,062	$22,989,228	$38,230,290
2005-07 legislative appropriations	**266.10**	**15,358,146**	**23,021,591**	**38,379,737**
Legislative increase (decrease) to executive budget	0.00	$117,084	$32,363	$149,447
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$1,498,700[2]	$2,534,761	$4,033,461

[1]The 2003-05 appropriation was based on 270.57 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 4.47 FTE positions were reduced pursuant to this section.

[2] The Main Research Center allocated $255,000 of its general fund appropriation to NDSU Extension Service for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the NDSU Extension Service is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$79,819	$57,068	$136,887
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(12,735)	(24,705)	(37,440)
Increases funding for soil conservation districts		50,000		50,000
Total	0.00	$117,084	$32,363	$149,447

FTE Changes

The 2003-05 appropriation was based on 270.57 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 4.47 FTE positions were reduced pursuant to this section, decreasing the total authorized positions to 266.1 FTEs. The Legislative Assembly did not change the executive recommendation which included funding for 266.1 FTE positions.

Soil Conservation Committee

The Legislative Assembly appropriated $837,238 from the general fund for soil conservation districts.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Northern Crops Institute
Budget No. 638
Senate Bill No. 2020, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	7.62	$812,844	$950,741	$1,763,585
2005-07 legislative appropriations	**8.62**	**910,761**	**991,922**	**1,902,683**
Legislative increase (decrease) to executive budget	1.00	$97,917	$41,181	$139,098
Legislative increase (decrease) to 2003-05 appropriations	1.00[1]	$164,759	$214,577	$379,336

[1]The 2003-05 appropriation was based on 8.17 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A .55 FTE position was reduced pursuant to this section.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Northern Crops Institute is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$2,885	$2,075	$4,960
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(499)	(499)	(998)
Added 1 FTE crop quality promotion specialist position	1.00	120,000	39,605	159,605
Removed funding for linking crops to North Dakota livestock development research costs		(24,469)		(24,469)
Total	1.00	$97,917	$41,181	$139,098

FTE Changes

The 2003-05 appropriation was based on 8.17 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A .55 FTE position was reduced pursuant to this section, decreasing the total authorized positions to 7.62 FTEs. The Legislative Assembly added 1 FTE crop quality promotion specialist position.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Office of Management and Budget
Budget No. 110
House Bill Nos. 1015, 1050, 1069, Senate Bill Nos. 2018, 2023

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	130.50	$22,269,688	$14,838,281	$37,107,969
2005-07 legislative appropriations	**131.50**	**20,156,011**	**46,655,319**	**66,811,330**
Legislative increase (decrease) to executive budget	1.00	($2,113,677)	$31,817,038	$29,703,361
Legislative increase (decrease) to 2003-05 appropriations	(30.50)[1]	$415,500	$38,766,843	$39,182,343[2]

[1]The number of FTE positions for the 2003-05 biennium do not reflect an additional .5 FTE position, relating to consolidation of information technology services, transferred from the Information Technology Department to the Office of Management and Budget and a reduction of 30 FTE positions transferred--29 FTE positions to the Division of Emergency Management and 1 FTE position to the Information Technology Department--as a result of the transfer of State Radio from the Office of Management and Budget to the Division of Emergency Management. There is a decrease of 1 FTE position from the 2003-05 biennium as compared to the 2005-07 biennium, net of the State Radio and Information Technology consolidation transfers.

[2]The funding for the 2003-05 biennium includes funding of $8,214,488, of which $3,976,218 is from the general fund, for State Radio operations and $129,366 from the general fund relating to 1 FTE position transferred to the Information Technology Department.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Office of Management and Budget is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$39,215	$9,827	$49,042
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(12,892)	(3,332)	(16,224)
Removed funding for statewide market equity compensation adjustments for classified state employees		(2,500,000)	(2,500,000)	(5,000,000)
Removed funding for a Capitol complex energy savings program. The program is anticipated to proceed, but spending authority is not needed because it will be funded by a third party.			(1,800,000)	(1,800,000)
Added funding for grants to provide schools with access to North Central Council of School TV programming		210,000		210,000
Added federal funding for Risk Management Division to receive a			107,200	107,200

homeland security grant for server hosting services at the Information Technology Department				
Provided funding for defraying the cost of paying military service retirement credit (HB 1069)			3,343	3,343
Added funding and 1 FTE position for establishing and maintaining a state procurement web site (SB 2018)	1.00	150,000		150,000
Added funding authority for the Office of Management and Budget to borrow and repay up to $15 million from the Bank of North Dakota for grants to centers of excellence (see **Centers of Excellence** section below)			31,000,000	31,000,000
Approved an additional $5 million of Bank of North Dakota loan proceeds to be used for centers of excellence grants if the $15 million loan is not adequate for the 2005-07 biennium (see **Centers of Excellence** section below)			5,000,000	5,000,000
Approved $150,000 from the general fund to conduct a study regarding expansion of the Heritage Center. **The Governor vetoed this section.**				
Total	1.00	($2,113,677)	$31,817,038	$29,703,361

FTE Changes

The 2005-07 appropriation included funding for 131.5 FTE positions, a decrease of 30.5 FTE positions from the 2003-05 authorized level of 162 FTE positions. The Legislative Assembly did not change the executive recommendation to add 2 FTE positions--a procurement officer position for Central Services and an accounting manager position in the Fiscal Management Division. A total of 4 FTE security officer positions were transferred from the Office of Management and Budget to the Highway Patrol because security services will be provided by the Highway Patrol in the 2005-07 biennium. The Legislative Assembly added 1 FTE position to the Office of Management and Budget in Senate Bill No. 2018 for establishing and maintaining a state procurement web site. In addition, there was a reduction of 29.5 FTE positions from the 2003-05 biennium relating to the transfer of 29 FTE positions to the Division of Emergency Management and 1 FTE position to the Information Technology Department, as a result of the transfer of State Radio from the Office of Management and Budget to the Division of Emergency Management, and the addition of a .5 FTE position transferred from the Information Technology Department relating to consolidation of information technology services.

State Memberships

The Legislative Assembly did not change the executive recommendation which included $477,860 from the general fund for state memberships and related expenses as follows:

Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	$80,000
Council of State Governments	143,100
Government Accounting Standards Board	4,000
Western Governors' Association	74,300
National Governors Association	72,000
Midwestern Governors Association	5,000
National Lieutenant Governors Conference	1,200
Education Commission of the States	98,260
Total dues and memberships	$477,860

Capital Improvements

The Legislative Assembly removed $1.8 million of spending authority for a Capitol complex energy savings program. The program is anticipated to proceed, but spending authority is not needed because it will be funded by a third party. The Legislative Assembly did not change the executive recommendation for a new fire suppression system for the Capitol tower and legislative wing. The source of the funding is from bond proceeds as authorized in Senate Bill No. 2023. The total funding authorized for capital improvements and extraordinary repairs is $3,959,000, of which $804,000 is funded from the general fund.

Fire suppression system (bonding)	$3,155,000
New parking area	245,000
Building automation system	80,000
Pavers	40,000
Memorial Library elevator controller	50,000
Judicial wing parking lot repair	150,000
Governor's residence maintenance	20,000
Electrical improvements	70,000
Building automation	40,000
Special assessment	74,000
Other projects	35,000
Total	$3,959,000

Transfers to the General Fund

Special fund transfers - House Bill No. 1015 provides for the following special fund transfers to the general fund:

Lands and minerals trust fund (Section 7)	$6,800,000
Permanent oil tax trust fund (Section 32)	55,300,000
Total	$62,100,000

Bank of North Dakota transfers - Section 9 provides for a transfer of $60 million from the current earnings and the accumulated undivided profits of the Bank of North Dakota to the general fund, the same as the executive recommendation. The section provides that the transfer may only be made to the extent the transfer does not reduce the Bank's capital structure below $150 million.

Transfer to the Budget Stabilization Fund

Budget stabilization fund - The Legislative Assembly did not approve the executive recommendation to repeal the section providing that any amount in the general fund in excess of $65 million at the end of any biennium must be transferred to the budget stabilization fund; therefore, the estimated amount that will be transferred to the budget stabilization fund at the end of the 2003-05 biennium is $64,467,187.

Centers of Excellence

The Legislative Assembly authorized, in Senate Bill No. 2018, the Office of Management and Budget to borrow up to $15 million from the Bank of North Dakota and to distribute the funds to the centers of excellence as directed by the Centers of Excellence Commission. If the $15 million is not adequate funding for the 2005-07 biennium, the Office of Management and Budget may borrow an additional $5 million from the Bank to be used for centers of excellence grants, subject to Emergency Commission and Budget Section approval. A section of legislative intent was added providing that the Legislative Assembly intends to provide a total of $50 million for the centers of excellence during the 2005-07 biennium and future bienniums.

Any loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of $77 million of oil tax revenues has been received by the general fund, of which $71 million will be retained in the general fund and $6 million transferred to the permanent oil tax trust fund. As additional amounts in excess of the $6 million are transferred into the fund, the office of management and budget may use 50 percent of any additional transfers for repaying the Bank loan and interest, the total of which may not exceed $16 million during the 2005-07

biennium. Section 44 of Senate Bill No. 2018 amends statutory provisions relating to the permanent oil tax trust fund to allow transfers from the general fund to the permanent oil tax trust fund before the end of each biennium.

Other Sections in Bill

Elected officials' salaries - The Legislative Assembly added sections in House Bill No. 1015 making the statutory changes to provide elected officials and Supreme Court and district judges a 4 percent salary increase for each year of the biennium. The salary for the Governor and Lieutenant Governor were not changed from the proposal included in the executive recommendation of 2 percent for the first year of the biennium and 4 percent for the second year.

Approval of calendar requirements for schools - Section 12 amends North Dakota Century Code (NDCC) Section 15.1-06-06 relating to required approval of public and nonpublic school calendar requirements by the Superintendent of Public Instruction.

Expense reimbursement of members of the Legislative Assembly - Section 17 amends NDCC Section 54-03-20 to provide for a member of the Legislative Assembly to elect to be reimbursed for lodging during legislative sessions at a rate less than the amount to which the legislator is entitled.

Preparation of the budget data - Section 22 amends NDCC Section 54-44.1-06 to provide that appropriation bills prepared by the Office of Management and Budget provide the same funding as approved by the most recently adjourned special or regular session of the Legislative Assembly, with amendments presented to reflect the executive recommendation. In addition, the Office of Management and Budget is to provide the Legislative Assembly with estimated budget information for an additional four-year period beyond the two-year period covered by the executive recommendation. **The Governor vetoed this section.**

Capital construction bill - Section 23 amends NDCC Section 54-44.1-06.1 to provide that the capital construction bill include only projects involving bonding and that all other capital projects be included in draft amendments to the appropriate agency's appropriations bill. **The Governor vetoed this section.**

Emergency services communication systems fees - Section 25 amends NDCC Section 57-40.6-02 relating to voter approval of imposition of fees for emergency services communication systems. If the electors have approved imposition of a fee for emergency services communication systems before July 1, 2005, and the governing body of the city or county has not implemented that fee by June 30, 2005, the approval by the electors remains valid until the fee is implemented and, upon implementation, the fee may be imposed for a six-year period.

Effective date of the wheat tax levy - Section 26 changes the effective date for the increase in the wheat tax levy from the start of the next calendar quarter beginning 30 days after the effective date of the Act to July 1, 2005.

Composite schedules for teacher salaries - Section 27 repeals the section in Senate Bill No. 2015, the appropriations bill for the Department of Corrections and Rehabilitation, relating to preparation of future composite schedules for teacher salaries.

State employee compensation study - Section 28 provides for a Legislative Council study of state employee compensation, including the human resources system, retirement benefits, health insurance benefits, and the feasibility and desirability of implementing equity pay, merit pay, and pay for performance compensation systems.

Department of Corrections and Rehabilitation employee salaries study - Section 29 provides for a Legislative Council study of employee salaries of the Department of Corrections and Rehabilitation.

Pillars in Memorial Hall - Section 30 provides legislative intent that the Office of Management and Budget restore the pillars in the Memorial Hall of the State Capitol prior to December 1, 2006.

Highway fund transfer to special road fund - Section 31 requires the Department of Transportation to transfer funds from the state highway fund to the special road fund to make available $500,000 in the special road fund for projects during the 2005-07 biennium.

North Dakota Vision Services - School for the Blind appropriation - Section 34 provides a $20,000 general fund appropriation to the North Dakota Vision Services - School for the Blind for providing additional funding for temporary salaries.

Oil put options - Section 35 provides authority for the Office of Management and Budget to purchase oil put options.

Lake Region child support enforcement unit - Section 36 provides a $65,000 general fund appropriation to the Department of Human Services for providing additional incentive money to the Lake Region child support enforcement unit.

Legislators' Forum dues - Section 37 provides an appropriation of $20,000 from the water development trust fund to the Legislative Assembly for paying North Dakota's contribution to the Legislators' Forum for Manitoba, Minnesota, North Dakota, and South Dakota.

Disclosure of public records - Sections 38 and 45 provide for Section 7 of House Bill No. 1286, relating to disclosure of public records and open records requests, to be an emergency.

Fuels tax refunds by tribal members or entities - Section 39 provides legislative intent that Sections 13 and 16 of Senate Bill No. 2012 may not be construed to preclude claims for motor vehicle and special fuel tax refunds by tribal members or tribal entities for taxes on purchases made before January 1, 2005.

Streamlined sales tax agreement - Section 40 changes the effective date of streamlined sales tax agreement compliance provisions included in House Bill No. 1043 from January 1, 2006, to October 1, 2005.

Department of Corrections and Rehabilitation's incarceration and correctional facility needs study - Section 41 amends the Legislative Council study, as included in Senate Bill No. 2015, relating to the membership and chairman of the interim committee.

State Hospital employee positions authorization - Section 42 authorizes up to 21 additional FTE positions at the State Hospital for the substance abuse treatment pilot program authorized in Senate Bill No. 2373. The State Hospital is required to receive approval from the Emergency Commission and the Budget Section prior to hiring the additional positions.

Lake Region State College - North Hall - Section 43 authorizes a change in the scope of the North Hall renovation project approved by the 2003 Legislative Assembly.

University of North Dakota School of Medicine and Health Sciences performance audit - Section 44 provides that the State Auditor's office may not conduct a performance audit of the University of North Dakota School of Medicine and Health Sciences until the completion of the school's accreditation process.

Department of Transportation projects - Section 45 provides that the section in Senate Bill No. 2012, the Department of Transportation appropriations bill, relating to issuing bonds for United States Highway 2 and the Liberty Memorial Bridge is an emergency.

Prairie Public Broadcasting - The Legislative Assembly authorized a $1,337,138 general fund appropriation for grants to Prairie Public Broadcasting. 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 Office of Management and Budget's budget request for the 2005-07 biennium.

Related Legislation

Bank of North Dakota transfers to the general fund - House Bill No. 1053 provides that if a contingency transfer is made from the Bank of North Dakota to the general fund in response to a projected shortfall of general fund revenues, the director of the Office of Management and Budget must return to the Bank any funds available in the general fund at the end of the biennium, up to the amount of the contingency transfer.

Student loan trust fund transfer - House Bill No. 1152 provides for a transfer of $9 million from the student loan trust fund to the general fund.

Health care trust fund transfer - House Bill No. 1445 provides for a transfer of $16.9 million from the health care trust fund to the general fund.

State employee compensation - House Bill No. 1050 provides for state employee salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006.

Tie bid preference - House Bill No. 1091 provides that in the event that two or more bids contain identical pricing or receive identical evaluation scores, governing bodies of the state's political subdivisions must give preference to bids submitted by North Dakota vendors.

Mileage reimbursement - Senate Bill No. 2058 provides for the mileage reimbursement rate for state officials and employees to be increased from 31 to 37.5 cents per mile.

Lodging and meal reimbursement for state employees - Senate Bill No. 2195 increases the reimbursement for meal allowances--breakfast from $4 to $5; lunch from $6 to $7.50; and dinner from $10 to $12.50--and increases the reimbursement for the in-state lodging allowance from $45 to $50 per night.

Parks and Recreation Department
Budget No. 750
House Bill Nos. 1020, 1050, 1069, Senate Bill Nos. 2023, 2228

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	48.50	$8,502,575	$12,986,253	$21,488,828
2005-07 legislative appropriations	**46.50**	**8,144,153**	**13,427,583**	**21,571,736**
Legislative increase (decrease) to executive budget	(2.00)	($358,422)	$441,330	$82,908
Legislative increase (decrease) to 2003-05 appropriations	2.25	$1,087,640	$2,655,476	$3,743,116

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$17,454	$1,622	$19,076
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,616)	(499)	(6,115)
Removed funding and 2 FTE positions related to the Elkhorn Ranch project	(2.00)	(317,461)	(110,000)	(427,461)
Added federal funds to the capital assets line item for the Parks and Recreation Department to receive funds from the Corps of Engineers to maintain boat ramp access on Lake Sakakawea			200,000	200,000
Removed funding from the capital assets line item for the Lake Sakakawea State Park campground rewire project		(55,000)		(55,000)
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		2,201	207	2,408
Provided funding in Senate Bill No. 2228 from the permanent oil tax trust fund for the Parks and Recreation Department to provide a one-time grant to the International Music Camp to assist with construction costs of the International Arts Center (see **Related Legislation** section below)			350,000	350,000
Total	(2.00)	($358,422)	$441,330	$82,908

FTE Changes

The 2005-07 biennium appropriation includes funding for 46.5 FTE positions, an increase of 2.25 FTE positions from the 2003-05 biennium authorized level of 44.25 FTE positions and a decrease of 2 FTE positions from the executive budget recommendation of 48.5 FTE positions. The Legislative Assembly did not change the executive recommendation to convert four .75 FTE park maintenance positions to four 1 FTE positions, to convert one .75 FTE park ranger position at Beaver Lake State Park to 1 FTE position, and to add 1 FTE position for a snowmobile and ATV safety instructor. The Legislative Assembly removed the 2 FTE positions included in the executive recommendation for the Elkhorn Ranch project.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

	2005-07 Executive Recommendation			2005 Legislative Action			2005-07 Legislative Appropriation		
Project	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Capital projects included in executive budget									
Extraordinary repairs	$742,700	$42,000	$784,700				$742,700	$42,000	$784,700
Equipment over $5,000		380,500	380,500					380,500	380,500
Corps of Engineers authority for potential boat ramp capital projects		500,000	500,000					500,000	500,000
Coast Guard authority for potential floating breakwater projects - Fort Stevenson State Park		250,000	250,000					250,000	250,000
Elkhorn preserve development	110,000	110,000	220,000	($110,000)	($110,000)	($220,000)			
FEMA authority for potential capital projects		100,000	100,000					100,000	100,000
Campground rehabilitation - Fort Stevenson State Park	160,000		160,000				160,000		160,000
Campground upgrade - Icelandic State Park	95,000	95,000	190,000				95,000	95,000	190,000
Boat ramp improvements - Lake Sakakawea State Park	25,000	25,000	50,000				25,000	25,000	50,000
Campground utilities upgrade - Lake Sakakawea State Park	145,000		145,000				145,000		145,000
Campground rewire - Lake Sakakawea State Park	55,000		55,000	(55,000)		(55,000)			
Peace Garden Conflict Resolution Center	250,000		250,000				250,000		250,000
Pembina Gorge trails	50,000	200,000	250,000				50,000	200,000	250,000
Administrative office - Turtle River State Park [1]		700,000	700,000					700,000	700,000
Boat ramp access - Lake Sakakawea [2]			0		200,000	200,000		200,000	200,000
Total - Executive recommendation	$1,632,700	$2,402,500	$4,035,200	($165,000)	$90,000	($75,000)	$1,467,700	$2,492,500	$3,960,200

NOTE: The total legislative appropriation of $3,960,200 consists of $3,260,200 from House Bill No. 1020--capital assets line item ($2,705,200), Lewis and Clark Bicentennial line item ($305,000), and International Peace Garden line item ($250,000)--and $700,000 from Senate Bill No. 2023.

[1]The Turtle River State Park administrative office building construction project is included in Senate Bill No. 2023--the bonding bill. The $700,000 consists of $350,000 from bonding proceeds and $350,000 from federal or other funds.

[2]The Legislative Assembly added $200,000 of federal funds spending authority to the capital assets line item to allow the Parks and Recreation Department to receive $200,000 from the Corps of Engineers to maintain boat ramp access on Lake Sakakawea and added an emergency clause for this spending authority.

Lewis and Clark Bicentennial

The Legislative Assembly provided a total general fund appropriation of $617,335 for the Lewis an Clark Bicentennial line item for the 2005-07 biennium, a decrease of $437 from the executive recommendation due to salary and health insurance adjustments and a decrease of $143,283 from the 2003-05 biennium appropriation of $760,618. The Lewis and Clark Bicentennial appropriation is for the following projects/programs:

Capital projects	
Fort Stevenson State Park campground rehabilitation	$160,000
Lake Sakakawea State Park campground utilities upgrade	145,000
Total capital projects	$305,000
Salaries	
One FTE park ranger position	$80,302
Temporary salaries	148,500
Total salaries	$228,802
Operating	$83,533
Total Lewis and Clark Bicentennial - All general fund	$617,335

International Peace Garden

The Legislative Assembly did not change the executive recommendation to provide a total of $602,854 from the general fund for the International Peace Garden for the 2005-07 biennium, an increase of $250,000 from the 2003-05 biennium appropriation amount of $352,854. The $250,000 increase is for planning relating to the construction of a conflict resolution center at the Peace Garden.

Other Sections in Bill

Snowmobile fund - Section 4 provides that $907,262 of the estimated income line item appropriated in Section 3 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 5 provides that $128,004 of the estimated income line item appropriated in Section 3 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 6 provides that $120,691 of the estimated income line item appropriated in Section 3 of the bill is from the state parks gift fund.

Game and fish operating fund - Section 7 provides that $122,000 of the estimated income line item appropriated in Section 3 of the bill is from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, and must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at various state parks.

Lewis and Clark Bicentennial grants - Section 8 provides that the Lewis and Clark Bicentennial line item in Section 3 of Senate Bill No. 2018, the appropriations bill for the Department of Commerce, includes $325,000 from the general fund that the Tourism Division shall provide as grants to the following entities:

Fort Abraham Lincoln Foundation	$100,000
Lewis and Clark Foundation	$100,000
Three Affiliated Tribes Lewis and Clark Bicentennial	$50,000
Standing Rock Tourism, Lewis and Clark Bicentennial	$50,000
Cowboy Hall of Fame	$25,000

Related Legislation

Senate Bill No. 2228 provides an appropriation as reflected on the schedule above of $350,000 from the permanent oil tax trust fund to the Parks and Recreation Department to provide a one-time grant to the International Music Camp to assist with the construction costs of the International Arts Center to be located at the International Music Camp at the International Peace Garden, subject to the building project being awarded to a contractor pursuant to the procedures set forth in North Dakota Century Code Chapter 48-01.1.

Parks and Recreation Department
Budget No. 750
House Bill Nos. 1020, 1050, 1069, Senate Bill Nos. 2023, 2228

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	48.50	$8,502,575	$12,986,253	$21,488,828
2005-07 legislative appropriations	**46.50**	**8,144,153**	**13,427,583**	**21,571,736**
Legislative increase (decrease) to executive budget	(2.00)	($358,422)	$441,330	$82,908
Legislative increase (decrease) to 2003-05 appropriations	2.25	$1,087,640	$2,655,476	$3,743,116

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Parks and Recreation Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$17,454	$1,622	$19,076
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,616)	(499)	(6,115)
Removed funding and 2 FTE positions related to the Elkhorn Ranch project	(2.00)	(317,461)	(110,000)	(427,461)
Added federal funds to the capital assets line item for the Parks and Recreation Department to receive funds from the Corps of Engineers to maintain boat ramp access on Lake Sakakawea			200,000	200,000
Removed funding from the capital assets line item for the Lake Sakakawea State Park campground rewire project		(55,000)		(55,000)
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		2,201	207	2,408
Provided funding in Senate Bill No. 2228 from the permanent oil tax trust fund for the Parks and Recreation Department to provide a one-time grant to the International Music Camp to assist with construction costs of the International Arts Center (see **Related Legislation** section below)			350,000	350,000
Total	(2.00)	($358,422)	$441,330	$82,908

FTE Changes

The 2005-07 biennium appropriation includes funding for 46.5 FTE positions, an increase of 2.25 FTE positions from the 2003-05 biennium authorized level of 44.25 FTE positions and a decrease of 2 FTE positions from the executive budget recommendation of 48.5 FTE positions. The Legislative Assembly did not change the executive recommendation to convert four .75 FTE park maintenance positions to four 1 FTE positions, to convert one .75 FTE park ranger position at Beaver Lake State Park to 1 FTE position, and to add 1 FTE position for a snowmobile and ATV safety instructor. The Legislative Assembly removed the 2 FTE positions included in the executive recommendation for the Elkhorn Ranch project.

Capital Projects

The Legislative Assembly provided funding for the following capital projects:

	2005-07 Executive Recommendation			2005 Legislative Action			2005-07 Legislative Appropriation		
Project	General Fund	Other Funds	Total	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Capital projects included in executive budget									
Extraordinary repairs	$742,700	$42,000	$784,700				$742,700	$42,000	$784,700
Equipment over $5,000		380,500	380,500					380,500	380,500
Corps of Engineers authority for potential boat ramp capital projects		500,000	500,000					500,000	500,000
Coast Guard authority for potential floating breakwater projects - Fort Stevenson State Park		250,000	250,000					250,000	250,000
Elkhorn preserve development	110,000	110,000	220,000	($110,000)	($110,000)	($220,000)			
FEMA authority for potential capital projects		100,000	100,000					100,000	100,000
Campground rehabilitation - Fort Stevenson State Park	160,000		160,000				160,000		160,000
Campground upgrade - Icelandic State Park	95,000	95,000	190,000				95,000	95,000	190,000
Boat ramp improvements - Lake Sakakawea State Park	25,000	25,000	50,000				25,000	25,000	50,000
Campground utilities upgrade - Lake Sakakawea State Park	145,000		145,000				145,000		145,000
Campground rewire - Lake Sakakawea State Park	55,000		55,000	(55,000)		(55,000)			
Peace Garden Conflict Resolution Center	250,000		250,000				250,000		250,000
Pembina Gorge trails	50,000	200,000	250,000				50,000	200,000	250,000
Administrative office - Turtle River State Park [1]		700,000	700,000					700,000	700,000
Boat ramp access - Lake Sakakawea [2]			0		200,000	200,000		200,000	200,000
Total - Executive recommendation	$1,632,700	$2,402,500	$4,035,200	($165,000)	$90,000	($75,000)	$1,467,700	$2,492,500	$3,960,200

NOTE: The total legislative appropriation of $3,960,200 consists of $3,260,200 from House Bill No. 1020--capital assets line item ($2,705,200), Lewis and Clark Bicentennial line item ($305,000), and International Peace Garden line item ($250,000)--and $700,000 from Senate Bill No. 2023.

[1]The Turtle River State Park administrative office building construction project is included in Senate Bill No. 2023--the bonding bill. The $700,000 consists of $350,000 from bonding proceeds and $350,000 from federal or other funds.

[2]The Legislative Assembly added $200,000 of federal funds spending authority to the capital assets line item to allow the Parks and Recreation Department to receive $200,000 from the Corps of Engineers to maintain boat ramp access on Lake Sakakawea and added an emergency clause for this spending authority.

Lewis and Clark Bicentennial

The Legislative Assembly provided a total general fund appropriation of $617,335 for the Lewis an Clark Bicentennial line item for the 2005-07 biennium, a decrease of $437 from the executive recommendation due to salary and health insurance adjustments and a decrease of $143,283 from the 2003-05 biennium appropriation of $760,618. The Lewis and Clark Bicentennial appropriation is for the following projects/programs:

Capital projects	
Fort Stevenson State Park campground rehabilitation	$160,000
Lake Sakakawea State Park campground utilities upgrade	145,000
Total capital projects	$305,000
Salaries	
One FTE park ranger position	$80,302
Temporary salaries	148,500
Total salaries	$228,802
Operating	$83,533
Total Lewis and Clark Bicentennial - All general fund	$617,335

International Peace Garden

The Legislative Assembly did not change the executive recommendation to provide a total of $602,854 from the general fund for the International Peace Garden for the 2005-07 biennium, an increase of $250,000 from the 2003-05 biennium appropriation amount of $352,854. The $250,000 increase is for planning relating to the construction of a conflict resolution center at the Peace Garden.

Other Sections in Bill

Snowmobile fund - Section 4 provides that $907,262 of the estimated income line item appropriated in Section 3 of the bill is from the snowmobile fund.

Trail tax transfer fund - Section 5 provides that $128,004 of the estimated income line item appropriated in Section 3 of the bill is from the trail tax transfer fund.

State parks gift fund - Section 6 provides that $120,691 of the estimated income line item appropriated in Section 3 of the bill is from the state parks gift fund.

Game and fish operating fund - Section 7 provides that $122,000 of the estimated income line item appropriated in Section 3 of the bill is from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, and must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at various state parks.

Lewis and Clark Bicentennial grants - Section 8 provides that the Lewis and Clark Bicentennial line item in Section 3 of Senate Bill No. 2018, the appropriations bill for the Department of Commerce, includes $325,000 from the general fund that the Tourism Division shall provide as grants to the following entities:

Fort Abraham Lincoln Foundation	$100,000
Lewis and Clark Foundation	$100,000
Three Affiliated Tribes Lewis and Clark Bicentennial	$50,000
Standing Rock Tourism, Lewis and Clark Bicentennial	$50,000
Cowboy Hall of Fame	$25,000

Related Legislation

Senate Bill No. 2228 provides an appropriation as reflected on the schedule above of $350,000 from the permanent oil tax trust fund to the Parks and Recreation Department to provide a one-time grant to the International Music Camp to assist with the construction costs of the International Arts Center to be located at the International Music Camp at the International Peace Garden, subject to the building project being awarded to a contractor pursuant to the procedures set forth in North Dakota Century Code Chapter 48-01.1.

Protection and Advocacy Project
Budget No. 360
House Bill Nos. 1014, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	25.50	$810,464	$2,902,975	$3,713,439
2005-07 legislative appropriations	**25.50**	**812,093**	**2,908,886**	**3,720,979**
Legislative increase (decrease) to executive budget	0.00	$1,629	$5,911	$7,540
Legislative increase (decrease) to 2003-05 appropriations	1.00	$29,370	$465,354	$494,724

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Protection and Advocacy Project is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$2,481	$8,429	$10,910
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(852)	(2,518)	(3,370)
Total	0.00	$1,629	$5,911	$7,540

FTE Changes

The 2005-07 biennium appropriation includes funding for 25.5 FTE positions, an increase of 1 FTE position from the 2003-05 biennium authorized level of 24.5 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE disabilities advocate position.

Other Sections in Bill

Legislative intent - Section 4 was added to provide a section of legislative intent regarding a reduction in federal funding. It provides that if the Protection and Advocacy Project receives less federal funds during the 2005-07 biennium than anticipated, then it shall eliminate the new full-time equivalent position for a disabilities advocate for the Turtle Mountain Indian Reservation or eliminate another full-time equivalent position rather than reduce other services to provide for the reduction in federal funding to the agency.

Public Employees Retirement System
Budget No. 192
House Bill Nos. 1023, 1050, 1073

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	29.00	$0	$4,692,005	$4,692,005
2005-07 legislative appropriations	**29.00**	**19,000**	**4,700,237**	**4,719,237**
Legislative increase (decrease) to executive budget	0.00	$19,000	$8,232	$27,232
Legislative increase (decrease) to 2003-05 appropriations	0.00	$19,000	$309,079	$328,079

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Public Employees Retirement System is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$11,976	$11,976
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(3,744)	(3,744)
Provided funding in House Bill No. 1073 for paying old-age and survivor insurance benefits		$19,000		19,000
Total	0.00	$19,000	$8,232	$27,232

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 29 FTE positions, the same as the 2003-05 biennium.

Other Sections in Bill

Appropriation line item transfers - Section 5 provides that the Public Employees Retirement System may transfer funds from the contingencies line item in subdivision 2 of Section 3 of the bill to all other line items and provides that the agency notify the Office of Management and Budget of each transfer made.

State agency carryover authority for information technology projects - Section 6 amends North Dakota Century Code (NDCC) Section 54-44.1-11, relating to the cancellation of unexpended appropriations, to allow agencies, upon approval, to carry forward the unexpended balance for authorized ongoing information technology projects.

Revisions to compensation plan - Section 7 amends NDCC Section 54-44.3-12.1, relating to revisions to compensation plans under the central personnel system to provide that revisions to the compensation plan for county employees covered by the plan become effective on January 1 of the first full calendar year following the revision or on July 1 following the close of a regular legislative session, based on official action by the board of county commissioners.

Related Legislation

House Bill No. 1070 changes the calculation of the final average salary for retirement benefits under the Highway Patrolmen's retirement system and the Public Employees Retirement System.

Racing Commission
Budget No. 130
House Bill No. 1003

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)		$0	$0	$0
2005-07 legislative appropriations	**2.00**	**$117,479**	**$249,666**	**367,145**
Legislative increase (decrease) to executive budget	2.00	$117,479	$249,666	$367,145
Legislative increase (decrease) to 2003-05 appropriations	2.00	$117,479	$249,666	$367,145

NOTE: Previously, the Racing Commission has been included in the budget for the Attorney General's office.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Racing Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided a separate appropriation for the Racing Commission in accordance with provisions of Senate Bill No. 2340	2.00	$117,479	$249,666	$367,145
Total	2.00	$117,479	$249,666	$367,145

FTE Changes

The Legislative Assembly authorized 2 FTE positions for the Racing Commission, the same number previously included in the budget for the Attorney General's office.

Other Sections in Bill

Section 4 provides the appropriation for the Racing Commission.

Section 9 identifies the amount of the Racing Commission's other funds appropriation that is from the racing promotion fund ($73,889), the purse fund ($73,889), and the breeders' fund ($73,888). The remaining $28,000 of the other funds is from license fee collections deposited in the Racing Commission operating fund.

Related Legislation

Senate Bill No. 2340 removes the Racing Commission from the Attorney General's office.

Senate Bill No. 2344 provides that license fees collected by the Racing Commission be deposited into the Racing Commission operating fund rather than the general fund.

Department of Emergency Services
Budget No. 512
House Bill Nos. 1016, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	54.00	$5,106,239	$56,961,521	$62,067,760
2005-07 legislative appropriations	**54.00**	**5,115,672**	**57,870,280**	**62,985,952**
Legislative increase (decrease) to executive budget	0.00	$9,433	$908,759	$918,192
Legislative increase (decrease) to 2003-05 appropriations	34.00	($3,876,877)[1]	$20,653,139	$16,776,262[1]

[1]This amount reflects the 2003-05 deficiency appropriation of $7,623,514 from the general fund to the Department of Emergency Services for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires ($151,369) and repayment of the loan from the Bank of North Dakota for the state's share of disaster costs ($7,472,145).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Emergency Services is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$12,984	$11,698	$24,682
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(3,551)	(2,939)	(6,490)
Created a salaries and wages pool of $213,493, of which $2,977 is from the general fund and $210,516 is from special funds, with funding from the salaries and wages line item (see **Salaries and Wages Pool** section below)				0
Authorized the borrowing of funds from the Bank of North Dakota for expenses associated with the migration of the State Radio Communications system from analog to digital			900,000	900,000
Total	0.00	$9,433	$908,759	$918,192

FTE Changes

The 2005-07 biennium appropriation includes funding for 54 FTE positions, an increase of 34 FTE positions from the 2003-05 authorized level. The legislative action did not change the executive recommendation to transfer 29 FTE positions relating to State Radio Communications from the Office of Management and Budget to the Department of Emergency Services and to continue 5 emergency program specialist FTE positions authorized during the 2003-05 biennium by the Emergency Commission.

Agency Reorganization

The Legislative Assembly did not change the executive budget recommendation to transfer the funding and 29 FTE positions associated with State Radio Communications from the Office of Management and Budget to the Division of Emergency Management. The Legislative Assembly did change the name of the Division of Emergency Management to the Department of Emergency Services consisting of a Division of State Radio and a Division of Homeland Security. The Adjutant General is the director of the department, and the Adjutant General shall appoint a separate director of each division. The Division of Homeland Security is to consist of the state operations center section, the disaster recovery section, and the homeland security section. The Adjutant General is to provide for shared administration of both divisions.

Salaries and Wages Pool

The Legislative Assembly created a salaries and wages pool of $213,493, of which $2,977 is from the general fund and $210,516 is from special funds, with funding from the Department of Emergency Services salaries and wages line item. Section 10 of House Bill No. 1016 provides that the department, in conjunction with Human Resource Management Services of the Office of Management and Budget shall reevaluate job classifications impacted by the department's reorganization. The department is to report the positions affected by the department's reorganization, a detailed justification of any prior salary increases, and a recommendation and analysis of any proposed salary increases or decreases to the Budget Section. The funding of $213,493 is available to the department for providing salary increases to positions affected by the reorganization subject to approval by the Budget Section.

Other Sections in Bill

Performance audit - Section 5 requires the State Auditor to conduct a performance audit of the Department of Emergency Services, including a review of fees collected for 911 services and the utilization of the fees during the 2005-07 biennium. If possible, the audit should include options for the appropriate method of funding costs incurred by the department for providing 911 services, including the costs incurred by the department for answering calls from counties not under contract with the department for 911 services. The results of the audit must be presented to the Legislative Audit and Fiscal Review Committee and filed with the Appropriations Committees of the 2007 Legislative Assembly.

Loan authorization - Section 6 authorizes the Department of Emergency Services to borrow up to $900,000 from the Bank of North Dakota for expenses associated with the migration of the State Radio Communications system from analog to digital subject to the approval of the Emergency Commission and the Budget Section. The loan, including interest, is to be repaid with federal funds made available from the United States Department of Homeland Security.

Homeland security funding allocation review process - Section 7 provides that the Department of Emergency Services implement a review process relating to the department's allocation of federal homeland security funds to political subdivisions during the 2005-06 interim. The process must assure that all agencies and responders are involved in the distribution of the federal funds and that the priorities included in the local needs assessment are met. The department, as requested, shall provide the Legislative Council a report detailing the uses of federal homeland security funds at the state and local level and a report regarding any discrepancies relating to the needs assessments completed by the department and political subdivisions and purchases made with federal homeland security funds.

Political subdivision financial participation - Section 8 provides legislative intent that political subdivisions spend a portion of the federal homeland security funding allocations on costs associated with the migration of the State Radio Communications system from analog to digital.

State Radio Communications system migration project - Section 9 provides legislative intent that the Office of Management and Budget address all remaining costs associated with the migration of the State Radio Communications system from analog to digital in the department's budget request for the 2007-09 biennium.

Department of Emergency Services Advisory Committee - Section 13 provides that the Adjutant General create one or more advisory committees to the Department of Emergency Services. An advisory committee may consist of not more than 11 members representing local and state interests in the department. Members must be appointed to four-year staggered terms. An advisory committee shall advise the department regarding collaboration with political subdivisions, and each member of an advisory committee shall report to the local interest each member represents concerning recommendations approved by the committee.

Agency reorganization - Sections 14 through 33 provide the necessary statutory changes to reflect the agency reorganization and the agency name change from the Division of Emergency Management to the Department of Emergency Services.

Related Legislation

2003-05 deficiency appropriation - House Bill No. 1024 provides the Department of Emergency Services a 2003-05 deficiency appropriation of $7,623,514 from the general fund for interagency suppression and support costs incurred on state land related to the Magpie Camp, Whitetail, and Deep Creek fires ($151,369) and repayment of the loan from the Bank of North Dakota for the state's share of disaster costs ($7,472,145).

Retirement and Investment Office
Budget No. 190
House Bill Nos. 1023, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	17.00	$0	$2,966,923	$2,966,923
2005-07 legislative appropriations	**17.00**		**2,975,028**	**2,975,028**
Legislative increase (decrease) to executive budget	0.00	$0	$8,105	$8,105
Legislative increase (decrease) to 2003-05 appropriations	0.00	$0	($1,868,301)[1]	($1,868,301)[1]

[1]The 2003-05 legislative appropriation included $2 million for the retirement administration mainframe computer system upgrade.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Retirement and Investment Office is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$8,424	$8,424
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(2,122)	(2,122)
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans			1,803	1,803
Total	0.00	$0	$8,105	$8,105

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 17 FTE positions, the same as the 2003-05 biennium.

Other Sections in Bill

Unexpended appropriations exemption - Section 4 allows the Retirement and Investment Office to carry over any unexpended funds from the agency's 2003-05 biennium appropriation of $2 million from the contracted services appropriation line to the 2005-07 biennium for continued development and implementation of the pension software replacement project.

Appropriation line item transfers - Section 5 provides that the Retirement and Investment Office may transfer funds from the contingencies line item in subdivision 1 of Section 3 of the bill to all other line items and provides that the agency notify the Office of Management and Budget of each transfer made.

Office of Management and Budget to cancel unexpended appropriations - When they may continue - Section 6 amends North Dakota Century Code (NDCC) Section 54-44.1-11, relating to the cancellation of unexpended appropriations to allow agencies to carry forward the unexpended balance for authorized ongoing information technology projects.

Revisions to compensation plan - Section 7 amends NDCC Section 54-44.3-12.1, relating to revisions to compensation plans under the central personnel system to provide that revisions to the compensation plan for county employees covered by the plan become effective on January 1 of the first full calendar year following the revision or on July 1 following the close of a regular legislative session, based on official action by the board of county commissioners.

North Dakota Vision Services - School for the Blind
Budget No. 253
House Bill Nos. 1013, 1015, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	26.95	$2,503,495	$845,535	$3,349,030
2005-07 legislative appropriations	**26.95**	**2,524,609**	**846,447**	**3,371,056**
Legislative increase (decrease) to executive budget	0.00	$21,114	$912	$22,026
Legislative increase (decrease) to 2003-05 appropriations	0.00	$434,784	($320,936)	$113,848

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota Vision Services - School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$3,866	$1,530	$5,396
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,752)	(618)	(3,370)
Provided additional funding in House Bill No. 1015 for temporary salaries (see **Related Legislation** section below)		20,000		20,000
Total	0.00	$21,114	$912	$22,026

FTE Changes

The 2005-07 biennium appropriation includes funding for 26.95 FTE positions, a decrease of .05 FTE position from the 2003-05 biennium authorized level of 27 FTE positions. The legislative action did not change the executive recommendation to eliminate .05 of an FTE position not requested by the agency.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate funding of $67,470, of which $42,380 is from the general fund and $25,090 is from special funds, to replace carpet and roof cooling unit ($15,090), replace air-conditioning for the second floor of the south wing unit ($42,380), and purchase a refreshable braille display ($10,000).

School for the Deaf
Budget No. 252
House Bill Nos. 1013, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	49.94	$5,488,553	$1,326,566	$6,815,119
2005-07 legislative appropriations	**49.19**	**5,365,097**	**1,327,265**	**6,692,362**
Legislative increase (decrease) to executive budget	(0.75)	($123,456)	$699	($122,757)
Legislative increase (decrease) to 2003-05 appropriations	(2.66)	$291,855	$455,816	$747,671

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the School for the Deaf is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$11,667	$824	$12,491
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(6,489)	(125)	(6,614)
Removed funding for salaries and wages ($76,749) and operating expenses ($51,885) relating to the school's new outreach efforts to individuals who are over 21 years of age	(0.75)	(128,634)		(128,634)
Total	(0.75)	($123,456)	$699	($122,757)

FTE Changes

The 2005-07 biennium appropriation includes funding for 49.19 FTE positions, a decrease of 2.66 FTE positions from the 2003-05 biennium authorized level of 51.85 FTE positions. The legislative action did not change the executive recommendation to eliminate 1.91 FTE positions not requested by the agency. In addition, the Legislative Assembly removed a .75 faculty nonclassified FTE position.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate $279,495, of which $46,645 is from the general fund and $232,850 is from special funds, for pool building roof repair ($36,645), repair of roads and parking lots ($10,000), and implementing facility enhancement measures ($232,850).

Related Legislation

Mission and responsibilities - House Bill No. 1231 provides that the School for the Deaf may collaborate with public and private entities for the provision of services to individuals who are deaf or hearing-impaired. The School for the Deaf is not, however, permitted to compete with any public or private entity offering the same services within a region.

Securities Department
Budget No. 414
Senate Bill No. 1011, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	9.00	$1,455,563	$217,199	$1,672,762
2005-07 legislative appropriations	**9.00**	**1,459,244**	**217,199**	**1,676,443**
Legislative increase (decrease) to executive budget	0.00	$3,681	$0	$3,681
Legislative increase (decrease) to 2003-05 appropriations	1.00	$379,079	($94,381)	$284,698

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Securities Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$4,804		$4,804
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(1,123)		(1,123)
The Legislative Assembly did not change the executive recommendation providing $154,000 from the general fund to allow the department to hire outside legal counsel specializing in securities law.				0
Total	0.00	$3,681	$0	$3,681

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE securities investigator position to conduct broker-dealer and investment examinations. The number of FTE positions for the Securities Department for the 2005-07 biennium is 9 FTE positions, 1 FTE more than the 8 FTE positions authorized for the 2003-05 biennium.

Seed Department
Budget No. 616
Senate Bill No. 2022, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	30.00	$0	$5,924,650	$5,924,650
2005-07 legislative appropriations	**30.00**		**5,933,391**	**5,933,391**
Legislative increase (decrease) to executive budget	0.00	$0	$8,741	$8,741
Legislative increase (decrease) to 2003-05 appropriations	(2.00)	$0	$303,441	$303,441

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Seed Department is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$12,360	$12,360
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(3,619)	(3,619)
Total	0.00	$0	$8,741	$8,741

FTE Changes

The Legislative Assembly did not change the executive recommendation providing for 30 FTE positions, a decrease of 2 FTE positions from the 2003-05 biennium.

Extraordinary Repairs

The Legislative Assembly authorized $100,000 of Seed Department special funds for extraordinary repairs relating to general maintenance and building repairs.

Related Legislation

Seed Commission member compensation - Senate Bill No. 2044 provides for the seven Seed Commission members to receive per diem compensation of $75 per day.

State Fair Association
Budget No. 665
Senate Bill No. 2009

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	0.00	$590,000	$0	$590,000
2005-07 legislative appropriations	**0.00**	**615,000**		**615,000**
Legislative increase (decrease) to executive budget	0.00	$25,000	$0	$25,000
Legislative increase (decrease) to 2003-05 appropriations	0.00	$33,250	($20,000)	$13,250

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for premiums from $380,000 to $405,000		$25,000		$25,000
Total	0.00	$25,000	$0	$25,000

State Fair Premiums

The Legislative Assembly provided funding of $405,000 from the general fund for premiums. The $405,000 is $13,250 more than the 2003-05 appropriation of $391,750, of which $371,750 was from the general fund and $20,000 was to be raised by the State Fair, and $25,000 more than the executive budget recommendation of $380,000. The following is a summary of funding for State Fair premiums:

	2003-05 Biennium	2005-07 Biennium	Increase (Decrease)
General fund	$371,750	$405,000	$33,250
Special funds	20,000		(20,000)
Total	$391,750	$405,000	$13,250

Debt Payments

The Legislative Assembly did not change the executive recommendation which provided $210,000 from the general fund to continue the interest rate buydown on State Fair capital construction project payments for the 2005-07 biennium, the same level provided in the 2003-05 biennium.

Other Sections in Bill

State Fair Association Board of Directors - Section 4 amends North Dakota Century Code Section 4-02.1-09 relating to vacancies and special compensation of State Fair Board members.

State Library
Budget No. 250
House Bill Nos. 1013, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	28.75	$3,501,626	$1,658,575	$5,160,201
2005-07 legislative appropriations	**28.75**	**3,507,082**	**1,659,272**	**5,166,354**
Legislative increase (decrease) to executive budget	0.00	$5,456	$697	$6,153
Legislative increase (decrease) to 2003-05 appropriations	0.00	$480,036	$29,293	$509,329

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Library is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$8,077	$1,071	$9,148
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,621)	(374)	(2,995)
Total	0.00	$5,456	$697	$6,153

FTE Changes

The 2005-07 biennium appropriation includes funding for 28.75 FTE positions, the same as the 2003-05 biennium authorized level.

Other Sections in Bill

State aid to public libraries - Section 13 of House Bill No. 1013 provides that the grants line item for the State Library includes $1 million from the general fund for aid to public libraries, an increase of $155,963 from the amount appropriated for the 2003-05 biennium of $844,037.

Judicial Branch
Budget No. 180
Senate Bill No. 2002, House Bill Nos. 1015, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	332.00	$66,546,349	$2,526,808	$69,073,157
2005-07 legislative appropriations	**338.00**[1]	**65,168,362**[1]	**2,729,978**[1]	**67,898,340**[1]
Legislative increase (decrease) to executive budget	6.00[1]	($1,377,987)	$203,170	($1,174,817)
Legislative increase (decrease) to 2003-05 appropriations	2.00[1]	$10,080,993	$686,442	$10,767,435

[1]The 2005-07 legislative appropriation amounts for the judicial branch includes 6 new FTE positions for the Commission on Legal Counsel for Indigents and an appropriation of $815,671, consisting of $365,593 from the general fund, for the establishment of the commission (see the **Indigent Defense** section below for additional information).

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the judicial branch is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Provided funding in House Bill No. 1069 for the cost of paying military service retirement credit for veterans		$3,144		$3,144
Supreme Court changes:				
Reduced funding for judicial branch proposed salary increases for Supreme Court justices from 5.78 percent and 4 percent for each year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases		(24,241)		(24,241)
Added funding for other employees for state employee salary increases		21,671		21,671
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(5,490)		(5,490)
District court changes:				
Reduced funding for judicial branch proposed salary increases for district court judges from 5.78 percent and 4 percent for each		(180,329)		(180,329)

year of the biennium to 4 percent and 4 percent each year, the same as the state employee salary increases				
Added funding for other employees for state employee salary increases		107,462	$3,082	110,544
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(35,138)	(680)	(35,818)
Reduced funding for indigent defense contracts from a rate of $75 to $65 per hour		(1,155,930)		(1,155,930)
Reduced funding for indigent defense to decrease the reimbursement of overhead expenses relating to the reduction in funding for indigent defense contract rates (Reimbursement of overhead expenses is calculated at 10 percent of the total indigent defense contract amount.)		(115,593)		(115,593)
Reduced funding for indigent defense caseload increases from $500,000 to $250,000		(250,000)		(250,000)
Added 6 FTE positions and provided funding for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information)	6.00	365,593	200,000	565,593
Removed funding for the installation of a digital audio system		(40,000)		(40,000)
Removed funding for the installation of two interactive televisions		(70,000)		(70,000)
Judicial Conduct Commission changes:				
Added funding for state employee salary increases		1,129	1,003	2,132
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(265)	(235)	(500)
Total	6.00	($1,377,987)	$203,170	($1,174,817)

FTE Changes

The 2005-07 biennium appropriation includes funding for 338 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium authorized level of 336 FTE positions. The Legislative Assembly did not change the judicial branch proposal to delete 4 vacant FTE positions that were eliminated pursuant to Senate Bill No. 2423 (2003)--the state employee contingent salary increase bill--to generate savings and allow the judicial branch to provide a 1 percent salary increase for the remaining judicial branch employees as of January 1, 2004. The 4 FTE positions deleted consisted of 3 FTE deputy clerk of court positions (Walsh, Williams, and Stutsman Counties) and 1 FTE juvenile court officer position (Burleigh County). The Legislative Assembly also added 6 FTE positions for the Commission on Legal Counsel for Indigents (see **Indigent Defense** section below for additional information).

Other Sections in Bill

Appropriation of additional funding - Section 4 appropriates any funds received by the Supreme Court, district courts, and Judicial Conduct Commission and Center Disciplinary Board pursuant to federal acts and private gifts, grants, and donations for the purpose as designated in the federal acts or private gifts, grants, and donations.

Transfers - Section 5 provides that the director of the Office of Management and Budget and the State Treasurer make transfers of funds between line items of the appropriation for the judicial branch as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch.

Salaries of Supreme Court justices - Section 6, as amended by Section 14 of House Bill No. 1015, provides statutory changes to North Dakota Century Code (NDCC) Section 27-02-02, relating to the salaries of justices of the Supreme Court. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The Supreme Court justices' salaries are to be increased from the current level of $99,122 to $103,087, effective July 1, 2005, and $107,210, effective July 1, 2006. The Chief Justice of the Supreme Court is entitled to receive an additional $3,015 per annum, effective July 1, 2005, and an additional $3,136 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,899 per annum.

Salaries and expenses of district judges - Section 7, as amended by Section 15 of House Bill No. 1015, provides statutory changes to NDCC Section 27-05-03, relating to the salaries and expenses of district court judges. The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. The district court judges' salaries are to be increased from the current level of $90,671 to $94,298, effective July 1, 2005, and $98,070, effective July 1, 2006. The presiding judge of a judicial district is entitled to receive an additional $2,779 per annum, effective July 1, 2005, and an additional $2,890 per annum, effective July 1, 2006, which is an increase from the current level of an additional $2,672 per annum.

Indigent Defense

The judicial branch requested a total of $11,014,298 in the indigent defense line items for the 2005-07 biennium. Of that amount, $10,486,423 was to provide indigent defense services and $527,875 was for guardians ad litem, which represents increases of $5,799,026 for indigent defense services and $152,875 for guardians ad litem from the 2003-05 biennium appropriation. Senate Bill No. 2027, as introduced, provided for the establishment of a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services, provided for the transition of indigent defense services from the judicial branch to the commission by December 31, 2005, and provided a general fund appropriation of $1,135,285 to the commission for the purpose of establishing the commission.

The Legislative Assembly provided a total of $9,492,775 for the indigent defense line items for the 2005-07 biennium, consisting of $8,964,900 for indigent defense services and $527,875 for guardians ad litem. The $8,964,900 for indigent defense services is a decrease of $1,521,523 from the judicial branch's request of $10,486,423, and an increase of $4,277,503 from the 2003-05 biennium appropriation. Although the Legislative Assembly removed the general fund appropriation of $1,135,285 from Senate Bill No. 2027, it provided a total of $815,671 in Senate Bill No. 2002 for the establishment of the Commission on Legal Counsel for Indigents. The $815,671 consists of a general fund appropriation of $365,593 (Section 9 of the bill), special funds appropriation of $200,000 (Section 9 of the bill), general fund carryover of up to $250,078 from the 2003-05 biennium (Section 8 of the bill), and is anticipated to be used to provide salaries and benefits for 6 new FTE positions, operating expenses, startup costs, and oversight board expenses. Funding for the new positions was provided based on the following--1 director (22 months), 1 deputy director (21 months), 1 administrative assistant (21 months), and 3 investigators (2 for 18 months and 1 for 6 months).

Section 8 was added to provide for an exemption to the provisions of NDCC Section 54-44.1-11, relating to unexpended appropriations to allow the judicial branch to carry forward up to $250,078 from the Supreme Court and district courts 2003-05 biennium general fund appropriation to the 2005-07 biennium for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents established by 2005 Senate Bill No. 2027.

Section 9 was added to provide an appropriation of $565,593 to the district courts for establishing and defraying the expenses of the Commission on Legal Counsel for Indigents. This appropriation consists of $365,593 from the general fund and $200,000 from the indigent defense administration fund. This section

also provides that any money not expended by the district courts for this purpose by December 31, 2005, are available to the Commission on Legal Counsel for Indigents and the appropriation must be transferred to the commission on January 1, 2006.

Related Legislation

Senate Bill No. 2027 establishes a Commission on Legal Counsel for Indigents for the purpose of providing indigent defense services and provides for the transition of indigent defense services from the Supreme Court to the commission by December 31, 2005.

Senate Bill No. 2103 allows the state courts to participate in the income tax refund debt setoff for purposes of court-ordered fines, fees, or costs due to the state.

Senate Bill No. 2105 repeals NDCC Section 27-02-05.2, which provides for the state juvenile services coordinator position.

Department of Commerce
Budget No. 601
Senate Bill No. 2018, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	59.00	$23,129,164	$105,432,496	$128,561,660
2005-07 legislative appropriations	**62.00**	**19,180,781**	**57,434,283**	**76,615,064**
Legislative increase (decrease) to executive budget	3.00	($3,948,383)	($47,998,213)	($51,946,596)
Legislative increase (decrease) to 2003-05 appropriations	5.00	$166,058	$5,081,176	$5,247,234

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Commerce is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$22,040	$9,837	$31,877
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(4,695)	(2,044)	(6,739)
Added funding for a vacant position previously paid for with federal funds		120,000		120,000
Added funding from the Development Fund for 1 FTE position recommended in the executive budget to be paid from the Development Fund, pursuant to a continuing appropriation			118,994	118,994

Provided funding for the following economic initiatives recommended by the Primary Sector Business Congress: • Target industry identification and report • Image information program • Business hotline • Local economic developer certification and training • Dakota Manufacturing Initiative • Intellectual property rights study and report • Economic development incentives study and report • Business climate initiative study	1.00	500,000	250,000	750,000
Provided funding for the following economic development grants: • Life sciences sector development ($100,000) • Rural Development Council ($50,000)		150,000		150,000
Provided funding for operating an American Indian Business Development Office within the department	1.00	129,272		129,272
Provided funding from the Development Fund ($500,000) and from the State Mill and Elevator ($200,000) for costs associated with the International Business and Trade Office. Matching funds of 50 percent must be provided before this funding is available.			700,000	700,000
Removed funding recommended by the Governor for centers of excellence (see **Centers of Excellence** section below)		(5,000,000)	(50,000,000)	(55,000,000)
Added funding in the discretionary funds line item for reimbursing political subdivisions for extraordinary costs incurred in rescues of visitors to North Dakota tourist attractions		10,000		10,000
Provided funding for the Tourism Division to develop, market, and implement learning-based vacations, including development of a learning-based vacation web site which will allow individuals to create individualized learning-based vacations	1.00	125,000		125,000
Provided $75,000 from the agricultural fuel tax fund and $150,000 of federal funds to the Agricultural Products Utilization Commission for an animal identification grant program			225,000	225,000
Added funding from a federal technical skills training grant for additional workforce training			700,000	700,000
Total	3.00	($3,948,383)	($47,998,213)	($51,946,596)

FTE Changes

The Legislative Assembly did not change the executive recommendation to add 1 FTE economic analyst position and 1 FTE administrative position for the Development Fund. The Legislative Assembly added 1 FTE relating to economic initiatives, including the image information program and business hotline, 1 FTE for the American Indian Business Development Office, and 1 FTE for the Tourism Division relating to the learning vacation initiative.

Centers of Excellence

The executive budget recommended for the department an appropriation of $5 million from the general fund and authorization to borrow up to $50 million from the Bank of North Dakota for providing grants to the centers of excellence. The Legislative Assembly removed these provisions and authorized the Office of Management and Budget to borrow up to $15 million from the Bank of North Dakota and to distribute the funds to the centers of excellence as directed by the Centers of Excellence Commission. If the $15 million is not adequate funding for the 2005-07 biennium, the Office of Management and Budget may borrow up to an additional $5 million from the Bank to be used for centers of excellence grants, subject to Emergency Commission and Budget Section approval. A section of legislative intent was added providing that the Legislative Assembly intends to provide a total of $50 million for the centers of excellence during the 2005-07 biennium and future bienniums.

Any loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of $77 million of oil tax revenues has been received by the general fund, of which $71 million will be retained in the general fund and $6 million transferred to the permanent oil tax trust fund. As additional amounts in excess of the $6 million are transferred into the fund, the Office of Management and Budget may use 50 percent of any additional transfers for repaying the Bank loan and interest, the total of which may not exceed $16 million during the 2005-07 biennium. Section 44 of the bill amends statutory provisions relating to the permanent oil tax trust fund to allow transfers from the general fund to the permanent oil tax trust fund before the end of each biennium.

Tourism Grants

House Bill No. 1020, the Parks and Recreation Department appropriations bill, includes a section requiring the Tourism Division of the Department of Commerce to provide the following grants from the general fund appropriation included in the Lewis and Clark Bicentennial line item in Senate Bill No. 2018:

Fort Abraham Lincoln Foundation	$100,000
Lewis and Clark Foundation	100,000
Three Affiliated Tribes Lewis and Clark Bicentennial	50,000
Standing Rock Tourism - Lewis and Clark	50,000
Cowboy Hall of Fame	25,000
Total	$325,000

Other Sections in Bill

Section 16 was added providing for a $425,000 transfer from the beginning farmer revolving loan fund to the agricultural fuel tax fund for the Agricultural Products Utilization Commission.

Sections 17 and 18 allow the Agricultural Products Utilization Commission to continue any unspent 2005-07 appropriation authority for grants into the 2007-09 biennium and the department to continue any unspent 2005-07 biennium appropriation authority in the discretionary funds line item into the 2007-09 biennium.

Section 22 was added requiring that upon receipt, review, and approval of an application from a private company within the state doing research on sensor technology relating to wheat scab disease, the Agricultural Products Utilization Commission shall provide a $100,000 grant to this company.

Section 25 requires the department to provide a $400,000 grant from its general fund appropriation to the Red River Valley research corridor for matching federal funds.

Section 26 requires the department to provide a $50,000 grant from its general fund appropriation to the North Dakota center for technology program.

Section 27 requires the department to provide a $250,000 grant from its general fund appropriation to the partners in marketing program.
Sections 29, 30, 31, 32, and 39 were added creating an Office of Renewable Energy and Energy Efficiency within the department and transferring responsibility to administer the ethanol incentive program from the Agricultural Products Utilization Commission to this office.

Sections 35 and 37 were added providing for responsibilities of an International Business and Trade Office in the Economic Development and Finance Division of the department and Section 46 provides for a report to the Legislative Council.

Section 36 was added changing statutory provisions relating to the American Indian Business Development Office within the department and Section 46 provides for a report to the Legislative Council.

Section 38 was added requiring the department to implement a local economic developer certification program and Section 47 provides for a report to the Legislative Council.

Section 40 was added requiring the department to identify target industries, designate one of the industries as a special focus target industry, and report biennially to the Legislative Council.

Section 41 was added requiring the department to implement an image information program and Section 48 provides for a report to the Legislative Council.

Section 42 was added requiring the department to implement a business hotline program and Section 49 provides for a report to the Legislative Council.

Section 45 was added requiring the department to implement a Dakota Manufacturing Initiative and Section 50 provides for a report to the Legislative Council.

Section 51 was added requiring the department to study the state's intellectual property laws and report to the Legislative Council.

Section 52 was added requiring the department to study the state's economic development incentives and report to the Legislative Council.

Section 53 was added requiring the department to monitor and report annually to the Legislative Council regarding economic goals and benchmarks identified in this section.

Related Legislation

House Bill No. 1020 includes a section requiring the Tourism Division of the Department of Commerce to provide $325,000 of general fund grants from the funding included in the Lewis and Clark Bicentennial line item in Senate Bill No. 2018 (see **Tourism Grants** section above).

House Bill No. 1185 continues the department's rural growth incentive grant program that otherwise would have been discontinued on July 31, 2005.

House Bill No. 1203 provides for economic development accountability reporting.

House Bill No. 1478 reduces the motor vehicle fuel tax rate to one cent per gallon on sales of "E85" fuel and provides for the transfer of 20 cents per gallon of "E85" sold from the funding of the Agricultural Products Utilization Commission to the highway tax distribution fund until a total of 1.2 million gallons is sold.

House Bill No. 1519 allows the Agricultural Products Utilization Commission to provide agricultural technology grants in addition to its other grant programs.

Senate Bill No. 2032 addresses a number of economic development and business climate issues, including providing for the centers of excellence program.

Senate Bill No. 2147 allows the Agricultural Products Utilization Commission to provide nature-based tourism grants and technical assistance grants for value-added businesses in addition to its other grant programs.

Senate Bill No. 2270 provides ethanol incentives for existing ethanol plants in North Dakota for the 2005-07 biennium and allows for continuing ethanol production incentives for existing plants if the plants increase production levels.

Department of Transportation
Budget No. 801
Senate Bill No. 2012, House Bill Nos. 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	1,044.50	$0	$827,412,952	$827,412,952
2005-07 legislative appropriations	**1,044.50**		**955,008,348**	**955,008,348**
Legislative increase (decrease) to executive budget	0.00	$0	$127,595,396	$127,595,396
Legislative increase (decrease) to 2003-05 appropriations	0.00		$170,622,430	$170,622,430

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Transportation is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$425,909	$425,909
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(128,669)	(128,669)
Added funding from the highway fund for costs of complying with provisions of Senate Bill No. 2209 which require the department to provide data on the location of utilities on highway rights of way			168,520	168,520
Added funding in House Bill No. 1069 for paying military service retirement credit			50,854	50,854
Added funding from the public transportation fund to increase the funding available for public transportation grants as a result of provisions of Senate Bill No. 2348 which increases the public transportation fee on motor vehicle registrations from $2 to $3 per year			1,550,000	1,550,000
Added funding from grant anticipation revenue vehicle (GARVEE) bond proceeds for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck			53,500,000	53,500,000
Added funding, $2 million of which is from the highway fund and			17,900,000	17,900,000

the remainder from federal funds, for highway projects in anticipation of receiving $202.3 million of federal highway construction funds in federal fiscal year 2005 and $205 million in federal fiscal year 2006				
Added funding, $8,472,520 of which is from the highway fund, $1,687,930 from counties, and the remainder from federal funds for emergency relief projects			54,128,782	54,128,782
Total	0.00	$0	$127,595,396	$127,595,396

FTE Changes

The 2005-07 biennium appropriation includes funding for 1,044.5 FTE positions, the same as the 2003-05 biennium authorized level.

Federal Highway Construction Funds

The Legislative Assembly appropriated funding to match an estimated $202.3 million of federal highway construction funds in federal fiscal year 2005 and $205 million in federal fiscal year 2006. The Department of Transportation estimated that an additional $22.9 million of state highway fund money would be needed to match the anticipated level of federal highway construction funds and that an additional $8.5 million of state matching funds would be needed for federal emergency relief projects. The executive budget included funding to match an estimated $199.7 million of federal highway construction funds for each year of the 2005-07 biennium and recommended borrowing from the Bank of North Dakota the state matching funds needed for emergency relief projects. The 2003-05 biennium appropriation included funding to match an estimated $182.5 million of federal highway construction funds for each year of the biennium.

Tax and Fee Changes to Generate Additional Highway Revenues

To provide additional state highway matching funds of an estimated $28.6 million, the Legislative Assembly made the following tax and fee changes in Sections 10, 11, 12, and 14 of Senate Bill No. 2012:

1. Increased the motor vehicle fuel (gasoline and gasohol) and special fuels (diesel) tax rate by 2 cents per gallon, from 21 to 23 cents. This increase is estimated to generate $20.4 million for the 2005-07 biennium, of which $12.8 million is deposited in the state highway fund and $7.6 million is distributed to cities and counties.
2. Making pickup truck registration fees equivalent to passenger vehicle fees by providing for 50 percent of the increase necessary to make this change during the 2005-07 biennium and the remainder beginning July 2007. This change is estimated to generate $3.8 million for the 2005-07 biennium, of which $2.4 million is deposited in the state highway fund and $1.4 million distributed to cities and counties.
3. Increasing annual motor vehicle registration fees by $10 for deposit directly in the state highway fund. This increase is estimated to generate $13.4 million for the state highway fund during the 2005-07 biennium. After this increase, a total of $13 of each registration fee is deposited directly in the state highway fund.
4. Changes the allocation of motor vehicle excise tax collections to provide that 80 percent of collections be deposited in the general fund and 20 percent in the highway fund as follows **(the Governor vetoed this provision)**:
   a. The first $150 million received be deposited in the general fund.
   b. The next $37.5 million be deposited in the state highway fund.
   c. Additional amounts will be allocated 80 percent to the general fund and 20 percent to the highway fund.

   This change was not expected to affect the motor vehicle excise tax collections deposited in the state aid distribution fund. This was not anticipated to result in any motor vehicle excise tax collections deposited in the highway fund during the 2005-07 biennium based on the March revised forecast which anticipated collections to total $148,408,000 for the 2005-07 biennium.

The executive budget had recommended increasing annual motor vehicle registration fees by $15 and depositing the proceeds, estimated at $20.1 million for the 2005-07 biennium, directly in the state highway fund rather than the highway tax distribution fund.

Other Sections in Bill

Section 4 authorizes the department to hire additional FTE positions for the construction and maintenance of highways if it determines that it is more cost-effective to hire the positions rather than contract for the services. The department must report any additional positions hired to the Office of Management and Budget and the Legislative Council.

Section 5 requires the Department of Transportation to maintain the structural integrity of bridges over navigable waters in the state that it is currently maintaining unless the department enters into an agreement with the municipality.

Section 6 provides that the Department of Transportation, to the extent possible, implement the highway performance classification plan.

Section 7 delays the effective date from January 1, 2006, to January 1, 2008, of provisions allowing a landowner owning land next to a no-mow or managed-mow area to hay the no-mow or managed-mow area after July 15 without payment or penalty.

Section 8 authorizes the Department of Transportation to issue grant anticipation revenue vehicle (GARVEE) bonds for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project.

Section 9 provides that the bridge built to replace the Liberty Memorial Bridge between Bismarck and Mandan continue to be named the Liberty Memorial Bridge.

Section 13 allows Native Americans to claim refunds for fuels taxes paid.

Related Legislation

House Bill No. 1015 includes a section requiring the Department of Transportation to transfer funds from the state highway fund to the special road fund to make available $500,000 in the special road fund for projects during the 2005-07 biennium and a section making Section 8 of Senate Bill No. 2012 relating to issuing GARVEE bonds an emergency.

House Bill No. 1478 reduces the motor vehicle fuel tax rate to one cent per gallon on sales of "E85" fuel of up to 1.2 million gallons and requires the Agricultural Products Utilization Commission to transfer funds equal to 20 cents per gallon of "E85" fuel sold of up to 1.2 million gallons to the highway tax distribution fund.

Senate Bill No. 2339 increases the motorcycle safety education fee from $5 to $10 per year.

Senate Bill No. 2348 increases the annual motor vehicle registration fee dedicated for public transportation services from $2 to $3.

Upper Great Plains Transportation Institute
Budget No. 627
Senate Bill Nos. 2018, 2020, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	48.50	$501,045	$15,263,028	$15,764,073
2005-07 legislative appropriations	**48.50**	**1,162,904**	**15,290,033**	**16,452,937**
Legislative increase (decrease) to executive budget	0.00	$661,859	$27,005	$688,864
Legislative increase (decrease) to 2003-05 appropriations	7.00[1]	$679,805	$4,928,382	$5,608,187

[1]The 2003-05 appropriation was based on 31.5 FTE positions. Section 4 of House Bill No. 1021 (2003) authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 10 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Upper Great Plains Transportation Institute is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$1,481	$32,966	$34,447
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(154)	(5,961)	(6,115)
Added funding to meet the required state funded budget guidelines for the Upper Great Plains Transportation Institute to qualify as a regional university transportation center		300,532		300,532
Added funding to Senate Bill No. 2018, the appropriations bill for the Department of Commerce, for the Upper Great Plains Transportation Institute to perform a transportation study of how improvements to the transportation infrastructure of this state might enhance the business climate and the state's competitive position in economic development (see **Related Legislation** below)		360,000		360,000
Total	0.00	$661,859	$27,005	$688,864

FTE Changes

The 2003-05 appropriation is based on 31.5 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of 2003 House Bill No. 1021 authorizes the State Board of Higher Education to adjust FTE positions as needed. A total of 10 FTE positions were added pursuant to this section, increasing the total authorized positions to 41.50 FTEs. The Legislative Assembly did not change the executive recommendation to add 7 FTE positions from new and increases in existing federal grants.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Mountain-Plains Consortium - The Legislative Assembly did not change the executive recommendation to increase the grants line item and federal funds spending authority by $1,290,000 for the Mountain-Plains Consortium which is a four-university consortium for the development of a transportation education, research, technology transfer, and service program. North Dakota State University is the lead university for the consortium and the Upper Great Plains Transportation Institute provides the administrative and fiscal services for the program.

Related Legislation

Transportation study - Section 23 of Senate Bill No. 2032 directs the Upper Great Plains Transportation Institute to conduct a study and provide a report to the Legislative Council regarding how improvements to the state's transportation infrastructure might enhance the business climate and provide for economic development. The study is to focus on:

- The potential to expand the sale of goods to markets outside the state by strengthening the state's transportation infrastructure.
- How to improve the load-carrying limits of the state's highways.
- What enhancements must be made to the state's highways to allow load limits to be raised to more efficiently move goods to market.
- Exploration of the phenomenon of the decline of freight service by rail, including the prospects for offering incentives to rail providers to expand the availability of rail for transportation of goods to market.
- Recommendations on how to enhance the state's transportation infrastructure.
- Whether it is feasible to identify and assist airports that are specially situated in order to assist in economic development.
- An analysis of the projected economic development impacts associated with the recommended infrastructure improvements.

Department of Veterans Affairs
Budget No. 321
Senate Bill No. 2007, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	6.00	$677,337	$0	$677,337
2005-07 legislative appropriations	**6.00**	**653,668**		**653,668**
Legislative increase (decrease) to executive budget	0.00	($23,669)	$0	($23,669)
Legislative increase (decrease) to 2003-05 appropriations	1.00[1]	$172,870	($43,494)	$129,376

[1]The Department of Veterans Affairs employed 1 FTE position that was paid with nonappropriated funding from the veterans' postwar trust fund and was considered "off-budget." The 2005 Legislative Assembly appropriated funding from the general fund for the position; therefore, the position is now reflected as an FTE.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Veterans Affairs is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$2,080		$2,080
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(749)		(749)
Reduced funding for professional services		(5,000)		(5,000)
Removed funding for Administrative Committee travel expenses		(20,000)		(20,000)
Total	0.00	($23,669)	$0	($23,669)

FTE Changes

The Legislative Assembly did not change the executive recommendation providing for 6 FTE positions, an increase of 1 FTE position from the 2003-05 biennium. The Department of Veterans Affairs employed 6 FTE positions during the 2003-05 biennium; however, because 1 position was paid with nonappropriated money from the veterans' postwar trust fund, it was considered "off-budget." The 2005 Legislative Assembly approved the executive recommendation to change the funding source for the position from the veterans' postwar trust fund to the general fund and to reflect the position as a full-time equivalent.

Other Sections in Bill

Veterans' postwar trust fund - Initiated constitutional measure No. 4, approved by the voters in the November 1996 general election, created a new section to Article X of the North Dakota Constitution providing for a veterans' postwar trust fund to be a permanent trust fund of the state of North Dakota. The investments of the fund are to be utilized for programs which must be of benefit and service to veterans or their dependents. The Legislative Assembly provided a general fund appropriation for salaries and wages of 1 FTE position and various operating costs from the veterans' postwar trust fund. An analysis of the veterans' postwar trust fund is included in the **Trust Fund Analyses** section of this report.

Related Legislation

Veterans' aid loan program fees - Senate Bill No. 2129 authorizes the Department of Veterans Affairs to collect reasonable fees in the administration of the veterans' aid loan program.

Veterans Home
Budget No. 313
Senate Bill No. 2007, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	90.97	$4,381,104	$6,986,627	$11,367,731
2005-07 legislative appropriations	**90.97**	**4,329,092**	**6,974,833**	**11,303,925**
Legislative increase (decrease) to executive budget	0.00	($52,012)	($11,794)	($63,806)
Legislative increase (decrease) to 2003-05 appropriations	1.56	$1,083,020[1]	($996,290)	$86,730

[1]The 2003-05 appropriations reflect a $200,000 general fund deficiency appropriation approved by the 2005 Legislative Assembly in House Bill No. 1024.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Veterans Home is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$27,257		$27,257
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(312)	($11,794)	(12,106)
Reduced funding for salaries and wages		(40,000)		(40,000)
Reduced funding for operations		(25,000)		(25,000)
Removed funding for repairs to the bathroom in the commandant's residence		(6,957)		(6,957)
Removed funding for operations equal to the cost of a new		(7,000)		(7,000)
Total	0.00	($52,012)	($11,794)	($63,806)

FTE Changes

The Legislative Assembly did not change the executive recommendation providing for 90.97 FTE positions, an increase of 1.56 FTE positions from the 2003-05 biennium. The performance audit cited the Veterans Home for having staff working in excess of their authorized FTE authorization. Part-time FTEs are used to cover shifts for other employees on leave, which caused the Veterans Home to exceed their authorized FTE authorization. The additional authorization allows for the part-time positions to cover the extra hours.

Pharmacy

The Legislative Assembly appropriated $770,610 from the general fund for the Veterans Home to operate an in-house pharmacy. The Fargo Veterans Administration Medical Center ceased providing medications to the Veterans Home residents in January 2005. The Veterans Administration Medical Center previously provided the medications despite medication costs being included in the monthly Veterans Administration per diem.

Capital Improvements

Repairs to roof on the skilled unit - The Legislative Assembly appropriated $54,920 from the general fund to replace the roof on the skilled unit.

Other capital assets - The Legislative Assembly appropriated special fund spending authority for bond and interest payments ($236,535), a skilled sewage lift ($6,500), carpeting for skilled unit ($7,300), and replacement tile ($8,651).

Other Sections in Bill

Veterans Home staffing policy - Section 4 provides legislative intent for the Veterans Home to review its policy of staffing for basic care services, including the number of licensed practical nurses as compared to certified nurse assistants scheduled for each shift, and to provide a report to the 60th Legislative Assembly during the agency's budget presentation regarding justification for the staffing policy and information on savings that may be realized from changes in the policy.

Related Legislation

Veterans Home admission requirements - Senate Bill No. 2128 changes the requirement for veterans to be admitted to the Veterans Home from being a resident of North Dakota for one year to simply being a resident of North Dakota. In addition, the age limit of 45 and 5-year marriage requirements are removed for a spouse or surviving spouse to be admitted to the Veterans Home.

North Dakota Vision Services - School for the Blind
Budget No. 253
House Bill Nos. 1013, 1015, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	26.95	$2,503,495	$845,535	$3,349,030
2005-07 legislative appropriations	**26.95**	**2,524,609**	**846,447**	**3,371,056**
Legislative increase (decrease) to executive budget	0.00	$21,114	$912	$22,026
Legislative increase (decrease) to 2003-05 appropriations	0.00	$434,784	($320,936)	$113,848

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for North Dakota Vision Services - School for the Blind is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$3,866	$1,530	$5,396
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(2,752)	(618)	(3,370)
Provided additional funding in House Bill No. 1015 for temporary salaries (see **Related Legislation** section below)		20,000		20,000
Total	0.00	$21,114	$912	$22,026

FTE Changes

The 2005-07 biennium appropriation includes funding for 26.95 FTE positions, a decrease of .05 FTE position from the 2003-05 biennium authorized level of 27 FTE positions. The legislative action did not change the executive recommendation to eliminate .05 of an FTE position not requested by the agency.

Capital Improvements

The Legislative Assembly did not change the executive recommendation to appropriate funding of $67,470, of which $42,380 is from the general fund and $25,090 is from special funds, to replace carpet and roof cooling unit ($15,090), replace air-conditioning for the second floor of the south wing unit ($42,380), and purchase a refreshable braille display ($10,000).

State Water Commission
Budget No. 770
House Bill Nos. 1021, 1050, 1069

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	84.00	$2,063,357	$110,724,477	$112,787,834
2005-07 legislative appropriations	**84.00**	**1,011,220**	**125,059,718**	**126,070,938**
Legislative increase (decrease) to executive budget	0.00	($1,052,137)	$14,335,241	$13,283,104
Legislative increase (decrease) to 2003-05 appropriations	2.00	($8,374,176)	($25,413,740)	($33,787,916)

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the State Water Commission is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		($28,258)	$69,208	$40,950
Reduced funding for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(10,358)		(10,358)
Increased the appropriation from the resources trust fund, based on total anticipated available funding, from $52,863,116 to $54,013,116			1,150,000	1,150,000
Changed funding source for administrative expenses of the State Water Commission from the general fund to the water development trust fund (see **Administrative Expenses** section below)		(1,013,521)	1,013,521	0
Increased the appropriation from the water development trust fund, based on total anticipated available funding, from $24,863,873 to $29,963,873			5,100,000	5,100,000
Authorized the State Water Commission to issue up to $7 million in bonds, in addition to the $60 million of authority included in House Bill No. 1153, for statewide water development projects			7,000,000	7,000,000
Provided funding for defraying the cost of paying military service retirement credit (HB 1069)			2,512	2,512
Total	0.00	($1,052,137)	$14,335,241	$13,283,104

FTE Changes

The Legislative Assembly did not change the executive recommendation for 84 FTE positions, an increase of 2 FTE positions from the 2003-05 biennium. The Legislative Assembly approved the executive recommendation to add 2 FTE positions for operating the Devils Lake Outlet.

Other Sections in Bill

Resources trust fund - Section 4 authorizes $54,013,116 from the resources trust fund. Any additional amount in the resources trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2005-07 biennium. See also the resources trust fund analysis in the **Trust Fund Analyses** section of this report.

Water development trust fund - Section 5 authorizes $29,963,873 from the water development trust fund. Any additional amount in the water development trust fund that becomes available is appropriated to the State Water Commission for the purpose of defraying the expenses of the State Water Commission for the 2005-07 biennium. See also the water development trust fund analysis in the **Trust Fund Analyses** section of this report.

Maintenance shop building - Sections 6 and 7 provides a continuing appropriation for the sale of land and the existing shop building at the corner of 26th Street and Broadway Avenue in Bismarck. The State Water Commission is authorized to use the proceeds from the land and building sale to purchase land and build a new maintenance shop. The total appropriation for the purchase of land and construction of the new building is not to exceed $977,100, the same as the 2003-05 and 2001-03 bienniums. Construction of the new maintenance shop building located near the State Penitentiary has started as of May 2005 and is expected to be completed in fall 2005.

Water-related projects carryover authority - Section 8 provides that funding appropriated for grants or water-related projects included in the water and atmospheric resources line item may be continued into to the 2007-09 biennium.

Bank of North Dakota line of credit - Section 9 authorizes a Bank of North Dakota line of credit of up to $25 million to the State Water Commission for the 2005-07 biennium. Section 10 provides a contingent appropriation of $25 million, or so much of the sum as may be necessary, from the water development trust fund, resources trust fund, bond proceeds, or other sources to the State Water Commission for repaying the line of credit.

Devils Lake Outlet - Section 11 authorizes the State Water Commission to employ full-time personnel and other such personnel as necessary for operation and maintenance of the Devils Lake Outlet. It also allows funding from the contract fund to be appropriated and disbursed for salaries, equipment, operations, and maintenance costs relating to the Devils Lake Outlet.

Administrative expenses - Section 12 provides legislative intent that future funding for administrative expenses of the State Water Commission be from the general fund. The total 2005-07 biennium appropriation for administrative expenses of the State Water Commission is $10,135,855, of which $1,011,220 is from the general fund and the remaining $9,124,635 is primarily from the water development trust fund. The executive budget recommendation provided $2,063,357 from the general fund for administrative expenses. The 2003 Legislative Assembly provided for total State Water Commission administrative expenses of $9,522,399 from the general fund and authorized a transfer of $10,070,373 from the water development trust fund to the general fund.

Nelson County infrastructure - Section 13 provides legislative intent that up to $500,000 be made available for water-related damages to infrastructure in Nelson County.

Exemption from payment of fees - Section 14 provides an exemption for the State Water Commission during the 2005-07 biennium from rent, legal, and audit fees paid to the Office of Management and Budget, Attorney General's office, and State Auditor's office.

Cash advance from the general fund - Section 15 allows the State Water Commission to receive a cash advance of up to $5 million from the general fund to pay for administrative expenses if sufficient funding is not available in the water development trust fund for these expenses. The cash advance must be repaid

upon the deposit of additional tobacco settlement collections in the water development trust fund. The cash advance must be repaid in full by the end of the 2005-07 biennium.

Related Legislation

Bond issuance - House Bill No. 1153 makes the statutory changes necessary for the State Water Commission to sell by July 1, 2005, **up to $60 million** of bonds previously authorized. This amount is in addition to the $7 million bond issuance authorized for the 2005-07 biennium in House Bill No. 1021.

Reserved water rights - Senate Bill No. 2115 provides that the Legislative Council consider studying the process to negotiate and quantify reserved water rights.

Branch Research Centers
Budget No. 628
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	77.41	$8,175,257	$12,392,534	$20,567,791
2005-07 legislative appropriations	**77.41**	**8,386,309**	**13,119,367**	**21,505,676**
Legislative increase (decrease) to executive budget	0.00	$211,052	$726,833	$937,885
Legislative increase (decrease) to 2003-05 appropriations	0.00[1]	$918,630[2]	$4,151,964	$5,070,594

[1]The 2003-05 appropriation was based on 73.65 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.73 FTE positions were added pursuant to this section and reported to the Office of Management and Budget.

[2]The Main Research Center allocated $237,408 of its general fund appropriation to branch research centers for critical needs. Section 3 of House Bill No. 1021 (2003) authorizes, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the North Dakota State University Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the branch research centers is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$29,867	$9,302	$39,169
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(7,765)	(2,469)	(10,234)
Added funding to the Dickinson ($3,046), Hettinger ($8,000), and Williston ($118,105) Research Centers for the western malting barley project. The Legislative Assembly did not change the executive recommendation to provide $59,799 of special funds to the Dickinson Research Center for western malting barley research.		129,151		129,151
Added funding for ethanol malting barley research to be conducted at the Williston Research Center		59,799		59,799
Increased special funds in Senate Bill No. 2023 from $1,320,000			370,000	370,000

to $1,690,000 for the North Central Research Center to construct an agronomy laboratory and greenhouse. The funding source is from gifts, grants, contracts, and donations ($1,250,000) and bond proceeds ($440,000).				
Added $350,000 of special funds in Senate Bill No. 2023 for a Central Grasslands Research Center office addition. The funding source is from gifts, grants, contracts, and donations ($80,000) and bond proceeds ($270,000).			350,000	350,000
Total	0.00	$211,052	$726,833	$937,885

FTE Changes

	2003-05 Authorized Positions	2005-07 Executive Budget	2005-07 Legislative Authorization	Legislative Increase (Decrease) to Executive Budget
Dickinson Research Center	15.94	16.30	16.30	0.00
Central Grasslands Center	6.45	7.14	7.14	0.00
Hettinger Research Center	8.65	8.23	8.23	0.00
Langdon Research Center	7.44	7.86	7.86	0.00
North Central Research Center	9.20	11.32	11.32	0.00
Williston Research Center	7.41	7.32	7.32	0.00
Carrington Research Center	18.56	19.24	19.24	0.00
Total	73.65	77.41	77.41	0.00

The 2003-05 appropriation was based on 73.65 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 3.76 FTE positions were added pursuant to this section and reported to the Office of Management and Budget, increasing the total authorized positions to 77.41. The Legislative Assembly did not change the executive recommendation which included funding for 77.41 FTE positions.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase full-time equivalent positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Williston Research Center machine storage shed - Section 10 provides legislative intent that the Main Research Center spend up to $100,000 of its 2005-07 biennium appropriation for construction of an equipment storage facility at the Williston Research Center.

Capital Construction

Central Grasslands Research Center - The Legislative Assembly appropriated $350,000 in Senate Bill No. 2023 for an office addition at Central Grasslands Research Center. The funding source for the project is $270,000 from bonding and $80,000 from gifts, grants, contracts, and donations.

Agronomy laboratory and greenhouse - The Legislative Assembly appropriated $1,690,000 in Senate Bill No. 2023 to construct an agronomy laboratory and greenhouse at the North Central Research Center. The funding source for the project is $440,000 from bonding and $1,250,000 from gifts, grants, contracts, and donations.

Main Research Center
Budget No. 640
Senate Bill Nos. 2020, 2023, House Bill No. 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	339.05	$29,761,962	$41,310,218	$71,072,180
2005-07 legislative appropriations	**340.05**	**30,794,067**	**44,662,646**	**75,456,713**
Legislative increase (decrease) to executive budget	1.00	$1,032,105	$3,352,428	$4,384,533
Legislative increase (decrease) to 2003-05 appropriations	3.00[1]	$2,583,327[2]	$12,356,172	$14,939,499

[1]The 2003-05 appropriation was based on 349.19 FTE positions. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section.

[2]The Main Research Center allocated $492,408 of its general fund appropriation to the NDSU Extension Service ($255,000) and the branch research centers ($237,408) for critical needs. Section 3 of House Bill No. 1021 (2003) authorized, that upon approval of the State Board of Agricultural Research and Education and appropriate branch research directors, the director of the Main Research Center may transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, Main Research Center, and branch research centers.

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Main Research Center is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases		$136,737	$70,905	$207,642
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy		(26,950)	(18,477)	(45,427)
Increased special funds in Senate Bill No. 2023 from $4.5 million to $7 million for new greenhouses and remodeling of selected existing greenhouses. The funding source is from gifts, grants, contracts, and donations ($5 million) and bond proceeds ($2 million).			2,500,000	2,500,000
Continued funding of $800,000 to the Main Research Center from the agriculture partnership in assisting community expansion (Ag PACE) fund for establishment of a beef systems center of excellence in the Department of Animal Range Science. The funding was originally provided in 2003 House Bill No. 1021.			800,000	800,000

The Main Research Center is to collect $1 million in federal funds and $1 million in special funds prior to spending the $800,000 of funding from the Ag PACE fund.				
Increased funding for operations of the beef systems center of excellence for a total of $450,000 from the general fund		148,103		148,103
Added funding for 1 FTE geneticist position and related operating expenses to conduct research and address issues related to dry edible beans	1.00	150,000	50,000	200,000
Added funding for western malting barley research at the Main Research Center		99,050		99,050
Added funding for extraordinary repairs to agricultural research facilities		325,165		325,165
Added funding for operating and equipment infrastructure needs for the Main Research Center, branch research centers, and NDSU Extension Service. The funding allocation is to be determined by the State Board of Agricultural Research and Education.		200,000		200,000
Reduced funding from the environment and rangeland protection fund for unspecified agriculture-related research from $200,000 to $150,000			(50,000)	(50,000)
Total	1.00	$1,032,105	$3,352,428	$4,384,533

FTE Changes

The 2003-05 appropriation was based on 349.19 FTE positions authorized by the 2003 Legislative Assembly. Section 4 of House Bill No. 1021 (2003) authorized the State Board of Higher Education to adjust FTE positions as needed. A total of 12.14 FTE positions were reduced pursuant to this section, decreasing the total authorized FTE positions to 337.05 FTEs. The Legislative Assembly authorized 1 dry bean geneticist position and did not change the executive recommendation adding 2 FTE positions for the beef systems center of excellence.

Other Sections in Bill

Additional income appropriation - Section 4 appropriates any additional funds, including federal funds, grants, gifts, and donations received by the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station (branch research centers, Main Research Center, and Agronomy Seed Farm) for the purpose designated in the act, grant, or donation for the 2005-07 biennium.

Transfer authority - Section 5 authorizes the State Board of Agricultural Research and Education and appropriate branch research center directors to transfer appropriation authority within the NDSU Extension Service, Northern Crops Institute, branch research centers, and Main Research Center.

FTE adjustments - Section 6 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station during the 2005-07 biennium.

Carryover authority - Section 7 authorizes the Upper Great Plains Transportation Institute, NDSU Extension Service, Northern Crops Institute, and Agricultural Experiment Station to retain, beyond the close of the 2005-07 biennium, any unspent general fund money appropriated to or excess income received by the agency during the 2005-07 biennium.

Beef systems center of excellence positions - Section 9 provides intent that the 2 FTE positions for the beef systems center of excellence not be filled until the State Board of Agricultural Research and Education enters into a business partnership agreement for the beef systems center of excellence. The total funding for the beef systems center of excellence is $800,000 from the Ag PACE fund for establishing the center and $450,000 from the general fund for salaries and operations.

Williston Research Center machine storage shed - Section 10 provides intent that $100,000 of funding provided to the Main Research Center for extraordinary repairs be used to construct a machine storage shed at the Williston Research Center.

Capital Construction

Greenhouses - The Legislative Assembly appropriated $7 million in Senate Bill No. 2023 for new greenhouses and renovation of selected existing greenhouses. The funding source for the project is bond proceeds ($2 million) and gifts, grants, contracts, and donations ($5 million).

Workforce Safety and Insurance
Budget No. 485
House Bill Nos. 1022, 1050

	FTE Positions	General Fund	Other Funds	Total
2005-07 executive budget (bills as introduced)	223.14	$0	$33,440,814	$33,440,814
2005-07 legislative appropriations	**223.14**		**33,523,001**	**33,523,001**
Legislative increase (decrease) to executive budget	0.00	$0	$82,187	$82,187
Legislative increase (decrease) to 2003-05 appropriations	(3.86)	$0	$1,125,370	$1,125,370

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for Workforce Safety and Insurance is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1050.

Major Items

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for state employee salary increases			$108,894	$108,894
Reduced funding recommended in the executive budget for state employee health insurance premiums from $559.15 to $553.95 per month per policy			(26,707)	(26,707)
Total	0.00	$0	$82,187	$82,187

FTE Changes

The 2005-07 biennium appropriation includes funding for 223.14 FTE positions, a decrease of 3.86 FTE positions from the 2003-05 biennium authorized level of 227 FTE positions. The legislative action did not change the executive recommendation to delete 3.86 FTE positions not requested by the agency.

Related Legislation

Workforce Safety and Insurance Board of Directors - House Bill No. 1199 provides that each employer representative on the board of directors for Workforce Safety and Insurance, except for the employer at-large representative, must be a principal owner, chief executive officer, or chief financial officer of the employer. The bill also requires the board to interview an employer representative or a medical representative before placing that candidate's name on the list of replacement candidates submitted to the Governor.

Workers' Compensation Review Committee - House Bill No. 1523 provides for the creation of a Legislative Council Workers' Compensation Review Committee to review workers' compensation claims that are brought forward by injured workers for the purpose of determining whether changes should be made to the laws relating to workers' compensation.

Fund reserve balance and rate of discount - House Bill No. 1531 provides that the discount rate used in evaluating Workforce Safety and Insurance financial reserves may not exceed 6 percent, and the level of financial reserves plus surplus must be at least 120 percent but may not exceed 140 percent of the actuarially established discounted reserve.

CAPITAL CONSTRUCTION - OVERVIEW

CAPITAL PROJECTS

The Legislative Assembly provided funding of $944,398,249, an increase of $190,030,080 from the executive recommendation of $754,268,169, for the following capital projects:

- $227,731,578 for major capital projects.
- $18,294,470 for extraordinary repairs, including the energy improvement project.
- $698,372,201 for other projects (including $629,530,311 for the Department of Transportation and $42,699,560 for the State Water Commission).

The following schedule provides information regarding the funding sources for major capital projects and extraordinary repairs and other projects included in the executive recommendation and authorized by the Legislative Assembly:

	2005-07 Executive Recommendation		2005-07 Legislative Appropriations	
	General Fund	Special Funds	General Fund	Special Funds
Major capital projects	$1,841,255	$160,352,333	$1,986,255	$225,745,323
Extraordinary repairs	10,443,498	8,464,764	10,829,706	7,464,764
Bond payments	18,249,556	2,146,611	18,249,556	2,146,611
Other projects	334,000	552,436,152	334,000	677,642,034
Total	$30,868,309	$723,399,860	$31,399,517	$912,998,732

In addition to the $60 million of bonding authority authorized in North Dakota Century Code Section 61-02.1-02.1, the Legislative Assembly added Section 14 to 2005 House Bill No. 1021 to authorize the State Water Commission to issue up to $7 million in bonds for water and flood control projects during the 2005-07 biennium. The repayment provisions of the additional $7 million bond issuance must be the same as the $60 million bond issuance as provided in Section 61-02.1-02.1.

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 Legislative Assembly approved the executive recommendation to provide $2,331,554 for state facility 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 Legislative Assembly provided funding 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 State Fair Association for the 2005-07 biennium general fund lease payments for repayment of notes issued to finance capital projects.

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 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. This maximum for the 2005-07 biennium is $19,587,060 based on the March 2005 revenue forecast for sales, use, and motor vehicle excise tax collections. The estimated general fund lease payments for the 2005-07 biennium are $18,021,705, which is $1,565,355 less than the legal limit of debt service.

The Legislative Assembly did not change the executive recommendation to capitalize interest for three years on the 2005 bond issuance, instead of the two years which was done in previous bond issuances. Therefore, the first principal payment for the 2005-07 biennium bonding will not be due until the second year of the 2007-09 biennium.

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

MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2005-07 BIENNIUM

			2005-07 Executive Budget Recommendations			2005-07 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			$3,155,000 \1
SB 2021	Information Technology Department (112)	Division of Independent Study - Thordarson Hall		$60,000			$60,000	
HB 1003	Office of Attorney General (125)	Crime lab building addition and remodeling			3,632,691			3,632,691
SB 2003	Bismarck State College (227)	Plant services building		502,800			502,800	
		Student apartments (revenue bonds)			1,800,000		625,000	2,617,500
SB 2003	Lake Region State College (228)	Science lab renovation	$343,875			$343,875		
SB 2003	Williston State College (229)	Energy and transportation training center addition		910,000			910,000	
		Rural development center		6,000,000			6,000,000	
		Oil well training site					1,050,000	
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			2,100,000
		Indoor track facility		6,000,000			6,000,000	
		Parking ramp structure (revenue bonds)			12,000,000			19,000,000
		SOMHS Allied Health facility		7,500,000			7,500,000	
		SOMHS laboratory renovation		2,500,000			2,500,000	
		University housing replacement (revenue bonds)			16,000,000			20,000,000
		O'Kelly Hall renovation					3,500,000	
		Nursing facility					3,900,000	
		Bio-containment laboratory					31,000,000	
SB 2003	North Dakota State University (235)	Hazardous material handling and storage facility			3,500,000			3,500,000
		Memorial Union renovation and addition (revenue bonds)			22,000,000			22,000,000
		Wellness Center addition (revenue bonds)			12,000,000			12,000,000
SB 2003	State College of Science (238)	Blikre Activities Center addition		368,920			368,920	
		Football stadium and track renovation					1,700,000	
		Electrical distribution - Phase II of IV			736,000			736,000
SB 2003	Dickinson State University (239)	Murphy Hall renovation addition (Stage II)			4,100,557			4,100,557
		Whitney Stadium renovation addition		5,000,000			5,000,000	
SB 2003	Mayville State University (240)	Fieldhouse entrance, concession, and restroom expansion		1,000,000			1,000,000	
		Outdoor athletic complex		500,000			500,000	
SB 2003	Minot State University (241)	Crane Hall renovation (revenue bonds)		3,535,000				5,000,000
		Center for applied professional education					3,535,000	
SB 2003	Valley City State University (242)	W. E. Osmon bleacher replacement	250,000	32,000		250,000		
SB 2003	Minot State University - Bottineau (243)	Thatcher Hall addition						2,500,000
		Entrepreneurial center for horticulture					3,500,000	
SB 2003	Forest Service (244)	Seed processing facilities	65,000			65,000		
HB 1013	North Dakota Vision Services - School for the Blind (253)	South wing air-conditioning replacement	42,380			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	110,000		

Bill No.	Agency or Institution	Project	2005-07 Executive Budget Recommendations General Fund	2005-07 Executive Budget Recommendations Special Funds	2005-07 Executive Budget Recommendations Bonding	2005-07 Legislative Appropriations General Fund	2005-07 Legislative Appropriations Special Funds	2005-07 Legislative Appropriations Bonding
SB 2014	Bank of North Dakota (471)	New Bank building		11,000,000			11,000,000	
SB 2015	Department of Corrections and Rehabilitation (530)	ET building improvements (JRCC)			980,000			980,000
		Programs building code improvements (JRCC)			584,000			584,000
		Multipurpose building (MRCC)			2,022,510			
		Roughrider Industries building (MRCC)		320,000			320,000	
		Air exchange system in welding shop (YCC)		135,000			135,000	
HB 1017	Adjutant General (540)	Army Guard contracts construction		10,215,755			10,215,755	
SB 2020	Branch research centers (628)	Agronomy laboratory and greenhouse (North Central)		880,000	440,000		1,250,000	440,000
		Office addition (Central Grasslands)					80,000	270,000
SB 2020	NDSU Main Research Center (640)	Research greenhouse complex (Main Station)			4,500,000 \2		5,000,000 \2	2,000,000 \2
HB 1019	State Historical Society (701)	Chateau Interpretive Center planning		500,000	1,100,000 \3		500,000	1,100,000 \3
		Historical Society and Heritage Center research collections expansion					200,000	5,500,000
		Compact storage units for the Heritage Center	250,000			250,000		
		Fort Abercrombie Interpretive Center project				200,000	200,000	
HB 1018	Game and Fish Department (720)	Bismarck storage buildings		400,000			400,000	
		Fishing area projects		870,000			870,000	
		Land acquisition		750,000			750,000	
		Wildlife management area projects		150,000			150,000	
HB 1020	Parks and Recreation Department (750)	Corps of engineers authority for potential boat ramp capital projects		500,000			700,000	
		Coast Guard authority for potential floating breakwater projects - Fort Stevenson State Park		250,000			250,000	
		Elkhorn preserve development	110,000	110,000				
		FEMA authority for potential capital projects		100,000			100,000	
		Campground rehabilitation - Fort Stevenson State Park	160,000			160,000		
		Campground upgrade - Icelandic State Park	95,000	95,000		95,000	95,000	
		Boat ramp improvements - Lake Sakakawea State Park	25,000	25,000		25,000	25,000	
		Campground utilities upgrade - Lake Sakakawea State Park	145,000			145,000		
		Campground rewire - Lake Sakakawea State Park	55,000					
		Peace Garden Conflict Resolution Center	250,000			250,000		
		Pembina Gorge trails	50,000	200,000		50,000	200,000	
		Administrative office - Turtle River State Park		350,000	350,000		350,000	350,000
HB 1021	State Water Commission (770)	Construction of a replacement shop		977,100			977,100	
SB 2012	Department of Transportation (801)	District section and storage buildings		1,260,000			1,260,000	
Total			$1,841,255 \4	$69,496,575 \4	$90,855,758 \4	$1,986,255 \5	$114,179,575 \5	$111,565,748 \5

\1 The executive budget recommendation classified the Capitol fire suppression system as an extraordinary repair.

\2 Senate Bill No. 2023, as introduced, provided $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 were to be used to repay the bonds. The Legislative Assembly provided a total of $7 million for the greenhouse complex, consisting of $2 million from state bonding proceeds and $5 million from federal and other funds.

\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 included $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 In addition, the legislative appropriations include $698,372,201 for other projects consisting of:

$629,530,311 for highway projects (all from other funds)

$42,699,560 for water projects (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)

EXTRAORDINARY REPAIRS FOR THE 2005-07 BIENNIUM

Agency or Institution	2005-07 Executive Budget Recommendations			2005-07 Legislative Appropriations		
	General Fund	Special Funds	Total	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	$150,000		$150,000
New parking area	245,000		245,000	245,000		245,000
Other projects	335,000		335,000	335,000		335,000
Total - Office of Management and Budget	$730,000	$1,800,000 \1	$2,530,000 \1	$730,000		$730,000
North Dakota University System office (215)						
Contingency, extraordinary repairs, and capital emergency	$7,114,339		$7,114,339	$436,923		$436,923
Bismarck State College (227)						
Campus extraordinary repairs				$243,481		$243,481
Lake Region State College (228)						
Campus extraordinary repairs				$43,662		$43,662
Williston State College						
Campus extraordinary repairs (229)				$176,475		$176,475
University of North Dakota (230)						
Energy projects		$2,331,554	$2,331,554		$2,331,554	$2,331,554
Campus extraordinary repairs				$2,300,545		2,300,545
Total - University of North Dakota		$2,331,554	$2,331,554	$2,300,545	$2,331,554	$4,632,099
North Dakota State University (235)						
Campus extraordinary repairs				$1,692,226		$1,692,226
State College of Science (238)						
Campus extraordinary repairs				$753,332		$753,332
Dickinson State University (239)						
Campus extraordinary repairs				$383,690		$383,690
Mayville State University (240)						
Campus extraordinary repairs				$358,994		$358,994
Minot State University (241)						
Campus extraordinary repairs				$676,870		$676,870
Valley City State University (242)						
Campus extraordinary repairs				$258,416		$258,416
Minot State University - Bottineau (243)						
Campus extraordinary repairs				$109,725		$109,725
Forest Service (244)						
Well and walking bridge repairs	$8,000		$8,000	$8,000		$8,000
Irrigation well repairs	28,638		28,638	28,638		28,638
Total - Forest Service	$36,638		$36,638	$36,638		$36,638
School for the Deaf (252)						
Pool building roof repair	$36,645		$36,645	$36,645		$36,645
Roads and parking lot repair	10,000		10,000	10,000		10,000
Facility enhancement measures		$232,850	232,850		$232,850	232,850
Total - School for the Deaf	$46,645	$232,850	$279,495	$46,645	$232,850	$279,495

Agency or Institution	2005-07 Executive Budget Recommendations			2005-07 Legislative Appropriations		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
North Dakota Vision Services - School for the Blind (253)						
Replace carpet and roof cooling unit		$15,090	$15,090		$15,090	$15,090
State Department of Health (301)						
Repairs for laboratory building		$107,960	$107,960		$107,960	$107,960
Veterans Home (313)						
Roofing	$54,920		$54,920	$54,920		$54,920
Remodel bathroom at Administrator's house	6,957		6,957			
Carpeting for skilled unit		$7,300	7,300		$7,300	7,300
Replacement tile		8,651	8,651		8,651	8,651
Skilled sewage lift		6,500	6,500		6,500	6,500
Total - Veterans Home	$61,877	$22,451	$84,328	$54,920	$22,451	$77,371
Aeronautics Commission (412)						
International Peace Garden airport		$134,000	$134,000		$134,000	$134,000
Highway Patrol (504)						
Remodeling and new carpet at the Law Enforcement Training Center	$17,680	$7,320	$25,000	$17,680	$7,320	$25,000
Department of Corrections and Rehabilitation (530)						
Fire suppression system at James River Correctional Center	$155,000		$155,000	$155,000 \2		$155,000 \2
Perimeter security improvements at State Penitentiary	165,000		165,000	165,000 \2		165,000 \2
Counter tops at Missouri River Correctional Center	20,000		20,000	20,000 \2		20,000 \2
Various repair and maintenance projects at State Penitentiary	247,000		247,000	25,000 \2		25,000 \2
Various repair and maintenance projects at James River Correctional Center	135,000		135,000	135,000 \2		135,000 \2
Extraordinary repair projects at Youth Correctional Center	55,000		55,000	25,000		25,000
Total - Department of Corrections and Rehabilitation	$777,000		$777,000	$525,000		$525,000
Adjutant General (540)						
Replace roof of the Raymond J. Bohn Armory in Bismarck	$250,000	$250,000	$500,000	$250,000	$250,000	$500,000
State Seed Department (616)						
Miscellaneous building repairs and maintenance		$100,000	$100,000		$100,000	$100,000
NDSU Main Research Center (640)						
General repairs and maintenance	$380,300		$380,300	$380,300		$380,300
Greenhouse repairs	20,000		20,000	20,000		20,000
Landscaping	15,000		15,000	15,000		15,000
Other projects				325,165		325,165
Total - Main Research Center	$415,300		$415,300	$740,465		$740,465
State Historical Society (701)						
Repairs at various historical sites	$251,319		$251,319	$251,319		$251,319
Game and Fish Department (720)						
Repairs at the six regional facilities and the Bismarck headquarters		$416,116	$416,116		$416,116	$416,116
Ramp improvements and marina development					800,000	800,000
Total - Game and Fish Department		$416,116	$416,116		$1,216,116	$1,216,116
Parks and Recreation Department (750)						
Sully Creek State Park maintenance and repairs	$70,000		$70,000	$70,000		$70,000
Repairs and maintenance at various state parks	672,700	$42,000	714,700	672,700	$42,000	714,700
Total - Parks and Recreation Department	$742,700	$42,000	$784,700	$742,700	$42,000	$784,700

Department of Transportation (801)						
Asbestos abatement in State Highway Building		$2,488,423	$2,488,423		$2,488,423	$2,488,423
Miscellaneous district improvements		517,000	517,000		517,000	517,000
Total - Department of Transportation		$3,005,423	$3,005,423		$3,005,423	$3,005,423
Total extraordinary repairs	$10,443,498	$8,464,764	\1 $18,908,262	\1 $10,829,706	$7,464,764	$18,294,470

\1 The executive budget recommendation included $3,155,000 of bond proceeds for the Office of Management and Budget (OMB) for the installation of a fire suppression system in extraordinary repairs. This project has been included in the previous schedule with the major new capital construction. Although the executive budget recommeded $7,114,339 from the general fund for the University System office for contingencies, extraordinary repairs, and capital emergencies, the amount was not shown in OMB's extraordinary repair schedule. This amount is shown on this schedule.

\2 The Legislative Assembly reduced general fund support for the Prisons Division extraordinary repairs by $222,000, resulting in a total of $500,000 remaining for Prisons Division extraordinary repairs, but did not specify which projects were to be reduced or eliminated.

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 1991Series A and 1992 Series A - The 1991Series 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) Minot State University library ($7,728,000)	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 (2009)	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

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)	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue 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

North Dakota State University emission control renovations on power plant ($2,145,000) Dickinson State University Klinefelter Hall renovations ($2,750,000)	(3% to 4.5% - 15-year bonds) (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

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 Legislative Assembly approved: Office of Management and Budget Fire suppression system ($3,155,000) Attorney General's office Crime lab addition and renovation ($3,632,691) North Dakota State University Hazardous material handling and storage facility ($3,500,000)	2005 Series A North Dakota Building Authority revenue bonds (4.50% 20-year bonds) (2025)	[11]	28,848,248	36,240,000					36,240,000

North Dakota State College of Science								
Electrical distribution ($736,000)								
Dickinson State University								
Murphy Hall ($4,100,557)								
Minot State University - Bottineau								
Thatcher Hall addition ($2,500,000)								
Department of Corrections and Rehabilitation								
James River Correctional Center ET building improvements ($980,000)								
James River Correctional Center programs building code improvements ($584,000)								
North Central Research Center								
Agronomy laboratory and greenhouse ($440,000)								
Central Grasslands Research Extension Center								
Office addition ($270,000)								
Main Research Center								
Greenhouse complex ($2,000,000)								
State Historical Society								
Chateau de Mores Interpretive Center ($1,100,000)								
State Historical Society and Heritage Center								
Research collections expansion ($5,500,000)								
Parks and Recreation Department								
Turtle River State Park administrative office ($350,000)								
Total	$144,870,815	$138,285,000	$15,987,696	$18,326,244	$20,675,422	$96,145,000	$85,075,000	$107,460,000
Breakdown of payments:								
General fund			$13,910,272 [12]	$15,848,226 [12]	$18,021,705 [12]			
Agency contributions			2,077,424	2,478,018	2,653,717			
Total			$15,987,696	$18,326,244	$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 were 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 was 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 was 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 was 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 was 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 was to be provided for the project before construction may begin, and the remaining $1.5 million was 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 did not issue bonds for these projects because the agency did not have adequate funding for the debt service.

[11] The estimated 2007-09 biennium payment on this bond issue, based on an estimated interest rate of 4.50 percent, is approximately $1.5 million. The source of the $1.5 million for the purpose of this report is $33,336 from other funds and the remainder from the general fund. The final schedule for the receipt of the $300,000 of non-general fund dollars that is to be used for bond payments has not been finalized.

Senate Bill No. 2023 (2005) includes a section stating that $300,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the State Historical Society Chateau de Mores Interpretive Center.

In addition to the $440,000 appropriated from bond proceeds for the North Central Research Center agronomy laboratory and greenhouse, Senate Bill No. 2023 also appropriates $1,250,000 of federal and other funds. The total amount appropriated for the agronomy laboratory and greenhouse is $1,690,000.

In addition to the $270,000 appropriated from bond proceeds for the Central Grasslands Research Extension Center office addition, Senate Bill No. 2023 also appropriates $80,000 of federal and other funds. The total amount appropriated for the office addition is $350,000.

In addition to the $2 million appropriated from bond proceeds for the Main Research Center greenhouse complex, Senate Bill No. 2023 also appropriates $5 million of federal and other funds. The total amount appropriated for the greenhouse complex is $7 million.

In addition to the $1,100,000 appropriated from bond proceeds for the State Historical Society Chateau de Mores Interpretive Center, Senate Bill No. 2023 also appropriates $500,000 of federal or other funds. The total amount appropriated for the Chateau de Mores Interpretive Center is $1,600,000.

In addition to the $5,500,000 appropriated from bond proceeds for the State Historical Society and Heritage Center research collections expansion, Senate Bill No. 2023 also appropriates $200,000 of federal or other funds. The total amount appropriated for the research collections expansion is $5,700,000.

In addition to the $350,000 appropriated from bond proceeds for the Parks and Recreation Department Turtle River State Park administrative office building, Senate Bill No. 2023 also appropriates $350,000 from federal or other funds. The total amount appropriated for the administrative office building is $700,000.

This bond issuance will include funding for the 2005-07 biennium state facility energy improvement program capital projects recommended to be funded with bond proceeds for the University of North Dakota in the amount of $2,331,554. 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.

[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 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 March 2005 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	$19,587,060	$1,565,355
2007-09	$22,697,580	*	$2,443,931	$20,253,649	$20,370,542	$116,893
2009-11	$20,849,314	*	$1,864,985	$18,984,329	$21,185,364	$2,201,035
2011-13	$18,948,705	*	$1,561,471	$17,387,234	$22,032,779	$4,645,545
2013-15	$17,656,024	*	$989,546	$16,666,478	$22,914,090	$6,247,612

* The future biennium bond payments reflect estimated payments related to the bonding authorized by the 2005 Legislative Assembly but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The bond payment schedule for the $28.85 million of bonding included in Senate Bill No. 2023 (2005) capitalizes interest for three years, instead of the two years which was done in previous bond issuances. Therefore, the first principal payment for the 2005-07 biennium bonding will not be due until the second year of the 2007-09 biennium. The 1998 Series C and 2003 Series A bond issuances will be paid off during the 2007-09 biennium, and the 1998 Series B bond issuance will be paid off during the 2009-11 biennium.

** The $300,000 identified in Senate Bill No. 2023 (2005) from non-general fund sources has been included with other funds in the schedule above ($33,336 each biennium). However, this schedule of payments has not yet been agreed upon by the Historical Board and the Building Authority.

STATE EMPLOYEES - OVERVIEW

SALARY INCREASE

The 2005 Legislative Assembly provided funding in House Bill No. 1050 and in each agency's appropriations bill for state employee salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006. (The executive recommendation was for an increase of 4 percent the first year, 3 percent the second year, and an additional 1 percent the second year from existing agency resources.) Specific language regarding the salary increases is included in House Bill No. 1050.

SPECIAL MARKET EQUITY ADJUSTMENTS

The 2005 Legislative Assembly provided $1.5 million from the general fund to the Department of Corrections and Rehabilitation, $1 million for correctional officers, and $500,000 for all department employees for market equity adjustments. In addition, Section 10 of Senate Bill No. 2015 includes legislative intent that the Department of Corrections and Rehabilitation may provide up to $250,000 in market equity adjustments for employees in the Field Services Division to the extent general fund savings can be identified from within the department's existing budget.

The Legislative Assembly provided $194,467, $166,258 of which is from the general fund and $28,209 from the highway tax distribution fund, for market equity adjustments for Highway Patrol troopers and sergeants. The Highway Patrol may provide up to $219,000 in additional market equity adjustments for these employee groups to the extent savings can be realized from the department's existing budget.

The 2005-07 appropriations for the Labor Department provides $6,000 from the general fund for a market equity adjustment to be provided to the Deputy Labor Commissioner.

HIGHER EDUCATION

The Legislative Assembly did not provide higher education institutions specific funding for salary or health insurance increases with the intent that funding for any increases is to be provided within the total funding provided for the University System and other resources.

The State Board of Higher Education is authorized to adjust full-time equivalent 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 submission of the 2007-09 budget request.

ELECTED OFFICIALS

The Legislative Assembly approved a 4 percent salary increase for elected officials for each year of the biennium, the same as state employees.

JUDICIAL BRANCH

The Legislative Assembly approved a 4 percent salary increase for Supreme Court and district court judges for each year of the biennium, the same as state employees.

HEALTH INSURANCE

The legislative appropriation continues funding for the cost of health insurance premiums for state employees. The appropriation provides $553.95 per month for employee health insurance (an increase of $65.25 compared to the 2003-05 premium). The executive recommendation included $559.15 per month. A recent history of monthly health insurance premiums provided for each eligible employee is listed below:

1995-97	$265
1997-99	$301
1999-2001	$350
2001-03	$409
2003-05	$489
2005-07	$554

EMPLOYEE ASSISTANCE PROGRAM

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

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes for the 2005-07 biennium:

	General Fund	Special Funds	Total
Salary increase - 4% July 2005 and 4% July 2006	$19,778,486	$21,746,666	$41,525,152
Health insurance and employee assistance program increase	5,335,798	7,903,870	13,239,668
Equity adjustment - Department of Corrections and Rehabilitation	1,500,000		1,500,000
Equity adjustment - Highway Patrol	166,258	28,209	194,467
Total	$26,780,542	$29,678,745	$56,459,287

FTE POSITIONS

The legislative appropriations for the 2005-07 biennium include funding for a total of 10,631.95 FTE positions, including higher education institutions, 154.48 FTE positions fewer than the 2003-05 authorized level and 17.05 FTE positions more than the executive recommendation.

The schedule below lists the number of authorized FTE positions for each biennium since 1991-93:

Biennium	FTE	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1991-93	12,159.50	51.48	0.4%
1993-95	12,149.98	(9.52)	(0.1%)
1995-97	11,290.53[1]	(859.45)[1]	(7.6%)
1997-99	11,541.00	250.47	2.2%
1999-2001	11,536.92	(4.08)	(0.0%)
2001-03	11,661.17	124.25	1.1%
2003-05	10,786.43[2]	(874.74)[2]	(7.5%)
2005-07	10,631.95	(154.48)	(1.5%)

[1]Reflects the sale of the UND Rehabilitation Hospital (a reduction of 286.20 FTE positions) and the change in the method of assigning higher education FTE positions due to the conversion to the statewide integrated budget and reporting system (a reduction of 415.85 FTE positions).

[2]The FTE count for Higher Education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

ANALYSIS OF FULL-TIME EQUIVALENT (FTE) POSITIONS AUTHORIZED BY THE 2005 LEGISLATIVE ASSEMBLY FOR THE 2005-07 BIENNIUM

Comparison to 2003-05				Comparison to Executive Recommendation		
2003-05 FTE Positions	2005-07 FTE Positions	Increase (Decrease)	Agency	Executive Recommendation 2005-07 FTE Positions	2005-07 FTE Positions	Increase (Decrease)
			GENERAL GOVERNMENT			
18.00	18.00	0.00	**101 - Governor's Office**	18.00	18.00	0.00
27.00	27.00	0.00	**108 - Secretary of State**	27.00	27.00	0.00
162.00 \1,6	131.50	(30.50)	**110 - Office of Management and Budget**	130.50	131.50	1.00
256.70 \6	265.20 \7	8.50	**112 - Information Technology Department**	265.20	265.20 \7	0.00
55.00	55.00	0.00	**117 - State Auditor**	55.00	55.00	0.00
6.00	6.00	0.00	**120 - State Treasurer**	6.00	6.00	0.00
182.00	185.30	3.30	**125 - Attorney General**	177.00	185.30	8.30
0.00	2.00	2.00	**130 - Racing Commission**	0.00	2.00	2.00
137.00 \6	133.00	(4.00)	**127 - Tax Department**	133.00	133.00	0.00
8.00	8.00	0.00	**140 - Office of Administrative Hearings**	8.00	8.00	0.00
33.00	33.00	0.00	**160 - Legislative Council**	33.00	33.00	0.00
336.00	338.00	2.00	**180 - Judicial Branch**	332.00	338.00	6.00
17.00	17.00	0.00	**190 - Retirement and Investment Office**	17.00	17.00	0.00
29.00	29.00	0.00	**192 - Public Employees Retirement System**	29.00	29.00	0.00
1,266.70	1,248.00	(18.70)	**TOTAL GENERAL GOVERNMENT**	1,230.70	1,248.00	17.30
			OTHER EDUCATION			
92.75 \6	92.75	0.00	**201 - Department of Public Instruction**	92.75	92.75	0.00
17.75	18.75	1.00	**226 - Land Department**	18.75	18.75	0.00
28.75	28.75	0.00	**250 - State Library**	28.75	28.75	0.00
51.85	49.19	(2.66)	**252 - School for the Deaf**	49.94	49.19	(0.75)
27.00	26.95	(0.05)	**253 - North Dakota Vision Services - School for the Blind**	26.95	26.95	0.00
27.50	27.50	0.00	**270 - State Board for Vocational and Technical Education**	27.50	27.50	0.00
245.60	243.89	(1.71)	**TOTAL OTHER EDUCATION**	244.64	243.89	(0.75)

			HEALTH AND WELFARE			
312.50 \6	311.50	(1.00)	**301 - State Department of Health**	317.00	311.50	(5.50)
89.41	90.97	1.56	**313 - Veterans Home**	90.97	90.97	0.00
3.00	3.00	0.00	**316 - Indian Affairs Commission**	3.00	3.00	0.00
5.00 \2	6.00	1.00	**321 - Department of Veterans Affairs**	6.00	6.00	0.00
0.80	0.00	(0.80)	**324 - Children's Services Coordinating Committee**	0.00	0.00	0.00
1,178.48	1,171.88	(6.60)	**325 - Department of Human Services (excluding State Hospital and Developmental Center)**	1,172.88	1,171.88	(1.00)
458.04	451.54	(6.50)	**- Developmental Center**	451.54	451.54	0.00
414.90	424.01 \8	9.11	**- State Hospital**	424.01	424.01 \8	0.00
2,051.42 \5,\6	2,047.43	(3.99)	**- Department of Human Services Subtotal**	2,048.43	2,047.43	(1.00)
24.50	25.50	1.00	**360 - Protection and Advocacy Project**	25.50	25.50	0.00
366.17 \6	355.80	(10.37)	**380 - Job Service North Dakota**	355.80	355.80	0.00
2,852.80	2,840.20	(12.60)	**TOTAL HEALTH AND WELFARE**	2,846.70	2,840.20	(6.50)
			REGULATORY			
45.50	46.50	1.00	**401 - Insurance Department**	46.50	46.50	0.00
58.37 \6	51.37 \3	(7.00)	**405 - Industrial Commission**	51.37	51.37 \3	0.00
10.00	11.00	1.00	**406 - Labor Commissioner**	11.00	11.00	0.00
41.00	41.00	0.00	**408 - Public Service Commission**	41.00	41.00	0.00
6.00	6.00	0.00	**412 - Aeronautics Commission**	6.00	6.00	0.00
25.00	27.00	2.00	**413 - Department of Financial Institutions**	26.00	27.00	1.00
8.00	9.00	1.00	**414 - Securities Department**	9.00	9.00	0.00
178.50 \6	178.50	0.00	**471 - Bank of North Dakota**	178.50	178.50	0.00
43.00 \6	43.00	0.00	**473 - Housing Finance Agency**	43.00	43.00	0.00
125.00	127.00	2.00	**475 - Mill and Elevator Association**	127.00	127.00	0.00
227.00 \6	223.14	(3.86)	**485 - Workforce Safety and Insurance**	223.14	223.14	0.00
767.37	763.51	(3.86)	**TOTAL REGULATORY**	762.51	763.51	1.00
			PUBLIC SAFETY			
192.00 \6	186.00	(6.00)	**504 - Highway Patrol**	186.00	186.00	0.00
20.00	54.00	34.00	**512 - Department of Emergency Services**	54.00	54.00	0.00

644.18 \6	677.28	33.10	**530 - Department of Corrections and Rehabilitation**	675.28	677.28	2.00
139.00	139.00	0.00	**540 - Adjutant General**	139.00	139.00	0.00
995.18	1,056.28	61.10	**TOTAL PUBLIC SAFETY**	1,054.28	1,056.28	2.00
			AGRICULTURE AND ECONOMIC DEVELOPMENT			
57.00	62.00	5.00	**601 - Commerce Department**	59.00	62.00	3.00
57.00	61.00	4.00	**602 - Agriculture Department**	61.00	61.00	0.00
32.00	30.00	(2.00)	**616 - Seed Department**	30.00	30.00	0.00
41.50 \4	48.50	7.00	**627 - Upper Great Plains Transportation Institute**	48.50	48.50	0.00
77.41 \4	77.41	0.00	**628 - Branch research centers**	77.41	77.41	0.00
266.10 \4	266.10	0.00	**630 - NDSU Extension Service**	266.10	266.10	0.00
7.62 \4	8.62	1.00	**638 - Northern Crops Institute**	7.62	8.62	1.00
337.05 \4	340.05	3.00	**640 - Main Research Center**	339.05	340.05	1.00
2.97 \4	2.97	0.00	**649 - Agronomy Seed Farm**	2.97	2.97	0.00
878.65	896.65	18.00	**TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT**	891.65	896.65	5.00
			NATURAL RESOURCES AND HIGHWAYS			
57.00	57.00	0.00	**701 - State Historical Society**	57.00	57.00	0.00
5.00	5.00	0.00	**709 - Council on the Arts**	5.00	5.00	0.00
147.00 \6	152.00	5.00	**720 - Game and Fish Department**	152.00	152.00	0.00
44.25	46.50	2.25	**750 - Department of Parks and Recreation**	48.50	46.50	(2.00)
82.00 \6	84.00	2.00	**770 - State Water Commission**	84.00	84.00	0.00
1,044.50 \6	1,044.50	0.00	**801 - Department of Transportation**	1,044.50	1,044.50	0.00
1,379.75	1,389.00	9.25	**TOTAL NATURAL RESOURCES AND HIGHWAYS**	1,391.00	1,389.00	(2.00)
			SUMMARY TOTALS			
1,266.70	1,248.00	(18.70)	General Government	1,230.70	1,248.00	17.30
245.60	243.89	(1.71)	Education	244.64	243.89	(0.75)
2,852.80	2,840.20	(12.60)	Health and Welfare	2,846.70	2,840.20	(6.50)
767.37	763.51	(3.86)	Regulatory	762.51	763.51	1.00
995.18	1,056.28	61.10	Public Safety	1,054.28	1,056.28	2.00
878.65	896.65	18.00	Agriculture and Economic Development	891.65	896.65	5.00
1,379.75	1,389.00	9.25	Natural Resources and Highways	1,391.00	1,389.00	(2.00)
8,386.05	8,437.53	51.48	**TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)**	8,421.48	8,437.53	16.05
			HIGHER EDUCATION			
20.00	20.00	0.00	**215 - North Dakota University System office**	2,181.02	20.00	(2,161.02)

123.30	115.15	(8.15)	**227 - Bismarck State College**	0.00	115.15	115.15
36.85	36.21	(0.64)	**228 - Lake Region State College**	0.00	36.21	36.21
46.17	44.98	(1.19)	**229 - Williston State College**	0.00	44.98	44.98
706.74	623.76	(82.98)	**230 - University of North Dakota**	0.00	623.76	623.76
198.91	178.56	(20.35)	**232 - University of North Dakota School of Medicine and Health Sciences**	0.00	178.56	178.56
545.02	483.99	(61.03)	**235 - North Dakota State University**	0.00	483.99	483.99
174.95	179.88	4.93	**238 - State College of Science**	0.00	179.88	179.88
114.81	108.98	(5.83)	**239 - Dickinson State University**	0.00	108.98	108.98
69.97	66.80	(3.17)	**240 - Mayville State University**	0.00	66.80	66.80
217.49	198.82	(18.67)	**241 - Minot State University**	0.00	198.82	198.82
92.12	90.57	(1.55)	**242 - Valley City State University**	0.00	90.57	90.57
36.08	34.32	(1.76)	**243 - Minot State University - Bottineau**	0.00	34.32	34.32
17.97	12.40	(5.57)	**244 - Forest Service**	12.40	12.40	0.00
2,400.38	2,194.42	(205.96)	**TOTAL HIGHER EDUCATION**	2,193.42	2,194.42	1.00
10,786.43	10,631.95	(154.48)	**GRAND TOTAL ALL DEPARTMENTS**	10,614.90	10,631.95	17.05

\1 The number of FTE positions for the 2003-05 biennium do not reflect an additional .5 FTE position, relating to consolidation of information technology services, transferred from the Information Technology Department to the Office of Management and Budget and a reduction of 30 FTE positions transferred, 29 FTE positions to the Division of Emergency Management and 1 FTE position to the Information Technology Department, as a result of the transfer of State Radio from the Office of Management and Budget to the Division of Emergency Management.

\2 The Department of Veterans Affairs employed 6 FTE employees during the 2003-05 biennium; however, because one position was paid with nonappropriated funding from the veterans' postwar trust fund, it was considered "off-budget." The 2005 Legislative Assembly agreed with the executive recommendation to change the funding source for the position from the veterans' postwar trust fund to the general fund to bring the position "on-budget."

\3 The 2005-07 biennium appropriation includes a contingent appropriation for the Oil and Gas Division from the lands and minerals trust fund for up to 2 additional FTE positions if the average drilling rig count exceeds 30 active rigs for any consecutive three-month period, upon Emergency Commission approval. The 2 contingent FTE positions are not included in this schedule.

\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 2003 House Bill No. 1021:

	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	337.07	(12.12)
Total	735.95	732.67	(3.28)

\5 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	835.88
Central office	348.60	(6.00) \a	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 6.

\6 Section 10 of House Bill No. 1505 (2003) provided 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 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:

Agency	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

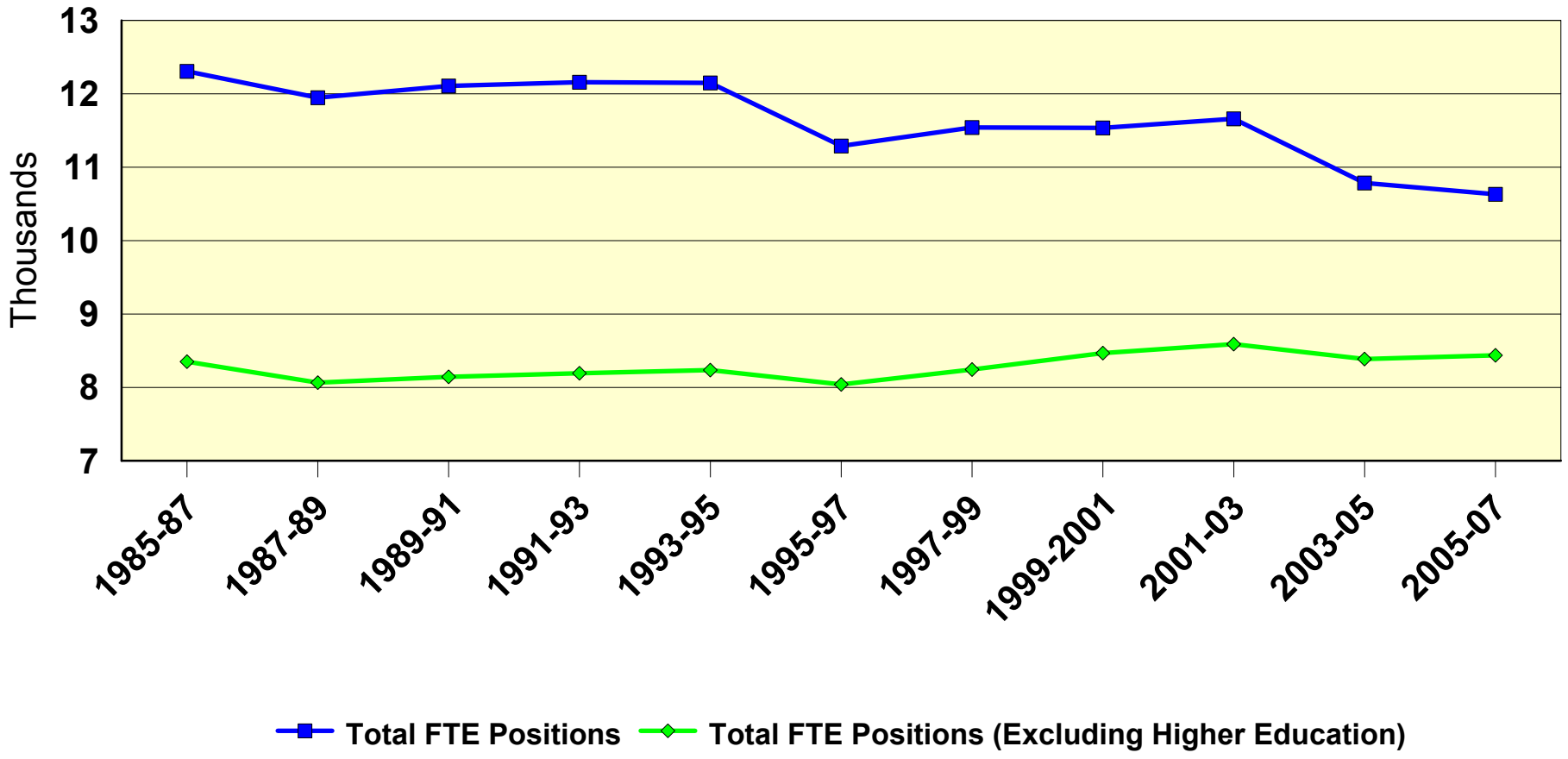
State Department of Health	1.00	0.50	0.50
Department of Human Services	5.00	4.00	1.00
Job Service North Dakota	3.00	1.00	2.00
Industrial Commission	1.00	0.00	1.00
Bank of North Dakota	1.00	0.00	1.00
Housing Finance Agency	1.00	0.00	1.00
Workforce Safety and Insurance	2.00	1.00	1.00
Highway Patrol	1.00	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

\7 The number of positions for the 2005-07 biennium includes 10 FTE positions authorized in Section 5 of Senate Bill No. 2021 for the development and implementation of the Department of Human Services Medicaid management information system.

\8 The State Hospital is authorized to hire up to 21 additional FTE positions, not reflected in this amount, subject to Emergency Commission and Budget Section approval, as provided in Senate Bill No. 2373 if a pilot project is established at the State Hospital for the treatment of individuals who are chemically dependen on methamphetamine or other controlled substances.

NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state FTE employee positions for the 1985-87 through 2005-07 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Higher Education	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions	Total FTE Positions Excluding Higher Education
1985-87	915.50	396.39	3,956.84	3,393.11	996.43	552.80	802.28	1,294.50	12,307.85	8,351.01
1987-89	975.55	296.10	3,909.16	3,079.89[1]	1,021.93	648.77	770.58	1,273.00	11,974.98	8,065.82
1989-91	916.25	309.36	3,963.02	3,028.11	1,047.94	699.27	785.57	1,357.50	12,107.02	8,144.00
1991-93	949.85	327.91	3,965.80	2,876.26	1,078.92	727.69	826.57	1,406.50	12,159.50	8,193.70
1993-95	1,016.10	322.44	3,912.91	2,794.66	1,138.81	774.04	787.02[2]	1,404.00	12,149.98	8,237.07
1995-97	1,004.42	313.38	3,249.13[3]	3,103.11[4]	665.50[4]	774.52	777.97	1,402.50	11,290.53	8,041.40
1997-99	1,039.90	312.54	3,297.30	3,124.00	696.00	894.64	817.12	1,359.50	11,541.00	8,243.70
1999-2001	1,164.00[5]	308.19	3,068.64[6]	3,099.06	723.00	954.68	856.35	1,363.00	11,536.92	8,468.28
2001-03	1,236.20	271.07	3,070.58	3,069.86	762.50	967.18	914.03	1,369.75	11,661.17	8,590.59
2003-05	1,266.70[7]	245.60	2,400.38[8]	2,852.80	767.37	995.18[7]	878.65	1,379.75	10,786.43[9]	8,386.05
2005-07	1,248.00	243.89	2,194.42	2,840.20	763.51	1,056.28	896.65	1,389.00	10,631.95	8,437.53

[1]Reflects a phaseout of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

[2]Excludes 14.1 authorized FTE positions for commodity groups because 1993 House Bill No. 1203 provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

[3]The state colleges and universities changed the formula for counting FTE teacher positions based on the number of months worked during the year. Those who worked 12 months were reduced from a 1.2 FTE position to 1 FTE position, and those who worked nine months were reduced from 1 FTE position to a .75 FTE position. The net reduction from the change is 415.85 FTE positions. In addition, the University of North Dakota Rehabilitation Hospital was privatized resulting in a reduction of 286.2 FTE positions.

[4]Job Service North Dakota and its 420.5 FTE positions were switched from Regulatory to Health and Welfare.

[5]The judicial branch added 129.5 FTE positions with the clerk of court unification.

[6]Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

[7]Reflects an increase of 31 FTE positions in general government and a corresponding reduction in Public Safety due to Radio Communications being consolidated with the Office of Management and Budget.

[8]The FTE count for Higher Education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

[9]House Bill No. 1505 provided 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 to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. The 2003-05 FTE positions reflect the transfer of 8.5 FTE positions.

ANALYSIS OF FUNDING FOR STATE EMPLOYEE SALARY INCREASES

Year	Salary Increase Provided	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 the University of North Dakota and North Dakota State University; 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%
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. The North Dakota University System provided an overall system average salary increase of 4.2%.	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. The North Dakota University System provided an overall system average salary increase of 4.2%.	3.4%
2001 [1]	3% with a minimum of $35 per month - Increases over $35 are to be based on merit and equity. The North Dakota University System provided an overall system average salary increase of 4.8%.	2.8%
2002 [1]	2% with a minimum of $35 per month - Increases over $35 are to be based on merit and equity. The North Dakota University System provided an overall system average salary increase of 4.8%.	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 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 2% 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 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. The executive branch and judicial branch did not eliminate positions to receive salary increases on January 1, 2005.	2.7%	
2005	4%	2.5%	(projected)
2006	4%	2.4%	(projected)

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

[1] In addition, the 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 Human Resource Management Services.

$4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount 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.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The Legislative Assembly authorized 2005-07 biennium salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006, for most elected officials. The executive recommendation provided for salary increases of 3 percent, effective July 1, 2005, and up to 4 percent, effective July 1, 2006, for most elected officials. The schedule below shows for each elected official the salary authorized by the 2003 Legislative Assembly and the 2005 Legislative Assembly.

	Statutory Annual Salary Authorized by 2003 Legislative Assembly	Statutory Annual Salary Authorized by 2005 Legislative Assembly	
State Official	Continuation of Increase Effective July 1, 2002	Effective July 1, 2005	Effective July 1, 2006
Governor	$87,216	$88,926 \1	$92,483 \1
Lieutenant Governor	$67,708	$69,035 \1	$71,797 \1
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	$83,753
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	$73,568
State Treasurer	$64,233	$66,802	$69,474

\1 The salary for the Governor and Lieutenant Governor were not changed from the proposal included in the executive recommendation of 2 percent for the first year of the biennium and 4 percent for the second year.

The judicial branch appropriation contains the funding needed to provide salary increases of 4 percent, effective July 1, 2005, and 4 percent, effective July 1, 2006, for Supreme Court justices and district court judges.

For each judge, the following schedule shows the current salary and the salary authorized by the 2005 Legislative Assembly:

	Statutory Annual Salary Authorized by 2003 Legislative Assembly	Statutory Annual Salary Authorized by 2005 Legislative Assembly	
	July 1, 2002	July 1, 2005	July 1, 2007
Supreme Court Chief Justice	$102,021	$106,102	$110,346
Other Supreme Court justices	$99,122	$103,087	$107,210
District court presiding judges	$93,343	$97,077	$100,960
Other district court judges	$90,671	$94,298	$98,070

COST OF STATE EMPLOYEE SALARY AND HEALTH INSURANCE INCREASE HISTORY

The following is a summary of the cost of providing salary and health insurance increases for the 1997-99 through 2005-07 bienniums:

STATE EMPLOYEE SALARY INCREASES				
Biennium	**Percentage Increase**	**General Fund**	**Special Funds**	**Total**
1997-99	3% on July 1, 1997, (includes 1.5% for merit) and 3% on July 1, 1998, (includes 1.5% for merit)	$24,304,117	$12,520,861	$36,824,978
1999-2001	2% with a $35 per month minimum on July 1, 1999, and 2% with a $35 per month minimum on July 1, 2000	$17,681,836	$9,633,401	$27,315,237
2001-03	3% with a $35 per month minimum on July 1, 2001, and 2% with a $35 per month minimum on July 1, 2002	$27,043,178	$12,493,632	$39,536,810
2003-05	Up to 1% on January 1, 2004, and up to 2% on January 1, 2005, (based on the elimination of positions and savings from vacant positions)			$0
2005-07	4% on July 1, 2005, and 4% on July 1, 2006	$19,778,486	$21,746,666	$41,525,152

STATE EMPLOYEE HEALTH INSURANCE INCREASES						
Biennium	**Monthly Premium**	**Increase From Previous Biennium**	**Percentage Increase**	**General Fund**	**Special Funds**	**Total**
1997-99	$301	$36	13.6%	$7,026,674	$3,619,802	$10,646,476
1999-2001	$350	$49	16.3%	$6,989,537	$3,858,174	$10,847,711
2001-03	$409	$59	16.9%	$11,182,551	$6,001,252	$17,183,803
2003-05	$489	$80	19.6%	$8,027,122	$8,258,216	$16,285,338
2005-07	$554	$65	13.3%	$5,335,798	$7,903,870	$13,239,668

INFORMATION TECHNOLOGY PROJECTS FOR THE 2005-07 BIENNIUM

Agency or Institution	Project	2005-07 Executive Budget Recommendation			2005-07 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
108 - Secretary of State	Automatic clearinghouse	$20,000		$20,000	$20,000		$20,000
	Expanding FileNet to the county recorders		$58,231	58,231		$58,231	58,231
	Central voter file for elections		1,000,000	1,000,000		1,000,000	1,000,000
	FileNet for administrative licensing and business divisions	199,615		199,615	199,615		199,615
	Migrating data from AS400 to another platform	250,000		250,000	125,000		125,000
	Total - Secretary of State	$469,615	$1,058,231	$1,527,846	$344,615	$1,058,231	$1,402,846
110 - Office of Management and Budget	ConnectND PeopleSoft modules	$600,000		$600,000	$600,000		$600,000
	Procurement website				150,000		150,000
	Total - Office of Management and Budget	$600,000		$600,000	$750,000		$750,000
112 - Information Technology Department	Criminal Justice Information Sharing Initiative	$700,000	$2,000,000	$2,700,000	$525,090	$2,000,000	$2,525,090
	Medicaid management information system rewrite		8,127,034	8,127,034		8,127,034	8,127,034
	Geographic information system	100,000		100,000	100,000		100,000
	Mainframe migration strategy		6,000,000	6,000,000		6,000,000	6,000,000
	Total - Information Technology Department	$800,000	$16,127,034	$16,927,034	$625,090	$16,127,034	$16,752,124
117 - State Auditor	Information technology security testing			$0	$100,000		$100,000
127 - Tax Department	Integrated tax system			$0		$14,000,000	$14,000,000
140 - Office of Administrative Hearings	ISYS software		$5,000	$5,000		$5,000	$5,000
150 - Legislative Assembly	Legislative applications replacement system	$4,200,000 [1]		$4,200,000 [1]			$0 [1]
	Monitor system replacement	100,000		100,000	$100,000		100,000
	Total - Legislative Assembly	$4,300,000		$4,300,000	$100,000		$100,000
180 - Judicial branch	Case management system review	$100,000		$100,000	$100,000		$100,000
	Continuity planning	75,000		75,000	75,000		75,000
	Digital audiorecording	103,677		103,677	63,677		63,677
	Enhanced records management system	225,000		225,000	225,000		225,000
	Interactive television	155,000		155,000	85,000		85,000
	Total - Judicial branch	$658,677		$658,677	$548,677		$548,677
192 - Public Employees Retirement System	Redesign and barcoding individual insurance billing form		$6,000	$6,000		$6,000	$6,000
	Electronic document management system workflow		35,000	35,000		35,000	35,000
	Online services		47,632	47,632		47,632	47,632
	Proposed legislation		14,016	14,016		14,016	14,016
	Total - Public Employees Retirement System		$102,648	$102,648		$102,648	$102,648
201 - Department of Public Instruction	Special education individual education plan		$700,000	$700,000		$700,000	$700,000
215 - North Dakota University System	Common information services pool	$21,924,083 [2]		$21,924,083 [2]	$20,536,093 [2]		$20,536,093 [2]
301 - State Department of Health	Disease reporting epidemiological assessment and monitoring system (DREAMS)		$417,000	$417,000		$417,000	$417,000
	Health alert network (HAN)		683,484	683,484		683,484	683,484
	Women, infants, and children (WIC)		835,882	835,882		835,882	835,882
	Total - State Department of Health		$1,936,366	$1,936,366		$1,936,366	$1,936,366
325 - Department of Human Services	Medicaid management information system rewrite	$3,667,820	$25,521,039	$29,188,859		29,188,859	29,188,859
380 - Job Service North Dakota	Unemployment insurance modernization		$525,000	$525,000		$525,000	$525,000
401 - Insurance Commissioner	Imaging		$8,640	$8,640		$8,640	$8,640
	State electronic rate and form filing interface		27,840	27,840		27,840	27,840
	Total - Insurance Commissioner		$36,480	$36,480		$36,480	$36,480
413 - Department of Financial Institutions	Electronic data management system		$31,475	$31,475		$31,475	$31,475
471 - Bank of North Dakota	Core banking		$240,592	$240,592		$240,592	$240,592
	Strategic initiatives		2,127,683	2,127,683		2,127,683	2,127,683
	Total - Bank of North Dakota		$2,368,275	$2,368,275		$2,368,275	$2,368,275

Agency or Institution	Project	2005-07 Executive Budget Recommendation General Fund	Special Funds	Total	2005-07 Legislative Appropriations General Fund	Special Funds	Total
485 - Workforce Safety and Insurance	Centralized electronic data interchange process for medical billing		$75,000	$75,000		$75,000	$75,000
	Data warehouse		25,000	25,000		25,000	25,000
	Disaster recovery hotsite		120,000	120,000		120,000	120,000
	Enhanced web-based applications		450,000	450,000		450,000	450,000
	Total - Workforce Safety and Insurance		$670,000	$670,000		$670,000	$670,000
504 - Highway Patrol	Case management system	$200,000		$200,000			0 [3]
	Wireless field reporting		$200,000	200,000		$200,000	200,000
	Total - Highway Patrol	$200,000	$200,000	$400,000		$200,000	$200,000
512 - Department of Emergency Services	Public Safety Mobile Communications Project		$4,957,923	$4,957,923		$5,857,923	$5,857,923 [4]
530 - Department of Corrections and Rehabilitation	ITAG offender management system	$411,650		$411,650	$411,650		$411,650
601 - Department of Agriculture	Electronic health certificates		$20,000	$20,000		$20,000	$20,000
	Geographic information system infrastructure	$1,350	6,000	7,350	$1,350	6,000	7,350
	National animal identification system		235,000	235,000		235,000	235,000
	Private practitioners portal		7,200	7,200		7,200	7,200
	ShopND.com		20,000	20,000		20,000	20,000
	Website development	6,500	8,500	15,000	6,500	8,500	15,000
	Total - Department of Agriculture	$7,850	$296,700	$304,550	$7,850	$296,700	$304,550
701 - State Historical Society	Past Perfect Collections software	$9,000		$9,000	$9,000		$9,000
	Security access replacement		$56,000	56,000		$56,000	56,000
	Total - State Historical Society	$9,000	$56,000	$65,000	$9,000	$56,000	$65,000
709 - Council on the Arts	Online software		$11,500	$11,500		$11,500	$11,500
720 - Game and Fish Department	Field office network project		$50,000	$50,000		$50,000	$50,000
750 - Parks and Recreation	Online campground reservation system		$110,000	$110,000		$110,000	$110,000
801 - Department of Transportation	Commercial vehicle systems and network		$166,500	$166,500		$166,500	$166,500
	Priority system rewrite		156,600	156,600		156,600	156,600
	Traffic data editing analysis rewrite to include weight in motion data		108,000	108,000		108,000	108,000
	Upgrade pavement management system		559,000	559,000		559,000	559,000
	Upgrade roadway information management system inventory interface		397,918	397,918		397,918	397,918
	Total - Department of Transportation		$1,388,018	$1,388,018		$1,388,018	$1,388,018
Total		$33,048,695	$56,568,689	$89,617,384	$23,432,975	$75,136,509	$98,569,484

[1] The Legislative Assembly, in its 2005-07 biennium budget request, included $4.2 million from the general fund for replacing legislative computer applications. The Legislative Assembly removed this funding and allowed the legislative branch, in Section 9 of Senate Bill No. 2001, to continue any unspent 2003-05 biennium appropriation authority of the legislative branch for costs of the legislative applications replacement system computer project.

[2] The Legislative Assembly provided funding of $20,563,093 from the general fund for common information services. The $20,563,093 is $1,360,990 less than the executive recommendation of $21,924,083 and $2,007,310 more than the 2003-05 biennium adjusted appropriation of $18,555,783. The funding is to be allocated by the State Board of Higher Education based on the North Dakota University System information technology plan and technology priorities. The funds allocated must be used to support the Higher Education Computer Network, the Interactive Video Network, the On-line Dakota Information Network, and other related technology initiatives as determined by the State Board of Higher Education.

[3] The Legislative Assembly removed funding for the case management system project but authorized the Highway Patrol to complete the project if funding becomes available from other areas of the Highway Patrol budget.

[4] The Legislative Assembly authorized the borrowing of funds of up to $900,000 from the Bank of North Dakota for expenses associated with the Public Safety Mobile Communications Project increasing funding for the project from $4,957,923 as provided for in the executive budget to $5,857,923. The funding is subject to the approval of the Emergency Commission and the Budget Section, and the loan, including interest, is to be repaid with federal funds made available from the United States Department of Homeland Security.

ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND CASH BALANCE FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance - Cash		$8,522,835		$10,062,835
Add estimated revenues				
Investment interest income	$142,000		$240,000	
Principal and interest payments on loans	4,944,000		3,400,000	
Transfers from the general fund (2003 HB 1015)	950,000			
Transfers from Ag PACE fund	1,300,000			
Total estimated revenues		7,336,000		3,640,000
Total available		$15,858,835		$13,702,835
Less estimated expenditures and transfers				
Operating expenses	$96,000		$110,000	
Buydown interest disbursed	2,100,000		2,700,000	
New chattel loans funded	3,600,000		4,750,000	
Transfer to Ag PACE for interest buydown (2005 SB 2014)			1,425,000	
Transfer to Public Service Commission for the rail rate complaint case (2005 HB 1008)			800,000	
Transfer to the agriculture fuel tax fund for the Agricultural Products Utilization Commission (2005 SB 2018)			425,000	
Total estimated expenditures and transfers		5,796,000		10,210,000
Estimated ending balance - Cash		$10,062,835[1]		$3,492,835[2, 3]

NOTE: Subsection 8 of North Dakota Century Code (NDCC) Section 6-09-15.5 provides that not withstanding any other provision of law, the Bank of North Dakota may transfer any unobligated funds between funds that have been appropriated by the Legislative Assembly for interest buydown in the beginning farmer revolving loan fund and the agriculture partnership in assisting community expansion (Ag PACE) fund.

[1]In addition to the cash balance as of June 30, 2005, the beginning farmer revolving loan fund is estimated to have net loans outstanding of $8.3 million.

[2]In addition to the cash balance as of June 30, 2007, the beginning farmer revolving loan fund is estimated to have net loans outstanding of $10.6 million.

[3]Pursuant to subsection 8 of NDCC Section 6-09-15.5, a transfer of up to $800,000 from the beginning farmer revolving loan fund to the Ag PACE fund may occur if the Ag PACE fund does not have sufficient funds to make the $800,000 transfer to the Main Research Center for the beef systems center of excellence provided for in Section 8 of 2005 Senate Bill No. 2020. If this transfer occurs, the June 30, 2007, cash balance in the beginning farmer revolving loan fund would be reduced to $2,692,835.

FUND HISTORY

The beginning farmer revolving loan fund originated in 1983 with passage of Senate Bill No. 2220, now codified as NDCC Section 6-09-15.5, and was established by a $5 million transfer from the Bank of North Dakota. The loan fund was established for the purpose of making or participating in loans to North Dakota beginning farmers for the purchase of agricultural real estate, equipment, and livestock. The fund is a revolving fund, and all money transferred into the fund, interest upon money in the fund, and payments to the fund of principal and interest on loans made from the fund are appropriated for the purpose of providing loans and to supplement the interest rate on loans to beginning farmers. A loan made from the fund may not exceed 85 percent of the appraised value of the agricultural collateral, with the actual percentage to be determined by the Bank of North Dakota. The maximum term of a real estate loan is 25 years, and the maximum term of a farm equipment or livestock loan is 7 years.

The Bank of North Dakota supervises and administers the beginning farmer revolving loan fund and the loans made by the fund. Four programs have been established under the fund, including two direct loan programs--direct real estate loans and direct chattel loans--and two interest buydown programs-- interest buydowns on real estate loans and interest buydowns on chattel loans.

ANALYSIS OF THE STATE BONDING FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$5,134,541		$2,502,541
Add estimated revenues				
Investment income	$550,000		$600,000	
State bonding fund claims collections	65,000		65,000	
Other income	7,000		8,000	
Total estimated revenues		622,000		673,000
Total available		$5,756,541		$3,175,541
Less estimated expenditures				
Insurance Department - Administration (2003 SB 2010; 2005 HB 1010)	$35,000		$35,000	
Transfer to state general fund (2003 SB 2015)	2,800,000		0	
State bonding claims losses	400,000		250,000	
Claims-related payments	19,000		20,000	
Total estimated expenditures		3,254,000		305,000
Estimated ending balance		$2,502,541		$2,870,541

FUND HISTORY

The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner and the amount of coverage provided to each state agency, department, industry, and institution is determined by the commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09, as amended by the 2003 Legislative Assembly in Senate Bill No. 2015, provides that premiums for bond coverage are to be determined by the Insurance Commissioner but can be waived if the state bonding fund's balance is in excess of $2 million. Senate Bill No. 2015 (2003) lowered the minimum fund balance from $2.5 million to $2 million. No premium has been charged possibly since 1953 because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium	2005-07 Biennium	
Beginning balance	$0		$0
Add estimated revenues			
Transfer from general fund		$64,467,187	
Investment income		2,689,026	
Total estimated revenues	0		67,156,213
Total available	$0		$67,156,213
Less estimated expenditures			
None			
Total estimated expenditures	0		0
Estimated ending balance	$0		$67,156,213

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

- Section 54-27.2-01 establishes the budget stabilization fund and provides that any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section also provides that any money in the fund in excess of 5 percent of the general fund appropriations provided by the most recently adjourned Legislative Assembly must be deposited in the state general fund.
- Section 54-27.2-02 provides that any amount in the state general fund at the end of a biennium in excess of $65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides that the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects that general fund revenues for the biennium will be at least 2.5 percent less than estimated by the most recently adjourned Legislative Assembly. The amount transferred is limited to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. Any transfer made must be reported to the Budget Section.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$209,173		$529,193
Add estimated revenues				
Investment income	$18,419		$42,997	
Rentals, royalties, bonuses, and contracts	410,115		176,275	
Total estimated revenues		428,534		219,272
Total available		$637,707		$748,465
Less estimated expenditures				
Administrative expenses	$27,392		$29,061	
Income payments to counties	6,122[1]		6,495[1]	
Capitol Grounds Planning Commission operating expenses - 2003 SB 2015; 2005 HB 1015	25,000		25,000	
Capitol Grounds Planning Commission - Continuing appropriation	50,000		50,000	
Total estimated expenditures		108,514		110,556
Ending balance		$529,193		$637,909

NOTE: The analysis reflects the legislative appropriation for the 2005-07 biennium and does not include the land owned by the fund.

[1]The 1999 Legislative Assembly passed Senate Bill No. 2088 (North Dakota Century Code Section 15-04-23) which provides that the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payment. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND INVESTMENT AND INTEREST INCOME FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance - Investment and interest income		$10,007[1]		$11,930[1]
Add estimated revenues				
Investment income	$1,129,839		$1,438,279	
School construction loan income	1,389,805		1,500,000	
Oil, gas, and coal impact loan income	286,319		206,472	
Total estimated revenues		2,805,963		3,144,751
Total available		$2,815,970		$3,156,681
Less estimated expenditures and transfers				
Administrative expenses	$19,033		$20,192	
Transfer to the general fund	2,785,007		3,100,000	
Total estimated expenditures and transfers		2,804,040		3,120,192
Estimated ending balance - Investment and interest income		$11,930[2]		$36,489[2]

NOTE: North Dakota Century Code (NDCC) Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the state general fund. The amounts shown on the preceding analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

[1]Beginning balance - July 1, 2003, and 2005 - The beginning balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2005, the total value of permanent fund assets was $58.8 million, of which $33.4 million was school construction loans receivable, $2.3 million was coal, oil, and gas impact loans receivable, and $23.1 million was either invested or was a receivable of investment or other earnings.

[2]Estimated ending balance - The estimated ending balance does not include the value of permanent assets of the coal development trust fund which must be maintained pursuant to NDCC Section 57-62-02 and Article X, Section 21, of the Constitution of North Dakota. As of March 31, 2005, the total value of permanent fund assets was $58.8 million, of which $33.4 million was school construction loans receivable, $2.3 million was coal, oil, and gas impact loans receivable, and $23.1 million was either invested or was a receivable of investment or other earnings.

FUND HISTORY

The coal development trust fund originated in 1979 with passage of House Bill No. 1257, now codified as various sections of NDCC Chapter 57-62. In 1980 the voters of North Dakota approved constitutional measure No. 5, creating Article X, Section 21, of the Constitution of North Dakota and establishing the coal development trust fund as a constitutional trust fund.

North Dakota Century Code Section 57-62-02 provides that 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides that the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts and for loans to school districts for school construction. Section 15.1-36-02 limits to $40 million the outstanding principal balance of school construction loans from the coal development trust fund.

North Dakota Century Code Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (9 percent of total coal severance taxes collected) remain in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$5,753,089		$4,334,394
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	$4,631,002[1]			
Remaining transfers from the tobacco settlement trust fund			$4,594,414	
Total estimated revenues		4,631,002[2]		4,594,414[2]
Total available		$10,384,091		$8,928,808
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	180,000[5]		495,000[5]	
Tobacco "quit line"	550,000[6]		884,000[6]	
Tobacco cessation coordinator and operating expenses			111,000[7]	
Department of Human Services				
Breast and cervical cancer assistance	319,697[8]		254,356[8]	
Total estimated expenditures		6,049,697		6,864,356
Estimated ending balance		$4,334,394		$2,064,452

[1]As of March 1, 2005, six transfers have been made from the tobacco settlement trust fund totaling $4,631,002. Total transfers of $15,284,716 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 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 $496,119 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	4,631,002
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	$77,724,295

[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 2005 Legislative Assembly provided 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 for the creation of a dentists' loan repayment program to be maintained by the State Health Council. 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, not to exceed a total of $80,000 per applicant, for the repayment of their educational loans. The funds are payable over a four-year period ($20,000 per year). Senate Bill No. 2276 (2001) provided for one dentist to be selected annually for the program from each of the following community-size categories: small (less than 2,500 residents), medium (less than 10,000 residents), and large (10,000 or more residents). The 2003 Legislative Assembly, as provided in Senate Bill No. 2378, changed the dental loan repayment program effective for the 2003-05 biennium, providing that the highest priority for acceptance into the program be given to dentists willing to serve the smallest and most underserved communities in North Dakota.

Biennium (Number of Dentists Accepted Into Program)	Communities Served
2001-03 biennium (3)	Minot (2) Larimore
2003-05 biennium (6)	Fargo Community Health Center New Rockford Grand Forks Fargo Bismarck 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, anticipates expenditures for cessation programs will be only $80,000 during 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 Legislative Assembly authorized $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." However, due to the start date of the program, it is anticipated only approximately $550,000 will be spent during the 2003-05 biennium. The executive recommendation includes $884,000 to operate the "quit line" for the entire 2005-07 biennium.

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

[8]The 2003 Legislative Assembly appropriated $114,755 from the community health trust fund to the Department of Human Services for breast and cervical cancer treatment services. Because of greater than anticipated demand for the services, the department anticipates using additional special funds spending authority from within its 2003-05 biennium budget and spending a total of $319,697 from the community health trust fund for the program. For the 2005-07 biennium, the Legislative Assembly appropriated $254,356, an increase of $139,601 from the 2003-05 biennium appropriation, 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 ENVIRONMENT AND RANGELAND PROTECTION FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$856,321		$871,868
Add estimated revenues		3,100,000[1]		2,850,000[1]
Total available		$3,956,321		$3,721,868
Less estimated expenditures				
Agriculture Commissioner				
Noxious weed control (2003 SB 2009; 2005 HB 1009)	$1,494,285		$1,473,831	
Pesticide disposal project (Safe Send) (2003 SB 2009; 2005 HB 1009)	307,436		580,371	
Pesticide programs (2003 SB 2009; 2005 HB 1009)	387,732		425,875	
Agriculture in the classroom program (2003 SB 2009; 2005 HB 1009)	50,000		100,000	
Saltcedar control (2003 SB 2319; 2005 HB 1009)	250,000		250,000	
Pesticide Control Board				
Minor use pesticide registration (2003 SB 2009; 2005 HB 1009)	200,000[2]		200,000[2]	
Crop Protection Product Harmonization and Registration Board				
Crop protection product registration and labeling and grants (2003 SB 2009; 2005 HB 1009)	25,000[3]		25,000[3]	
State Department of Health				
Ground water testing (2003 HB 1004; 2005 SB 2004)	200,000		202,808	
North Dakota Stockmen's Association environmental services program (2003 HB 1004; 2005 SB 2004)	50,000		50,000	
Agricultural Experiment Station				
Chemical storage expenditures (2003 HB 1021)	120,000			
Environmental research (2005 SB 2020)			150,000	
Total estimated expenditures		3,084,453		3,457,885
Estimated ending balance		$871,868		$263,983

[1]The 1999 Legislative Assembly approved Senate Bill No. 2009 which included a provision increasing the biennial pesticide registration fee by $50, from $300 to $350 only for the 1999-2001 biennium. The $350 pesticide registration fee was extended for the 2001-03 biennium (2001 House Bill No. 1009), the 2003-05 biennium (2003 Senate Bill No. 2319), and the 2005-07 biennium (2005 House Bill No. 1009).

[2]This amount is transferred to the minor use pesticide fund and appropriated to the Crop Protection Product Harmonization and Registration Board on a continuing basis. House Bill No. 1328 (2001) changed the control of the minor use pesticide fund from the Agriculture Commissioner to the Crop Protection Product Harmonization and Registration Board.

[3]North Dakota Century Code Section 4-35-30 as created by 2001 House Bill Nos. 1328 and 1009 created the Crop Protection Product Harmonization and Registration Board. The duties of the board consist of:

- Identify and prioritize crop protection product labeling needs.
- Explore the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.
- Identify the data necessary to enable registration of a use to occur in a timely manner.
- Determine what research, if any, is necessary to fulfill data requirements for responsibilities of the board.
- Request the Agriculture Commissioner to pursue specific research funding options from public and private sources.
- Request the North Dakota State University Agriculture Experiment Station to pursue specific research to coordinate registration efforts.
- Pursue any opportunities to make more crop protection product options available to agriculture producers in this state through any means the board determines advisable.
- The board may administer a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

The members of the Crop Protection Product Harmonization and Registration Board consist of:

- The Governor or the Governor's designee (chairman).
- The Agriculture Commissioner or the commissioner's designee.
- The chairman of the House Agriculture Committee or the chairman's designee.
- The chairman of the Senate Agriculture Committee or the chairman's designee.
- A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee chairman is a member, appointed by the Legislative Council chairman.
- A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.
- A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.
- A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.
- A representative of the crop protection product manufacturing industry appointed by the chairman of the Legislative Council (nonvoting).
- The director of the Agricultural Experiment Station (nonvoting).

North Dakota Century Code Section 19-18-02.1 created by 1991 Senate Bill No. 2451 established the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. The biennial fee is $350 per pesticide product registered in the state. Of this amount, $300 is deposited in the environment and rangeland protection fund and $50 in the general fund. The 2005 Legislative Assembly extended the $350 pesticide registration fee through June 30, 2007, after which the fee reverts to $300 for a two-year period, of which $250 is deposited in the environment and rangeland protection fund and $50 in the general fund.

ANALYSIS OF THE FIRE AND TORNADO FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$16,263,796		$21,674,220
Add estimated revenues				
Premium collections	$9,250,000		$9,300,000	
Investment income	2,400,000		2,600,000	
Boiler inspection fees	350,000		375,000	
Loss claims and insurance recoveries	750,000		1,000,000	
Anhydrous ammonia storage facility inspection fund (2003 SB 2010; 2005 HB 1010)	175,000		150,000	
Total estimated revenues		12,925,000		13,425,000
Total available		$29,188,796		$35,099,220
Less estimated expenditures				
Loss claims payments	$3,000,000		$4,500,000	
Insurance Department administration (2003 SB 2010; 2005 HB 1010) and anhydrous ammonia tank inspection costs	988,576		1,138,576	
State Fire Marshal program (2003 SB 2003; 2005 HB 1003)	200,000[1]		310,000	
Firefighter's Association grants (2003 SB 2015; 2005 HB 1015)	126,000		126,000	
Claims-related payments	3,200,000		3,500,000	
Total estimated expenditures		7,514,576		9,574,576
Estimated ending balance		$21,674,220		$25,524,644

[1]The 2003 Legislative Assembly provided the Attorney General a special funds appropriation of $300,000 from the state fire and tornado fund for defraying the expenses relating to the State Fire Marshal program for the 2003-05 biennium. The Attorney General is currently estimating to spend only $200,000 of the $300,000 special funds appropriation.

FUND HISTORY

The state fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. North Dakota Century Code Section 26.1-22-14 requires that if the fire and tornado reserve balance is less than $12 million, the Insurance Commissioner must increase assessments on policies.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$8,991,303		$15,872,228
Add estimated revenues				
Oil extraction tax allocations	$6,880,925[1]		$8,217,778[3]	
Total available		$15,872,228		$24,090,006
Less estimated expenditures				
Transfer to foundation aid program	$0[2]		$0[2]	
Estimated ending balance		$15,872,228		$24,090,006

[1]2003-05 estimated revenues - Based on actual oil extraction tax allocations through March 2005 and estimated allocations for the remainder of the 2003-05 biennium (per the March 2005 executive revenue forecast).

[2]Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. No foundation aid reductions as a result of a revenue shortfall are currently anticipated for the 2003-05 or 2005-07 biennium.

[3]2005-07 estimated revenues - Based on the estimated allocations for the 2005-07 biennium reflecting the March 2005 executive revenue forecast.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment, now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction tax revenue 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.**

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the director of the budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota, provides that the interest income of the foundation aid stabilization fund must be transferred to the state general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the 2003-05 biennium, through March 2005, $1,476,394 of interest from the foundation aid stabilization fund has been allocated to the state general fund.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$33,153,183		$19,696,150
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	2,163,279		$887,602	
Loan repayments - Principal and interest	1,115,401		1,061,185	
Total estimated revenues		23,274,502		1,948,787
Total available		$56,427,685		$21,644,937
Less estimated expenditures				
State Department of Health				
Quick response unit pilot project	$225,000		$125,000	
Scholarship and nurses' student loan repayment grant program	489,500			
Department of Human Services inflationary increases and developmental disabilities services			3,200,000	
Bank of North Dakota administrative fee on outstanding loans	106,000		98,000	
Transfer to the general fund	35,911,035		16,900,000	
Total estimated expenditures		36,731,535		20,323,000
Estimated ending balance		$19,696,150		$1,321,937

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

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$641,126		$6,320,259
Add estimated revenues				
Production royalties	$3,728,665		$1,737,808	
Mineral leases	382,310		100,000	
Oil and gas bonuses	4,581,611		143,868	
Investment earnings	152,273		500,876	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,872,074		1,361,660	
Total estimated revenues		10,716,933		3,844,212
Total available		$11,358,059		$10,164,471
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)	$2,791,500[1]		$1,789,322[2]	
Industrial Commission - Oil and Gas Division contingency (2005 SB 2014)	0		225,000[3]	
Transfer to the general fund (2003 SB 2015; 2005 HB 1015)	2,000,000		6,800,000	
Administrative costs/other fees	246,300		261,300	
Total estimated expenditures and transfers		5,037,800		9,075,622
Estimated ending balance		$6,320,259		$1,088,849

[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. Section 8 of 2005 Senate Bill No. 2013 creates 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.

[3]Subdivision 1 of Section 3 of 2005 Senate Bill No. 2014 contains an Oil and Gas Division contingency appropriation of $225,000, and Section 18 provides that the funds appropriated in this contingency line item are from the land and minerals trust fund. Section 18 also provides that the Oil and Gas Division may use the funds, upon Emergency Commission approval, to hire up to 2 full-time equivalent positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period.

FUND HISTORY

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 LIGNITE RESEARCH FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$11,767,657		$9,544,128
Add estimated revenues				
Separate two-cent coal severance tax	$1,211,437		$1,200,000	
Fifty percent of coal severance taxes deposited in the coal development trust fund (result of passage of measure No. 3 in June 1990)	3,407,225		3,375,000	
Twenty percent of coal severance taxes deposited in the coal development trust fund (committed to clean coal projects) (result of passage of constitutional amendment passed by voters in June 1994)	1,324,279		1,350,000	
Investment income on Dakota Gasification Company ammonia plant project	44,100			
Interest income	138,321		180,000	
Total estimated revenues		6,125,362		6,105,000
Total available		$17,893,019		$15,649,128
Less estimated expenditures				
Lignite marketing feasibility study (2003 HB 1015; 2005 SB 2014)	$1,300,000		$1,500,000	
Administration and development of the lignite research, development, and marketing program (includes funding for clean coal demonstration projects and bond payments) (2003 HB 1015; 2005 SB 2014)	7,048,891[1,2]		13,700,000[1,2]	
Total estimated expenditures		8,348,891		15,200,000[3]
Ending balance		$9,544,128		$449,128

NOTE: North Dakota Century Code Section 57-61-01.5(2) and Article X, Section 21, of the Constitution of North Dakota provide for 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.

[1]The Industrial Commission has a policy stating that 30 percent of lignite research fund income will be used for small research projects and 70 percent for large demonstration research projects. The Commission has further directed that no single large demonstration project can receive more than 37.5 percent of available funds.

[2]The Industrial Commission has waived the fund allocation policy and has committed $10,146,524 through the 2009-11 biennium with $2,861,524 anticipated to be spent during the 2003-05 biennium, $2,860,000 anticipated to be spent during the 2005-07 biennium, and the remaining $4,425,000 during 2007-09 and 2009-11 bienniums for the Lignite Vision 21 program. The object of the Lignite Vision 21 program is to construct new lignite-fired power plants in North Dakota.

[3]The 2005 Legislative Assembly appropriated $15,200,000 for lignite research grants; however, at the present time the Industrial Commission anticipates spending $11,305,000 for lignite research grants during the 2005-07 biennium.

ANALYSIS OF THE PERMANENT OIL TAX TRUST FUND 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$12,800,761[1]		$45,208,228
Add estimated revenues				
Oil and gas production tax and oil extraction tax collections	$44,317,467		$38,016,354	
Total estimated revenues		44,317,467[2]		38,016,354[4]
Total available		$57,118,228		$83,224,582
Less estimated expenditures				
Transfer to the general fund (Section 6 of 2003 SB 2015; Section 32 of 2005 HB 1015)	$11,910,000		$55,300,000	
Parks and Recreation Department - International Music Camp grant for International Arts Center (2005 SB 2228)			350,000[5]	
Office of Management and Budget - Repayment of loans for centers of excellence (Section 12 of 2005 SB 2018)			16,000,000[6]	
Department of Human Services - Medicaid management information system (MMIS) project (Section 8 of 2005 HB 1012)			3,667,820[7]	
Total estimated expenditures		11,910,000[3]		75,317,820[3]
Estimated ending balance		$45,208,228		$7,906,762

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. Senate Bill No. 2018, as approved by the 2005 Legislative Assembly, includes provisions allowing the transfer of funds from the general fund to the permanent oil tax trust fund during the biennium after the $71 million general fund limit is reached rather than making the transfer only at the end of the biennium.

[1]Beginning balance - July 1, 2003 - The general fund revenues derived from oil and gas gross production taxes and oil extraction taxes totaled $69,565,225 for the 2001-03 biennium. Since revenues exceeded the $62 million statutory limit (which was increased to $71 million by Section 26 of 2003 Senate Bill No. 2015), $7,565,225 was transferred into the permanent oil tax trust fund on June 30, 2003. Any interest earned is deposited in the general fund.

[2]Estimated revenues - 2003-05 - The revised revenue forecast for the 2003-05 biennium projects oil and gas gross production tax and oil extraction tax revenues to total $115,317,467, $71 million to be deposited in the general fund and $44,317,467 to be deposited in the permanent oil tax trust fund at the end of the biennium.

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

[4]Estimated revenues - 2005-07 - The revenue forecast for the 2005-07 biennium projects oil and gas gross production tax and oil extraction tax revenues to total $109,016,354, $71 million to be deposited in the general fund and $38,016,354 to be deposited in the permanent oil tax trust fund.

[5]Appropriation - Parks and Recreation Department - 2005 Senate Bill No. 2228 provides an appropriation of $350,000 from the permanent oil tax trust fund to the Parks and Recreation Department for the department to provide a one-time grant to the International Music Camp to assist with the construction costs of the International Arts Center to be located at the International Music Camp at the International Peace Garden.

[6]Appropriation - Office of Management and Budget - Section 12 of 2005 Senate Bill No. 2018 provides an appropriation of $16 million from the permanent oil tax trust fund to the Office of Management and Budget for repaying the Bank of North Dakota loans and accrued interest relating to funds borrowed for centers of excellence for the 2005-07 biennium. This appropriation is limited to 50 percent or $16 million, whichever is less, of the revenues deposited in the permanent oil tax trust fund that exceed $6 million for the 2005-07 biennium.

[7]Appropriation - Department of Human Services - Section 8 of 2005 House Bill No. 1012 provides that $3,667,820 included in the estimated income appropriation for the Department of Human Services is from the permanent oil tax trust fund. This is for the state's share of the costs for the Medicaid management information system (MMIS) project. The total cost of the project is split between federal funds (approximately 90 percent) and state funds (approximately 10 percent).

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$20,129,911		$36,127,380
Add estimated revenues				
Oil extraction tax collections	$14,093,821		$16,435,556	
Repayments and reimbursements	1,805,000		2,005,000	
Investment earnings/miscellaneous	98,648		838,977	
Reimbursement from bond proceeds	31,150,000[1]			
Total estimated revenues		47,147,469		19,279,533
Total available		$67,277,380		$55,406,913
Less estimated expenditures				
State Water Commission				
Grants and administration	$31,150,000[2]		$55,406,913[3]	
Total estimated expenditures		31,150,000		55,406,913
Ending balance		$36,127,380		$0

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

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

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now 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]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 $31.15 million have been incurred from the resources trust fund as of April 1, 2005.

[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. In addition, the Emergency Commission and the 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]Section 4 of House Bill No. 1021 (2005) provides $54,013,116, 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 RISK MANAGEMENT FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$2,229,328		$2,938,692
Add estimated revenues				
Premiums	$4,434,364[1]		$3,731,624[2]	
Total estimated revenues		4,434,364		3,731,624
Total available		$6,663,692		$6,670,316
Less estimated expenditures				
Administration - 2003 SB 2015, 2005 HB 1015	$700,023		$746,211	
Claims-related expenses - Continuing appropriation	132,494		148,095	
Claims and litigation	2,892,483		3,233,070	
Total estimated expenditures		3,725,000		4,127,376
Ending balance		$2,938,692		$2,542,940

[1]In response to an actuarial review completed in 2002 by Aon Risk Services, the Risk Management Division is assessing a total of $5,397,553 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2003-05 biennium. Due to agencies qualifying for the discount program, total premiums collected are estimated to be $4,434,354, or a total reduction of $963,189 for the 2003-05 biennium.

[2]In response to an actuarial review completed in 2004 by Aon Risk Services, the Risk Management Division is assessing a total of $3,731,624 in risk management premiums to state agencies, boards, and commissions and the North Dakota University System for the 2005-07 biennium.

FUND HISTORY

In September 1994 the North Dakota Supreme Court abolished the doctrine of sovereign immunity. As a result of this court decision, the 1995 Legislative Assembly passed the Tort Claims Act (1995 Senate Bill No. 2080) which created a risk management fund and assigned the responsibility of administering a risk management program to the Office of Management and Budget.

ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2005-07 BIENNIUM

	2005-07 Biennium	
Beginning balance		$0
Add estimated revenues		
Allocation from sales, use, and motor vehicle excise tax collections	$2,012,000	
Total estimated revenues		2,012,000
Total available		$2,012,000
Less estimated expenditures		
State Treasurer - County senior citizen matching grants	$2,012,000	
Total expenditures		2,012,000
Estimated ending balance		$0

The 2005 Legislative Assembly approved Senate Bill No. 2267 which created the senior citizen services and programs fund. Statutory provisions are contained in subsection 5 of North Dakota Century Code Section 57-15-56 and Section57-39.2-26.2. Each year, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from two-thirds of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. The amount of each county's annual grant is equal to two-thirds of the amount levied in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except that for the 2005-07 biennium, any remaining money in the fund at the end of the biennium is allocated to those counties that are levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	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%)		74,180,584		78,336,470
Total available		$74,180,584		$78,336,470
Less estimated expenditures				
Payments to political subdivisions				
County share (53.7%)	$39,834,974		$42,066,684	
City share (46.3%)	34,345,610		36,269,786	
Total estimated expenditures		74,180,584		78,336,470
Ending balance		$0		$0

NOTE: Amounts shown above reflect the 2003-05 revenue forecast and the 2005-07 revenue forecast as approved by the 2005 Legislative Assembly (March 2005).

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

	2003-05 Biennium[1]		2005-07 Biennium[1]	
Beginning balance		$54,248,000		$27,789,031
Add estimated revenues				
Fund earnings	$3,900,000		$4,100,000[3]	
Total available		$58,148,000		$31,889,031
Less estimated expenditures				
Transfers to the general fund	$26,258,969[2]		$9,000,000[4]	
Funding for veterinary medicine program			262,500[5]	
Funding for North Dakota Student Loan Guarantee Agency	4,100,000			
Total estimated expenditures		30,358,969		9,262,500
Estimated ending balance		$27,789,031		$22,626,531

[1]This analysis reflects estimated revenues, expenditures, and ending balance for the **1979 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 projected income is based on interest rates as of May 1, 2005, the trust's ability to continue to receive a return of 95 percent from the federal government on student loans held by the trust and the assumption that the $9 million transfer to the general fund for the 2005-07 biennium is made in the last six months of the biennium.

[4]The 2005 Legislative Assembly provided for a transfer of $9 million from the student loan trust fund to the general fund.

[5]House Bill No. 1397 (2005) provides the State Board of Higher Education a $262,500 special funds appropriation from the student loan trust fund for the purpose of reducing the amount of tuition and other costs payable by or on behalf of eligible students enrolled in the veterinary medical education program at Kansas State University. The State Board of Higher Education is to develop a plan for the continuation of funding for the program from a funding source other than the student loan trust 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 and taxable 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 10-03.5-04(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 $10 million. Senate Bill No. 2032 (2005) increased the maximum amount of funds that may be borrowed for alternative and venture capital investments and early-stage capital funds by $5 million, from $5 million to $10 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. House Bill No. 1152 (2005) enables the Industrial Commission to issue subordinate or residual bonds when so determined by the Industrial Commission.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$0		$0
Add revenues				
Tobacco settlement revenues collected to date	$46,310,010[1]			
Projected tobacco settlement revenues			$45,944,134	
Total revenues		46,310,010[2]		45,944,134[2]
Total available		$46,310,010[3]		$45,944,134
Less expenditures and transfers				
Transfers to the community health trust fund (10%)	$4,631,002		$4,594,414	
Transfers to the common schools trust fund (45%)	20,839,504		20,674,860	
Transfers to the water development trust fund (45%)	20,839,504		20,674,860	
Total expenditures and transfers		46,310,010		45,944,134
Estimated ending balance		$0		$0

[1]Six 2003-05 biennium tobacco settlement payments totaling $46,310,010 have been received by the state as of May 1, 2005. Total tobacco settlement collections of $152,847,157 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 $4,961,204 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	46,310,010
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	$777,242,949

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 STATE TUITION FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$1,165,188[1]		$697,461[1]
Add estimated revenues				
Fines for violation of state laws	$8,824,397[2]		$8,800,000[2]	
Transfers from the common schools trust fund	60,000,000		62,200,000	
Total estimated revenues		68,824,397		71,000,000
Total available		$69,989,585		$71,697,461
Less estimated expenditures				
Tuition payments to schools		69,292,124[3]		71,600,000[3]
Estimated ending balance		$697,461[1]		$97,461[1]

[1]Beginning/ending balance - North Dakota Century Code (NDCC) Section 15.1-28-03, as amended by the 2005 Legislative Assembly in House Bill No. 1154, provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fines proceeds deposited in the tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

[2]Fines for violation of state laws - The amount of state tuition fund distributions from fines proceeds is shown below:

Fiscal Year	Revenue From Fines	Percentage Increase From Previous Year
1998	$3,384,890 (actual)	
1999	$3,818,890 (actual)	12.8%
2000	$4,866,644 (actual)	27.4%
2001	$4,241,256 (actual)	(12.9%)
2002	$4,778,756 (actual)	12.7%
2003	$4,607,423 (actual)	(3.6%)
2004	$4,721,407 (actual)	2.5%
2005	$4,102,990 (estimate)	(13.1%)
2006	$4,400,000 (estimate)	7.2%
2007	$4,400,000 (estimate)	0.0%

[3]Tuition payments - Pursuant to NDCC Section 15.1-28-03, payments are made on the basis of census units, which is the number of school-age children in each district as determined by the last census. The 2003 Legislative Assembly provided a special funds appropriation of $69,495,371 for tuition payments for the 2003-05 biennium. The Department of Public Instruction is currently estimating to expend only $69,292,124 of the $69,495,371 special funds appropriation. Actual and estimated census unit payments are shown below for fiscal years 1998 through 2007:

Fiscal Year	Tuition Fund Payments Per Census Unit	Percentage Increase From Previous Year
1998	$216 (actual)	
1999	$223 (actual)	3.2%
2000	$248 (actual)	11.2%
2001	$244 (actual)	(1.6%)
2002	$310 (actual)	27.0%
2003	$310 (actual)	0.0%
2004	$332 (actual)	7.1%
2005	$332 (estimate)	0.0%
2006	$351 (estimate)	5.7%
2007	$351 (estimate)	0.0%

FUND HISTORY

The state tuition fund originated in 1889 with enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Article IX, Section 2, of the Constitution of North Dakota, which provides that payments to the common schools of the state include:

- Interest and income from the common schools trust fund.
- All fines for violation of state laws.
- All other amounts provided by law.

North Dakota Century Code Section 15.1-28-01 provides that the state tuition fund consists of the net proceeds from all fines for violation of state laws and leasing of school lands (included in transfers from the common schools trust fund) and the interest income from the state common schools trust fund. Section 15.1-28-03, as amended by the 2005 Legislative Assembly in House Bill No. 1154, directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. The Superintendent of Public Instruction then apportions the money in the fund among the school districts in the state based on the number of school-age children in the district.

ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$4,575,651		$4,565,146
Add estimated revenues				
Investment income	$350,000		$220,000[1]	
Sale of vans	3,500		3,500	
Miscellaneous income - Refund	9,500			
Total estimated revenues		363,000		223,500
Total available		$4,938,651		$4,788,646
Less estimated expenditures				
Department of Veterans Affairs - Anticipated expenditures pursuant to continuing appropriation authority contained in Article X of the Constitution of North Dakota as approved by the voters in November 1996				
Grants	$147,000		$175,000	
Salaries	65,950		0	
Rent	6,080		0	
Operating expenses	5,475		2,500	
Veterans' transportation program	4,000		4,000	
Vehicles - Vans	33,000		24,500	
Veterans Home activities	27,000		0	
Other veterans' programs	55,000		500	
Administrative Committee on Veterans Affairs expenses	30,000		0	
Total estimated expenditures		373,505		206,500
Estimated ending balance		$4,565,146		$4,582,146

NOTE: The **principal balance of the fund is $4,101,849**, leaving an estimated available investment income balance of $463,297 as of June 30, 2005, and $480,297 as of June 30, 2007. The Administrative Committee on Veterans Affairs has a policy of reserving a portion of the investment income balance to generate additional investment income. By the end of the 2005-07 biennium, the committee anticipates reserving $350,000 of the investment income balance for this purpose.

[1]Revenues are anticipated to decrease during the 2005-07 biennium as compared to the 2003-05 biennium due to maturity of an investment made in 1992 which had a guaranteed rate of return of 7.5 percent.

FUND HISTORY
Established

The fund was created by Section 6 of 1981 Senate Bill No. 2271:

> SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND. All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

1988 Initiated Measure No. 4

Initiated measure No. 4, approved by the voters in the November 1988 general election, provided the following:

1. Established the veterans' postwar trust fund as a permanent fund.
2. Required the State Treasurer to transfer $740,000 per year for five years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total $3,700,000.
3. Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans Affairs to be spent for veterans' programs as authorized by law.
4. Required the State Treasurer to invest the fund in legal investments as provided by North Dakota Century Code Section 21-10-07.

The principal balance in the fund on December 8, 1988, was $401,849.

Senate Bill No. 2009 (1989) transferred $1,480,000, $740,000 on July 1, 1989, and $740,000 on July 1, 1990, from the state general fund to the veterans' postwar trust fund. The bill also appropriated up to $274,000 of investment income earned on the veterans' postwar trust fund balance to the Veterans Home for its operating costs. Because of net budget reductions during the 1989-91 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1989-91 biennium was reduced by $95,005, from $740,000 to $644,995.

Senate Bill No. 2001 (1991) transferred $1,575,005 from the general fund to the veterans' postwar trust fund during the 1991-93 biennium. This amount restored the $95,005 which was not transferred during the 1989-91 biennium because of net budget reductions. Because of budget allotments ordered by the Governor during the 1991-93 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1991-93 biennium was reduced by $5,670, from $740,000 to $734,330.

House Bill No. 1001 (1993) transferred $745,670 from the general fund to the veterans' postwar trust fund during the 1993-95 biennium. This was the final transfer required by the initiated measure and includes $5,670 to restore the reduction made during 1991-93 because of budget reductions.

1996 Initiated Constitutional Measure No. 4

Initiated constitutional measure No. 4, approved by the voters in the November 1996 general election, created the following new section to Article X of the North Dakota Constitution:

> The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the administrative committee on veterans' affairs.

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	2003-05 Biennium		2005-07 Biennium	
Beginning balance		$9,409,511		$9,347,056
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	$20,839,504[1,2]			
Remaining transfers from tobacco settlement trust fund			$20,674,860	
Reimbursement from bonding proceeds	9,646,000[3]			
Total estimated revenues		30,485,504		20,674,860
Total available		$39,895,015		$30,021,916
Less estimated expenditures				
Transfer to the general fund	$10,070,373[4]			
State Water Commission				
Water projects	13,021,452[5]		$6,553,431[7]	
Bond payments	5,424,773[5,6]		14,332,160[7]	
Administrative expenses (HB 1021, 1050)			9,116,325[7]	
Legislative Assembly for Legislators' Forum dues (HB 1015)			20,000	
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		30,021,916
Estimated ending balance		$9,347,056		$0

[1]As of May 2005 six transfers have been made from the tobacco settlement trust fund totaling $20,839,504. Total transfers of $68,781,220 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 $2,232,542 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	20,839,504
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	$349,759,326

[3] The State Water Commission plans to reimburse the water development trust fund for a portion of 2003-05 biennium expenditures from bond proceeds prior to the end of the 2003-05 biennium. Actual water project expenditures of $8.6 million have been incurred from the water development trust fund as of May 1, 2005.

[4]The 2003 Legislative Assembly, in Section 15 of Senate Bill No. 2022 (2003), provided for a transfer of $10,070,373 from the water development trust fund to the general fund. As of May 3, 2005, the entire $10,070,373 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.

[5]Senate Bill No. 2022 (2003) appropriated $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 the 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.

[6]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 Legislative Assembly authorized, in Senate Bill No. 2022 (2003) and further amended in House Bill No. 1153 (2005), 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. Principal and interest payments on the $60 million issuance will not be payable until the 2005-07 biennium.

[7]Section 5 of House Bill No. 1021 (2005) appropriated $29,963,873 from the water development trust fund for authorized uses by the State Water Commission. Any additional amount in the water development trust fund that becomes available is appropriated to the State Water Commission for defraying the expenses of the agency. Based on estimated revenues, approximately $6,553,431 will be available for water projects from the water development trust fund.

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. The Legislative Assembly also authorized, in House Bill No. 1021 (2005), the State Water Commission to issue up to $7 million in bonds during the 2005-07 biennium. However, because the bonds are not anticipated to be issued until the second year of the biennium, principal and interest related to the issuance will not be payable until the 2007-09 biennium.

The Legislative Assembly appropriated $9,116,325 (including the appropriation included in House Bill No. 1050) from the water development trust fund for administrative 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.

GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	Actual			Estimated	
	1997-99	**1999-2001**	**2001-03**	**2003-05**	**2005-07**
Beginning balance	$65,000,000	$61,114,425	$62,240,652	$14,790,311	$65,000,000
Revenues	1,413,062,305	1,535,718,248	1,559,444,550	1,706,423,655	1,780,248,154
Transfers to general fund	70,442,745	59,539,802	110,433,690	155,774,625	154,500,000
Federal fiscal relief funding				56,456,581 [\1]	
Total available	$1,548,505,050	$1,656,372,475	$1,732,118,892	$1,933,445,172	$1,999,748,154
Expenditures	($1,487,390,625)	($1,594,131,823)	($1,717,328,581)	($1,803,977,985)	($1,989,452,623)
Transfers to budget stabilization fund	0	0	0	(64,467,187)	0
Total expenditures and transfers	($1,487,390,625)	($1,594,131,823)	($1,717,328,581)	($1,868,445,172)	($1,989,452,623)
Ending balance	$61,114,425	$62,240,652	$14,790,311	$65,000,000	$10,295,531

[\1] This amount relates to $56,456,581 of federal fiscal relief funding received by the state, $50 million in direct payments and $6,456,581 received as enhanced federal medical assistance percentage (FMAP) reimbursements relating to 2001-03 biennium expenditures but which were not received until the 2003-05 biennium.

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2005-07 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2005-07 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 1985-87 biennium and the lowest percentage occurring in the 1973-75 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1991-93 biennium and the lowest percentage in the 1973-75 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated but authorized to be spent by Emergency Commission action or continuing appropriations.

TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2005-07 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations[1]	Total Special Funds Appropriations[1]	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income: General Fund	Percentage of Appropriations to Personal Income: All Funds
1967-69	$145,638,671	$205,351,205	$350,989,876	$3,326,700,000[2]	4.38%	10.55%
1969-71	$183,686,131	$261,745,459	$445,431,590	$3,869,200,000[2]	4.75%	11.51%
1971-73	$226,255,732	$267,845,499	$494,101,231	$4,840,000,000[3]	4.67%	10.21%
1973-75	$297,820,935	$356,127,664	$653,948,599	$7,620,000,000[3]	3.91%	8.58%
1975-77	$442,529,561	$436,181,752	$878,711,313	$7,700,000,000[3]	5.75%	11.41%
1977-79	$575,067,852	$565,096,709	$1,140,164,561	$8,800,000,000[3]	6.53%	12.96%
1979-81	$680,417,154	$772,341,770	$1,452,758,924	$10,900,000,000[3]	6.24%	13.33%
1981-83	$910,249,232	$1,205,292,293	$2,115,541,525	$14,450,000,000[3]	6.30%	14.64%
1983-85	$1,017,861,170	$1,148,055,629	$2,165,916,799	$16,600,000,000[3]	6.13%	13.05%
1985-87	$1,134,183,661[4]	$1,339,411,840	$2,473,595,501	$16,800,000,000[3]	6.75%	14.72%
1987-89	$1,058,708,224[5]	$1,440,445,277	$2,499,153,501	$16,900,000,000[8]	6.26%	14.79%
1989-91	$1,061,507,822[6]	$1,760,553,694[7]	$2,822,061,516	$18,600,000,000[8]	5.71%	15.17%
1991-93	$1,202,891,103[9]	$2,028,208,088	$3,231,099,191	$20,900,000,000[8]	5.76%	15.46%
1993-95	$1,251,925,967	$2,162,505,820	$3,414,431,787	$22,500,000,000[10]	5.56%	15.18%
1995-97	$1,352,467,281	$2,242,848,894	$3,595,316,175	$26,462,000,000[11]	5.11%	13.59%
1997-99	$1,510,747,421	$2,485,617,317	$3,996,364,738	$29,003,000,000[11]	5.21%	13.78%
1999-2001	$1,614,882,210	$3,265,271,344	$4,880,153,554	$31,879,000,000[11]	5.07%	15.31%
2001-03	$1,728,640,384[12]	$3,049,996,983	$4,778,637,367	$34,226,000,000[11]	5.05%	13.96%
2003-05	$1,816,885,505	$3,289,715,994	$5,106,601,499	$39,563,000,000[11]	4.59%	12.91%
2005-07	$1,989,452,623	$3,763,221,167	$5,752,673,790	$43,726,000,000[11]	4.55%	13.16%

[1]Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

[2]Source: *Personal Income and State Expenditures*, a report to the Legislative Council's Budget "B" Committee, June 11, 1975.

[3]Source: Chase Econometrics Associates, Inc., Regional Forecasting Service.

[4]In addition, changes made to general fund appropriations were (a) reductions of $12,965,250 as a result of 1987 Legislative Assembly action; (b) a $44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and (c) an increase of $4,388,862 for Emergency Commission action and 1983-85 carryover.

[5]In addition, changes made to general fund appropriations were reductions of $3,175,000 required because of the cable television sales tax referral and $21,000,000 budget allotment mandated by the Governor in September 1988.

[6]This amount is adjusted for revisions made to general fund appropriations, including reductions of $95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of $5,967,192 relating to the use of the budget stabilization fund, and increases of $22,395,712 resulting from an August 1990 2 percent unallotment.

[7]This amount is adjusted for revisions made to special funds appropriations, including reductions of $14,876,540 resulting from the December 1989 gas tax referral and a net reduction of $1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.

[8]Estimated amount from Wharton Econometric Forecasting Associates (WEFA), Inc., Regional Forecasting Service.

[9]In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to $9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least $11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of $4,305,000.

[10]Source: WEFA, Inc. - *Regional Economic Service - State Summary, Spring 1999.*

[11]Source: Economy.com, Inc. - Economic Service.

[12]The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2005-07 BIENNIUMS[1]

	General Fund Appropriations	Special Fund Appropriations	Total All Appropriations	General Fund Revenues[2]
1967-69				
Executive budget	$132,496,141	$204,346,811	$336,842,952	$148,269,822
Legislative increase (decrease)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	$145,638,671	$205,351,205	$350,989,876	$165,249,822
1969-71				
Executive budget	$166,602,105	$216,086,092	$382,688,197	$181,000,000
Legislative increase (decrease)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	$183,686,131	$261,745,459	$445,431,590	$203,092,623
1971-73				
Executive budget	$226,640,383	$257,317,128	$483,957,511	$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	$226,255,732	$267,845,499	$494,101,231	$243,609,348
1973-75				
Executive budget	$267,951,706	$314,124,492	$582,076,198	$307,075,000
Legislative increase (decrease)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	$274,685,237	$352,959,590	$627,644,827	$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	$297,820,935	$356,127,664	$653,948,599	$301,369,508
1975-77				
Executive budget	$438,882,752	$394,903,834	$833,786,586	$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	$442,529,561	$436,181,752	$878,711,313	$512,971,280
1977-79				
Executive budget	$538,440,978	$477,421,009	$1,015,861,987	$647,900,000
Legislative increase (decrease)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	$573,817,411	$564,689,165	$1,138,506,576	$648,271,650
Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	$575,067,852	$565,096,709	$1,140,164,561	$648,271,650

1979-81				
Executive budget	$646,401,970	$710,607,537	$1,357,009,507	$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	$654,719,450	$768,387,797	$1,423,107,247	$703,245,691
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	$680,417,154	$772,341,770	$1,452,758,924	$703,245,691
1981-83				
Executive budget	$1,030,540,733	$1,043,972,705	$2,074,513,438	$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	$903,596,232	$1,177,517,161	$2,081,113,393	$1,026,732,695
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	$910,249,232	$1,205,292,293	$2,115,541,525	$1,026,732,695
1983-85				
Executive budget	$924,455,265[3]	$1,114,112,221	$2,038,567,486	$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	$1,005,111,046	$1,139,498,982	$2,144,610,028	$1,042,505,250
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	$1,017,861,170	$1,148,055,629	$2,165,916,799	$1,042,505,250
1985-87				
Executive budget	$1,188,601,469[4]	$1,292,110,406	$2,480,711,875	$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	$1,125,546,007	$1,334,612,417	$2,460,158,424	$1,157,413,862
Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49th Legislative Assembly personal property tax replacement deficiency appropriation not spent until 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				(75,126,740)
Legislative budget as restated	$1,134,183,661[5]	$1,339,411,840	$2,473,595,501	$1,082,017,122

1987-89				
Executive budget	$1,114,031,918	$1,406,353,403	$2,520,385,321	$1,119,465,000
Legislative increase (decrease)	(56,862,745)	32,891,874	(23,970,871)	(56,462,787)
Legislative budget	$1,057,169,173	$1,439,245,277	$2,496,414,450	$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	$1,058,708,224[6]	$1,440,445,277	$2,499,153,501	$1,063,002,213
1989-91				
Executive budget	$1,115,265,227	$1,690,091,064	$2,805,356,291	$1,126,110,000
Legislative increase (decrease)	4,520,393	86,034,147	90,554,540	(2,152,095)
Legislative budget	$1,119,785,620	$1,776,125,211	$2,895,910,831	$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
Two percent unallotment (August 1990)	22,395,712		22,395,712	
Legislative budget as restated	$1,061,507,822	$1,760,553,694	$2,822,061,516	$1,028,079,292
1991-93				
Executive budget	$1,166,588,941	$1,901,143,193	$3,067,732,134	$1,185,456,000
Legislative increase (decrease)	32,041,733	125,939,720	157,981,453	36,936,959
Legislative budget	$1,198,630,674[7]	$2,027,082,913	$3,225,713,587[7]	$1,222,392,959
Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	$1,202,891,103	$2,028,208,088	$3,231,099,191	$1,222,392,959
1993-95				
Executive budget	$1,228,289,194	$2,248,975,882	$3,477,265,076	$1,253,054,000
Legislative increase (decrease)	22,940,773	(88,551,589)	(65,610,816)	7,099,865
Legislative budget	$1,251,229,967	$2,160,424,293	$3,411,654,260	$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	$1,251,925,967	$2,162,505,820	$3,414,431,787	$1,260,153,865

1995-97				
Executive budget	$1,345,660,131	$2,207,522,902	$3,553,183,033	$1,355,491,421
Legislative increase (decrease)	1,284,129	34,396,992	35,681,121	2,668,581
Legislative budget	$1,346,944,260	$2,241,919,894	$3,588,864,154	$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	$1,352,467,281	$2,242,848,894	$3,595,316,175	$1,358,160,002
1997-99				
Executive budget	$1,494,395,064	$2,507,943,925	$4,002,338,989	$1,504,489,758
Legislative increase (decrease)	(5,154,977)	(22,576,608)	(27,731,585)	(4,393,735)
Legislative budget	$1,489,240,087	$2,485,367,317	$3,974,607,404	$1,500,096,023
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	$1,510,747,421	$2,485,617,317	$3,996,364,738	$1,500,096,023
1999-2001				
Executive budget	$1,615,319,416	$2,711,061,796	$4,326,381,212	$1,625,566,507
Legislative increase (decrease)	(21,280,878)	504,237,505[8]	482,956,627	(20,209,113)
Legislative budget	$1,594,038,538	$3,215,299,301	$4,809,337,839	$1,605,357,394
Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	$1,614,882,210	$3,265,271,344	$4,880,153,554	$1,605,357,394
2001-03				
Executive budget	$1,706,299,108	$2,970,092,352	$4,676,391,460	$1,720,969,291
Legislative increase (decrease)	40,684,605	52,604,631	93,289,236	38,009,116
Legislative budget	$1,746,983,713	$3,022,696,983[9]	$4,769,680,696	$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	(18,343,329)		(18,343,329)	
Legislative budget as restated	$1,728,640,384[10]	$3,049,996,983	$4,778,637,367[10]	$1,758,978,407
2003-05				
Executive budget	$1,762,103,934	$3,231,267,168	$4,993,371,102	$1,772,149,343
Legislative increase (decrease)	41,557,227	24,511,067	66,068,294	41,764,727
Legislative budget	$1,803,661,161	$3,255,778,235	$5,059,439,396	$1,813,914,070
Add				

Deficiency appropriations provided by the 2005 Legislative Assembly	13,224,344	34,000,000	47,224,344	
Less				
Special fund reductions required by HB 1505 (2003)		(62,241)	(62,241)	
Legislative budget as restated	$1,816,885,505	$3,289,715,994	$5,106,601,499	$1,813,914,070
2005-07				
Executive budget	$2,007,001,269	$3,538,353,475	$5,545,354,744	$2,017,154,996
Legislative increase (decrease)	(17,548,646)	224,867,692	207,319,046	(17,406,842)
Legislative budget	$1,989,452,623	$3,763,221,167	$5,752,673,790	$1,999,748,154

[1]This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

[2]The general fund revenues include estimated general fund balances at the beginning of a biennium, which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The 1967 Legislative Assembly increased the sales tax from 2.25 percent to 3 percent.
- The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by $4.7 million.
- The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by $3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by $3.3 million. In addition, revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.
- The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by $14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by $10 million. In addition, a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the state general fund.
- The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 to 3 percent.
- The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by $4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by $7 million.
- The 1981 Legislative Assembly reduced estimated income tax collections by $51,700,000 as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of $39,766,667, transferred a portion of the oil and gas production tax to the highway tax distribution fund and townships resulting in a reduction of $32,000,000 to general fund revenues, and added $21,500,000 due to a March 19, 1981, Executive Budget Office revision of revenue estimates.
- The 1983 Legislative Assembly reduced revenues by $58,406,000 due to revised revenue estimates of the Executive Budget Office; increased revenues by $86,030,000 to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of $102,750,000 for personal and corporate income taxes, $41,590,000 in accelerated tax collections, $8,200,000 in coal conversion taxes, $9,500,000 in cigarette taxes, and $4,200,000 in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 to 4 percent.

- The 1985 Legislative Assembly reduced general fund revenues by $56,057,658 due to revised revenue estimates of the Executive Budget Office; and increased revenues by $9,415,651 relating to a transfer from the coal development impact fund to the general fund, by $5,320,000 to remove the sales tax exemption from candy and selected carbonated beverages, and by $7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.
- Revenues for the 1985-87 biennium were reduced by $75,126,740 after the 1985 legislative session consisting of a reduction of $110,386,758 due to revised revenue estimates of the Executive Budget Office, primarily a result of significant oil tax revenue shortfalls; an increase of $18,984,018 due to a higher than estimated July 1, 1985, general fund balance; and increases totaling $16,276,000 as a result of the 1986 special session action, of which $13,276,000 relates to a one-cent sales and use tax increase for the last six months of the 1985-87 biennium, and a $3,000,000 increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase was defeated in March 1987).
- The 1987 Legislative Assembly increased general fund revenues by $9,220,000 due to revised revenue estimates of the Executive Budget Office, by $46,140,000 due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television, by $8,300,000 due to a one-year 10 percent individual income tax surtax, by $9,724,000 due to a nine-cent per package cigarette tax increase, and by $4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by $4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.
- The 1989 Legislative Assembly increased general fund revenues by $32,236,000 due to revised revenue estimates of the Executive Budget Office, by $87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent), by $4,714,200 for a 6 percent sales tax on bingo, by $42,600,000 to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates, and by $4,600,000 to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.
- The 1991 Legislative Assembly increased general fund revenues by $16.3 million due to allowing Sunday opening and by $23.2 million due to a transfer from Bank of North Dakota earnings.
- The 1993 Legislative Assembly increased general fund revenues by $11.8 million due to repealing the capital construction fund which received a portion of the sales, use, and motor vehicle excise tax, by $15.5 million due to increasing the cigarette tax by 15 cents (from 29 to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price, and by $8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.
- The 1995 Legislative Assembly increased general fund revenues by $2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.
- The 1997 Legislative Assembly reduced general fund revenues by $4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.
- The 1999 Legislative Assembly reduced general fund revenues by $20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special fund transfers, and additional court filing fee revenue.

- The 2001 Legislative Assembly increased general fund revenues by $38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.
- The 2003 Legislative Assembly increased general fund revenues by $41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and the providing of transfers from the water development trust fund and the health care trust fund.
- The 2005 Legislative Assembly decreased general fund revenues by $17.4 million due to defeating the executive budget proposal to repeal North Dakota Century Code Section 54-27.2-02 providing for the end of the biennium general fund balance in excess of $65 million to be transferred to the budget stabilization fund resulting in a reduction in revenue of $65 million, defeating the executive budget proposal to increase the limit for oil revenues to be deposited in the general fund rather than the permanent oil tax trust fund resulting in a reduction in revenue of $13.3 million, increasing the transfer from the lands and minerals trust fund, and providing transfers from the permanent oil tax trust fund.

[3]This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was $897.8 million, which included an additional $15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was $973.4 million, which was $871.5 million plus $101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

[4]This is the amount of general fund appropriations recommended by Governor Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor Sinner recommended reductions to general fund appropriations which totaled $72,995,855. Governor Sinner's revised general fund appropriation level was $1,115,605,614.

[5]In addition to adjustments for deficiency appropriations, the Governor mandated a 4 percent general fund allotment reduction totaling $44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling $12,965,250, and $4,388,862 was added for Emergency Commission action and 1983-85 carryover, which resulted in a 1985-87 general fund spending level of $1,081,481,356.

[6]Other adjustments to the 1987-89 legislative general fund appropriations were a $3,174,998 reduction due to the cable television sales tax referral and a $20,520,081 reduction from budget allotments ordered by the Governor because of an anticipated reduction in general fund revenues.

[7]In addition, the 1991 Legislative Assembly, in House Bill No. 1046, appropriated up to $9.5 million from the general fund for rural development if 1991-93 revenues were more than the 1991-93 revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least $11 million. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of $4,305,000.

[8]The special funds appropriation increase results primarily from the Legislative Assembly appropriating $476.3 million of higher education local funds for the 1999-2001 biennium.

[9]The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing $755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately $3,778,556,031, a $513,284,687 increase from the 1999-2001 special funds legislative budget of $3,265,271,344.

[10]In addition to an adjustment for deficiency appropriations, the Governor mandated a 1.05 percent general fund allotment reduction totaling $18,343,329 in July 2002.

COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS, AND LEGISLATIVE APPROPRIATIONS FOR STATE SCHOOL AID FOR THE 1967-69 THROUGH 2005-07 BIENNIUMS

Biennium	Department of Public Instruction Request	Executive Recommendation	Legislative Appropriation	Appropriated (Decrease) Increase Previous From Biennium Appropriation and Previous Year Per Student Payment	Appropriated Percentage (Decrease) Increase Previous From Biennium Appropriation and Previous Year Per Payment Student
1967-69					
General fund state school aid appropriation	$48,200,000	$38,450,000	$45,500,000	$9,650,000	26.9%
First-year per student payments	NA	$220	$220	$44	25.0%
Second-year per student payments	NA	$220	$220	$0	0.0%
1969-71					
General fund state school aid appropriation	$51,750,000	$48,700,000	$50,200,000	$4,700,000	10.3%
First-year per student payments	NA	$230	$230	$10	4.5%
Second-year per student payments	NA	$230	$240	$10	4.3%
1971-73					
General fund state school aid appropriation	$67,200,000	$51,135,000	$54,385,000	$4,185,000	8.3%
First-year per student payments	NA	Not specified	$250	$10	4.2%
Second-year per student payments	NA	Not specified	$260	$10	4.0%
1973-75					
Total state school aid appropriation	$77,025,000	$67,000,000	$118,200,000	$63,815,000	117.3%
Less federal revenue sharing			25,300,000	25,300,000	
General fund appropriation	$77,025,000	$67,000,000	$92,900,000	$38,515,000	70.8%
First-year per student payments	NA	Not specified	$540	$280	107.7%
Second-year per student payments	NA	Not specified	$540	$0	0.0%
1975-77					
Total state school aid appropriation	$156,600,000	$156,600,000	$153,378,805	$35,178,805	29.8%
Less federal revenue sharing	12,000,000	12,000,000	12,000,000	(13,300,000)	
General fund appropriation	$144,600,000	$144,600,000	$141,378,805	$48,478,805	52.2%
First-year per student payments	$620	$620	$640	$100	18.5%
Second-year per student payments	$680	$680	$690	$50	7.8%
1977-79					
Total state school aid appropriation	$187,000,000	$185,000,000	$186,752,000	$33,373,195	21.8%

Less federal revenue sharing	11,000,000	11,000,000	11,000,000	(1,000,000)	
General fund appropriation	$176,000,000	$174,000,000	$175,752,000	$34,373,195	24.3%
First-year per student payments	$765	$765	$775	$85	12.3%
Second-year per student payments	$840	$840	$850	$75	9.7%
1979-81					
State school aid					
Per student payments	$255,943,625	$243,074,830	$256,252,000	NA	
Less: 20-mill district and 21-mill county deducts	61,080,000	61,080,000	63,631,500	NA	
Net per student payments	$194,863,625	$181,994,830	$192,620,500	NA	
Tuition fund distributions			16,500,000 [1]	NA	
Textbooks	6,000,000	5,000,000			
Transportation aid	21,910,000	21,910,000	22,073,500	NA	
Total state school aid appropriation	$222,773,625	$208,904,830	$231,194,000	$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			16,500,000 [1]	16,500,000	
General fund appropriation	$222,773,625	$196,504,830	$192,594,000 [2]	$16,842,000	9.6%
First-year per student payments	$875	$875	$903	$53	6.2%
First-year tuition fund payments			Not specified	NA	NA
Total first-year payments	$875	$875	$903	$53	6.2%
Second-year per student payments	$970	$922	$970	$67	7.4%
Second-year tuition fund payments			Not specified	NA	NA
Total second-year payments	$970	$922	$970	$67	7.4%
1981-83					
State school aid					
Per student payments	$429,250,044	$429,250,044	$385,961,408	$129,709,408	
Less: 20-mill district and 21-mill county deducts	69,300,000	71,972,000	34,972,000 [3]	(28,659,500)	
Net per student payments	$359,950,044	$357,278,044	$350,989,408	$158,368,908	
Appropriation for 21-mill levy replacement		34,000,000			
Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	40,053,500	40,053,500	37,715,468	15,641,968	
Total state school aid appropriation	$400,003,544	$431,331,544	$418,582,276	$187,388,276	81.1%

Less					
Oil extraction tax		128,000,000	169,266,667 [4]	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	$400,003,544	$303,331,544	$202,738,209	$10,144,209	5.3%
First-year per student payments	$1,569	$1,569	$1,425	$455	46.9%
First-year tuition fund payments			Not specified	NA	NA
Total first-year payments	$1,569	$1,569	$1,425	$455	46.9%
Second-year per student payments	$1,777	$1,777	$1,591	$166	11.6%
Second-year tuition fund payments			Not specified	NA	NA
Total second-year payments	$1,777	$1,777	$1,591	$166	11.6%
1983-85					
State school aid					
Per student payments	$372,716,564	$321,223,600	$351,139,250	($34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	$372,716,564	$283,223,600	$313,139,250	($37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 [5]	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	$444,351,616	$359,158,652	$389,766,802	($28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000	[6]	(169,266,667)	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 [5]	7,222,600	
General fund appropriation	$309,351,616	$220,981,652	$352,666,802 [7]	$149,928,593	74.0%
First-year per student payments	$1,526	$1,400	$1,400	($191)	(12.0%)
First-year tuition fund payments	NA [8]	NA [8]	120 [5]	120	NA
Total first-year payments	$1,526 [8]	$1,400 [8]	$1,520	($71)	(4.5%)
Second-year per student payments	$1,648	$1,400	$1,350	($50)	(3.6%)
Second-year tuition fund payments	NA [8]	NA [8]	170 [5]	50	41.7%
Total second-year payments	$1,648 [8]	$1,400 [8]	$1,520	$0	0.0%
1985-87					
State school aid					
Per student payments	$392,518,482	$378,745,728	$369,727,725	$18,588,475	
Less: 20-mill deduct	42,432,000	42,432,000	39,709,423	1,709,423	
Net per student payments	$350,086,482	$336,313,728	$330,018,302	$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 [9]	10,795,000	
Transportation aid	41,511,724	41,511,724	40,068,810	541,258	
Total state school aid appropriation	$439,493,206	$425,720,452	$417,982,112	$28,215,310	7.2%
Less					

Tuition fund distributions	47,895,000	47,895,000	47,895,000 [9]	10,795,000	
Federal revenue sharing		187,000	187,000	187,000	
General fund appropriation	$391,598,206	$377,638,452	$369,900,112 [10]	$17,233,310	4.9%
First-year per student payments	$1,470	$1,406	$1,425 [10]	$75	5.6%
First-year tuition fund payments	190	190	195 [9]	25	14.7%
Total first-year payments	$1,660	$1,596	$1,620	$100	6.6%
Second-year per student payments	$1,544	$1,502	$1,455 [10]	$30	2.1%
Second-year tuition fund payments	190	190	195 [9]		0.0%
Total second-year payments	$1,734	$1,692	$1,650	$30	1.9%
1987-89					
State school aid					
Per student payments	$455,264,726	$360,756,666	$355,570,464	($14,157,261)	
Less: 20-mill deduct	39,204,350	39,204,350	39,070,442	(638,981)	
Net per student payments	$416,060,376	$321,552,316	$316,500,022	($13,518,280)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 [11]	(4,795,000)	
Transportation aid	40,068,810	40,068,810	38,109,386	(1,959,424)	
Total state school aid appropriation	$504,024,186	$404,721,126	$397,709,408	($20,272,704)	(4.9%)
Less					
Federal revenue sharing				(187,000)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 [11]	(4,795,000)	
General fund appropriation	$456,129,186	$361,621,126	$354,609,408 [12]	($15,290,704)	(4.1%)
First-year per student payments	$1,729	$1,413	$1,400 [12]	($55)	(3.8%)
First-year tuition fund payments	195	177	177 [11]	(18)	(9.2%)
Total first-year payments	$1,924	$1,590	$1,577	($73)	(4.4%)
Second-year per student payments	$1,806	$1,440	$1,412 [12]	$12	0.9%
Second-year tuition fund payments	195	177	177 [11]		0.0%
Total second-year payments	$2,001	$1,617	$1,589	$12	0.8%
1989-91					
State school aid					
Per student payments	$458,214,936	$402,575,604	$378,769,140	$23,198,676	
Less: Mill deduct					
40 mills	77,400,055	77,400,055			
21 mills first year, 22 mills second year			41,207,625	2,137,183	
Net per student payments	$380,814,881	$325,175,549	$337,561,515	$21,061,493	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	$461,514,881	$400,075,549	$422,398,588	$24,689,180	6.2%
Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
General fund appropriation	$420,814,881	$359,375,549	$374,198,588 [13]	$19,589,180	5.5%

First-year per student payments	$1,850	$1,641	$1,525 [13]	$113	8.0%
First-year tuition fund payments	169	169	200	23	13.0%
Total first-year payments	$2,019	$1,810	$1,725	$136	8.6%
Second-year per student payments	$1,942	$1,690	$1,545 [13]	$20	1.3%
Second-year tuition fund payments	169	169	200		0.0%
Total second-year payments	$2,111	$1,859	$1,745	$20	1.2%
1991-93					
State school aid					
Per student payments	$435,561,700	$381,730,789	$386,784,025	$8,014,885	
Less: Mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	$358,798,796	$339,598,795	$344,707,785	$7,146,270	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	36,274,714	36,274,714	36,306,549	(330,524)	
Total state school aid appropriation	$442,473,510	$423,098,965	$428,239,790	$5,841,202	1.4%
Less					
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
General fund appropriation	$395,073,510	$375,873,509	$381,014,334 [14]	$6,815,746	1.8%
First-year per student payments	$1,750	$1,531	$1,552 [14]	$7	0.5%
First-year tuition fund payments	198	197	197	(3)	(1.5%)
Total first-year payments	$1,948	$1,728	$1,749	$4	0.2%
Second-year per student payments	$1,825	$1,587	$1,608 [14]	$56	3.6%
Second-year tuition fund payments	198	198	198	1	0.5%
Total second-year payments	$2,023	$1,785	$1,806	$57	3.3%
1993-95					
State school aid					
Per student payments	$457,832,320	$472,112,798	$404,839,927	$18,055,902	
Less: Mill deduct					
40 mills	74,254,832				
50 mills first year, 60 mills second year		103,271,462			
23 mills first year, 24 mills second year			43,920,035	1,843,795	
Net per student payments	$383,577,488	$368,841,336	$360,919,892	$16,212,107	
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
Transportation aid	35,538,279	31,521,432	35,600,000	(706,549)	
Total state school aid appropriation	$466,341,223	$446,379,768	$442,536,892	$14,297,102	3.3%
Less					
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
General fund appropriation	$419,115,767	$400,362,768 [15]	$396,519,892 [16]	$15,505,558	4.1%
First-year per student payments	$1,860	Not specified	$1,570	($38)	(2.4%)
First-year tuition fund payments	197	$192	192	(6)	(3.0%)

Total first-year payments	$2,057	$192	$1,762	($44)	(2.4%)
Second-year per student payments	$1,900	Not specified	$1,636 [16]	$66	4.2%
Second-year tuition fund payments	197	$192	192		0.0%
Total second-year payments	$2,097	$192	$1,828	$66	3.7%
1995-97					
State school aid					
Per student payments	$426,533,854	$417,050,148	$456,215,232	$51,375,305	
Less: Mill deduct					
24 mills	46,010,284	46,010,284			
28 mills first year, 32 mills second year			59,709,197	15,789,162	
Net per student payments	$380,523,570	$371,039,864	$396,506,035	$35,586,143	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	36,000,798	36,000,798	36,000,798	400,798	
Total state school aid appropriation	$462,541,368	$453,057,662	$478,523,833	$35,986,941	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000 [17]	880,000	
General fund appropriation	$416,524,368	$407,040,662	$431,626,833 [18]	$35,106,941	8.9%
First-year per student payments	$1,662	$1,652	$1,757	$121	7.4%
First-year tuition fund payments	211 [19]	190 [19]	190 [19]	(2)	(1.0%)
Total first-year payments	$1,873	$1,842	$1,947	$119	6.5%
Second-year per student payments	$1,734	$1,668	$1,862	$105	6.0%
Second-year tuition fund payments	211 [19]	190 [19]	190 [19]		0.0%
Total second-year payments	$1,945	$1,858	$2,052	$105	5.4%
1997-99					
State school aid					
Per student payments	$519,317,404	$483,650,506	$501,586,540	$45,371,308	
Less: Mill deduct					
36.05 mills first year, 39.91 mills second year	78,727,193				
32.42 mills first year, 33.34 mills second year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	$440,590,211	$410,369,353	$429,287,939	$32,781,904	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
Limited English proficient student payments			300,000	300,000	
Equity payments		20,000,000 [20]			
Transportation aid	37,671,610	37,128,220	36,768,320	767,522	
Total state school aid appropriation	$527,534,965	$516,770,717	$515,629,403	$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
General fund appropriation	$478,261,821	$467,497,573	$466,356,259 [21]	$34,729,426	8.0%

First-year per student payments	$2,010	$1,899	$1,954	$92	4.9%
First-year tuition fund payments	225 [22]	204 [22]	204 [22]	14	7.4%
Total first-year payments	$2,235	$2,103	$2,158	$106	5.2%
Second-year per student payments	$2,121	$1,935	$2,032	$78	4.0%
Second-year tuition fund payments	225 [22]	204 [22]	204 [22]		0.0%
Total second-year payments	$2,346	$2,139	$2,236	$78	3.6%
1999-2001					
State school aid					
Per student payments	$546,659,759	$517,678,909	$520,678,909	$19,092,369	
Less: 32-mill deduct	78,072,650	78,072,650	78,072,650	5,774,049	
Net per student payments	$468,587,109	$439,606,259	$442,606,259	$13,318,320	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	36,400,000	36,000,000	36,000,000	(768,320)	
Total state school aid appropriation	$558,815,326	$529,434,476	$532,534,476	$16,905,073	3.3%
Less					
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
General fund appropriation	$505,287,109	$475,906,259	$479,006,259	$12,650,000	2.7%
First-year per student payments	$2,195	$2,129	$2,145	$113	5.6%
First-year tuition fund payments	234 [23]	220 [23]	220 [23]	16	7.8%
Total first-year payments	$2,429	$2,349	$2,365	$129	5.8%
Second-year per student payments	$2,371	$2,221	$2,230	$85	4.0%
Second-year tuition fund payments	234 [23]	220 [23]	220 [23]		0.0%
Total second-year payments	$2,605	$2,441	$2,450	$85	3.6%
2001-03					
State school aid					
Per student payments	$555,110,467	$532,704,091	$522,264,541	$1,585,632	
Less: 32-mill deduct	83,611,330	83,611,330	84,942,893	6,870,243	
Net per student payments	$471,499,137	$449,092,761	$437,321,648	($5,284,611)	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	
Teacher compensation payments			35,036,000 [24]	35,036,000	
Transportation aid	36,600,000	36,000,000	36,000,000		
Total state school aid appropriation	$569,895,162	$552,781,786	$576,246,673	$43,712,197	8.2%
Less					
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
General fund appropriation	$508,549,137	$485,542,761	$509,007,648	$30,001,389	6.3%
First-year per student payments	$2,364	$2,323	$2,287	$57	2.6%
First-year tuition fund payments	266	300	300	80	36.4%
Total first-year payments	$2,630	$2,623	$2,587	$137	5.6%

Second-year per student payments	$2,506	$2,420	$2,347	$60	2.6%
Second-year tuition fund payments	266	300	300		
Total second-year payments	$2,772	$2,720	$2,647	$60	2.3%
2003-05					
State school aid					
Per student payments	$605,477,848	$534,667,340	$555,800,961	$33,536,420	
Less: Mill deduct \25	92,127,848	92,460,350	101,870,971	16,928,078	
Net per student payments	$513,350,000	$442,206,990	$453,929,990	$16,608,342	
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments		66,277,000	51,854,000 [26]	16,818,000	
Transportation aid	36,000,000	35,200,000	34,800,000	(1,200,000)	
Total state school aid appropriation	$619,495,371	$613,829,361	$610,729,361	$34,482,688	6.0%
Less					
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
General fund appropriation	$550,000,000	$544,333,990	$541,233,990	$32,226,342	6.3%
First-year per student payments	$2,766	$2,430	$2,509	$162	6.9%
First-year tuition fund payments	335	335	335	35	11.7%
Total first-year payments	$3,101	$2,765	$2,844	$197	7.4%
Second-year per student payments	$2,843	$2,528	$2,623	$114	4.5%
Second-year tuition fund payments	335	335	335		0.0%
Total second-year payments	$3,178	$2,863	$2,958	$114	4.0%
2005-07					
State school aid					
Per student payments	$628,674,605	$599,665,519	$607,953,450	$52,152,489	
Less: Mill deduct \27	122,961,760	122,961,760	124,549,691	22,678,720	
Net per student payments	$505,712,845	$476,703,759	$483,403,759	$29,473,769	
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments	50,912,120	50,912,120	50,912,120 [28]	(941,880)	
Transportation aid	34,800,000	34,800,000	33,500,000	(1,300,000)	
Total state school aid appropriation	$663,674,965	$634,665,879	$640,065,879	$29,336,518	4.8%
Less					
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
General fund appropriation	$592,074,965	$563,065,879	$568,465,879	$27,231,889	5.0%
First-year per student payments	$2,880	$2,726	$2,765	$142	5.4%
First-year tuition fund payments	351	351	351	16	4.8%
Total first-year payments	$3,231	$3,077	$3,116	$158	5.3%
Second-year per student payments	$3,073	$2,826	$2,879	$114	4.1%
Second-year tuition fund payments	351	351	351		0.0%

Total second-year payments	$3,424	$3,177	$3,230	$114	3.7%

NA - Not available or not applicable

1 Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.

2 Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated $12 million from the state general fund as a deficiency appropriation for the 1979-81 biennium.

3 Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.

4 Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated $25 million from the lands and minerals trust fund and $6 million from the state general fund for foundation aid to be distributed during the 1981-83 biennium.

5 Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were $45,792,952, which resulted in payments of $176 per census unit in 1984 and $202 per census unit in 1985.

6 Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.

7 State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was $347,425, 231.

8 Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of money in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.

9 Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were $51,575,818, which resulted in payments of $209 per census unit in 1986 and $216 per census unit in 1987.

10 Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to $348,731,488. The actual per student payments were $1,425 and $1,367 for 1986 and 1987, respectively.

11 Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were $50,603,504, which resulted in payments of $215 per census unit in 1988 and $206 per census unit in 1989.

12 Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to $347,212,599. The actual per student payments were $1,400 and $1,385 for 1988 and 1989, respectively.

13 Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a $7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to $358,302,784. The actual per student payments were $1,411 and $1,537 in 1990 and 1991, respectively.

14 Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to $380,310,085. The actual per student payments were $1,552 and $1,542 in 1992 and 1993, respectively.

15 Executive recommendation - 1993-95 - The amounts shown were included in Governor Sinner's budget recommendation. Governor Schafer's budget recommendation included a general fund appropriation of $381,014,334 for foundation aid.

16 State school aid - 1993-95 - The amount distributed for state school aid was increased to $397,794,664 to reflect approximately $600,000 available from the transportation aid appropriation and approximately $1.3 million available from the amount appropriated for school district restructuring, resulting in an additional payment of

$46 per student the second year of the biennium.

17 Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated $880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund ($250,000) and the public transportation fund ($630,000).

18 State school aid - 1995-97 - The actual number of students was less than anticipated, and consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was $429,307,277.

19 Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.

20 Equity payments - 1997-99 - The executive recommendation for the 1997-99 biennium included $20 million for equity payments to school districts.

21 State school aid - 1997-99 - The actual number of students was less than anticipated, and consequently, the statutory formula will not provide for the distribution of the entire appropriation. The department estimates that approximately $12.3 million of the amount appropriated will not be distributed during the 1997-99 biennium.

22 Tuition fund payments - 1997-99 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units. The department estimates that 1997-99 biennium tuition fund distributions will be $53.3 million, which will result in payments of $216 per census unit in 1998 and $222 per census unit in 1999.

23 Tuition fund payments - 1999-2001 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continue the distribution on the basis of census units.

24 Teacher compensation payments - 2001-03 - The Schafer executive recommendation did not include an appropriation for teacher compensation payments; however, the Hoeven budget recommendation included $50,009,575 for teacher compensation payments of $2,000 the first year of the biennium and an additional $1,500 the second year for school district instructional and administrative personnel. The legislative appropriation excludes administrative personnel and provides for payments of $1,000 the first year of the biennium and an additional $2,000 the second year.

25 Mill deduct - 2003-05 - The mill deduct used in the calculation of the 2003-05 state school aid for the Department of Public Instruction request and the executive recommendation was 32 mills. The Legislative Assembly increased the mill deduct from 32 mills to 34 mills for the first year of the 2003-05 biennium and to 36 mills for the second year of the 2003-05 biennium.

26 Teacher compensation payments - 2003-05 - The Legislative Assembly provided a general fund appropriation of $51,854,000 to continue the current level of teacher compensation payments of $1,000 for first-year teachers and $3,000 per second-year returning teachers. The Legislative Assembly did not adopt the executive recommendation to provide an additional $500 per third-year returning teacher in the first year of the 2003-05 biennium and additional $1,000 per fourth-year returning teacher in the second year of the biennium.

27 Mill deduct - 2005-07 - The mill deduct used in the calculation of the 2005-07 state school aid for the Department of Public Instruction request and the executive recommendation was 38 mills for the first year and 40 mills for the second year of the biennium. The Legislative Assembly did not change the mill deduct of 38 mills for the first year of the biennium, but the Legislative Assembly increased the mill deduct from 40 to 41 mills for the second year of the 2005-07 biennium.

28 Teacher compensation payments - 2005-07 - The Legislative Assembly provided a general fund appropriation of $50,912,120 to continue the current level of teacher compensation payments of $1,000 for first-year teachers and $3,000 for other teachers.

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 1995-97 THROUGH 2005-07 BIENNIUMS

	1995-97	1997-99	1999-2001	2001-03	2003-05	2005-07
General fund appropriations						
State school aid (including transportation aid)	$431,626,833	$466,356,259	$479,006,259	$473,971,648	$489,379,990	$517,553,759
Teacher compensation payments to school districts				35,036,000	51,854,000	50,912,120
School district reorganization				1,665,000	500,000	759,000
Educational Technology Council grants	993,750	1,000,000	6,000,000	922,822	512,822	585,000
Special education	36,850,000	40,550,000	46,600,000	49,898,695	49,898,695	52,500,000
Revenue supplement payments to school districts	2,225,000	3,100,000	3,100,000	2,200,000	5,000,000	5,000,000
Average daily membership and declining enrollment payments			3,500,000			
Joint powers agreement incentives						1,000,000
Technology reimbursement payment to schools		5,000,000				
Vocational education	8,453,197	8,922,014	9,520,929	9,573,929	10,386,541	12,052,219
School food services	1,037,000	1,100,000	1,080,000	1,080,000	1,080,000	1,080,000
Adult education	900,000	900,000	900,000	900,000	920,000	1,055,000
Grants to public libraries	880,000	935,521	888,745	888,745	844,307	1,000,000
Homestead tax credit	4,681,250	4,540,813	4,540,813	4,540,813	4,000,000	4,500,000
Aid to health districts	950,000	990,000	1,100,000	1,100,000	1,100,000	1,100,000
Matching funds to counties and cities for senior citizen programs	1,620,000	1,770,000	1,982,945 \1	2,132,945 \1	2,382,945 \1	720,000 \11
Indian welfare assistance to counties	440,222	1,059,000 \2	121,766 \2	456,993 \2	649,559	1,147,174
Boys and girls clubwork			53,000	53,000	53,000	53,000
Gaming enforcement grants	1,045,216	1,014,152	419,591			
Soil conservation district grants	500,000	580,000	580,000	580,000	580,000	630,000
Noxious weed control	396,950	364,950	288,341	184,141	97,215	90,922
Payments in lieu of taxes on carbon dioxide pipeline property			783,413	1,932,419	1,910,000	1,545,000
Clerk of court			1,000,000	10,154,353	10,723,223	12,174,105
Grants to airports	503,425	503,425	550,000	550,000	522,500	550,000
Statewide information technology network costs				4,920,824 \3	3,382,023 \10	3,396,755 \12
Total general fund	$493,102,843	$538,686,134	$562,015,802	$602,742,327	$635,776,820	$669,404,054
Percentage of total general fund appropriations	36.6%	36.2%	34.8%	34.5% \9	35.2%	33.6%
Special funds appropriations and revenue allocations						
State tuition fund distributions	$46,017,000	$49,273,144	$53,528,217	$67,239,025	$69,495,371	$71,600,000
Grants for adult education programs (displaced homemaker fund)			237,500	240,000	240,000	240,000
School transportation aid (abandoned motor vehicle fund)	250,000					
School transportation aid (public transportation fund)	630,000					
Homestead tax credit (Housing Finance Agency reserves)	500,000	250,000				
Noxious weed control			910,555	1,162,695	1,402,639	1,345,053
State aid distribution funds to cities and counties \4	51,500,000	53,978,600	63,203,392	66,383,566	74,180,584	78,336,470
Public transportation services (public transportation fund)	1,500,000	1,500,000	2,848,000	3,000,000	3,000,000	4,650,000
Insurance tax to fire departments						
Insurance tax distribution fund	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	6,200,000
Gaming enforcement grants				629,000	617,000	617,000
Community health grant program (community health trust fund)				4,700,000	4,700,000	4,700,000
Tobacco education and cessation program grants (community health trust fund)				250,000	500,000	395,000
Matching funds to counties and cities for senior citizen programs						
Senior citizen services and programs fund						2,012,000 \11
Health care trust fund				250,000 \1		

	1995-97	1997-99	1999-2001	2001-03	2003-05	2005-07
Energy development impact grants (oil and gas impact grant fund)	4,995,467	4,896,536	4,888,100	4,888,100	4,888,100	4,888,100
Grants to airports (Aeronautics Commission special funds collections)	1,368,476	1,370,000	1,570,000	1,820,000	1,962,500	2,447,500
Indian welfare assistance to counties (Department of Human Services "retained" funds)			1,654,654 \2	2,068,007 \2	1,964,607	1,964,607
Motor vehicle fuel tax and registration fee allocations \5	102,561,812	109,158,411	112,600,000	116,500,000	118,400,000	129,600,000
Telecommunications tax allocations			8,400,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations \6	15,602,794	15,816,453	15,235,854	14,685,000	15,800,000	15,648,000
Coal conversion tax allocations \6	5,714,519	5,598,165	5,491,282	6,620,022	7,283,433	7,578,000
Oil and gas gross production tax allocations \7	24,378,026	20,544,237	36,028,096	31,843,672	42,836,649	51,477,054
Cigarette tax allocations \8	3,047,659	3,003,298	2,813,712	2,623,000	2,608,771	2,366,000
Total special fund appropriations and revenue allocations	$263,265,753	$270,588,844	$314,609,362	$346,902,087	$371,879,654	$402,864,784
Total major direct assistance to political subdivisions	$756,368,596	$809,274,978	$876,625,164	$949,644,414	$1,007,656,474	$1,072,268,838

\1 Consists of $720,000 of state funding to providers for matching federal Title III funds and $1,262,945 for senior mill levy match for the 1999-2001 biennium and $720,000 of state funding to providers for matching Title III funds and $1,662,945 for senior mill levy match for the 2001-03 biennium. Of the 2001-03 biennium total, $1,412,945 is from the general fund and $250,000 is from the health care trust fund. The 2003-05 appropriation consists of $720,000 of state funding to providers for matching federal Title III funds and $1,662,945 for senior citizen mill levy match. The 2005-07 appropriation consists of $720,000 of state funding to providers for matching federal Title III funds in the Department of Human Services.

\2 The 1997 Legislative Assembly appropriated an additional $619,000, for a total of $1,059,000 from the general fund, to reduce the impact on Indian counties of House Bill No. 1041, which provided for a "swap" of state and county human services financial responsibilities. For the 1999-2001 biennium the Legislative Assembly appropriated $121,766 from the general fund and $1,654,654 of "retained" funds for a total of $1,776,420. For the 2001-03 biennium the Legislative Assembly appropriated a total of $2,525,000, of which $456,993 is from the general fund and $2,068,007 is from "retained" funds.

\3 The 2001 Legislative Assembly provided funding of $4,920,824 for implementation of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of $3,700,000.

\4 The 1987 Legislative Assembly in House Bill No. 1590 provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989.

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

\5 The gas tax allocation is based on the provisions that collection equivalent to one cent per gallon is allocated to townships and 37 percent of the money in the highway tax distribution fund is allocated to counties and cities.

\6 Beginning in the 2001-03 biennium the coal severance tax allocation is based on the provision that 70 percent of the tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties.

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

\7 The oil and gas gross production tax allocation is based on a formula which provides for a varying percentage of revenue to go to the producing county, based on the total amount of production tax revenue generated by the county. The total a county may receive is capped based on the population of the county.

\8 The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population.

\9 Based on the 2001-03 general fund appropriation, excluding state agency allotments.

\10 The 2003 Legislative Assembly provided funding of $3,382,023 for continued funding of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of $4,054,200.

\11 The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided, in Senate Bill No. 2267, that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales and use and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year.

\12 The 2005 Legislative Assembly provided funding of $3,396,755 for continued funding of the statewide information technology network to kindergarten through grade 12 and public libraries, net of an e-rate credit of $4,147,400.