

## SUMMARY OF KEY RECOMMENDATIONS

### GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2007	\$211,497,359 <sup>1</sup>
Add estimated 2007-09 general fund revenues and transfers	2,291,185,060
<b>Total resources available</b>	<b>\$2,502,682,419</b>
Less recommended 2007-09 general fund appropriations	2,468,326,339
<b>Estimated general fund balance - June 30, 2009</b>	<b>\$34,356,080<sup>2</sup></b>

<sup>1</sup>This amount reflects a transfer of \$100,527,369 from the June 30, 2007, general fund balance to the budget stabilization fund, \$10,560,670 of recommended 2005-07 deficiency appropriations, and \$10,000,000 of estimated 2005-07 unspent general fund appropriation authority.

<sup>2</sup>In addition, the budget stabilization fund is projected to have a June 30, 2009, balance of \$200 million and the permanent oil tax trust fund is projected to have a June 30, 2009, balance of \$178.6 million.

### TOTAL APPROPRIATIONS SUMMARY

	2005-07 Legislative Appropriations	Increase (Decrease)	2007-09 Executive Budget
General fund	\$1,989,452,623	\$478,873,716	\$2,468,326,339
Estimated income	3,763,221,167	101,654,928	3,864,876,095 <sup>1</sup>
<b>Total all funds</b>	<b>\$5,752,673,790</b>	<b>\$580,528,644</b>	<b>\$6,333,202,434<sup>1</sup></b>

<sup>1</sup>The amounts shown do not reflect \$116.7 million for property tax relief included in the executive budget recommendation as a continuing appropriation from the permanent oil tax trust fund.

### 2007-09 GENERAL FUND REVENUES

1. Includes **general fund revenues** of \$2.21 billion, \$427 million, or 24 percent more than the 2005-07 biennium revenues as projected at the close of the 2005 Legislative Assembly.
2. Includes an **estimated beginning general fund balance** of \$211.5 million after making the recommended transfer of \$100.5 million to the budget stabilization fund. The projected July 1, 2007, balance made at the close of the 2005 Legislative Assembly was \$10.3 million.
3. Projects state agency **general fund turnback** of \$10 million at the end of the 2005-07 biennium.
4. Major areas of **revenue growth** as compared to the original 2005-07 forecast include:
  - a. Sales and use taxes increasing by \$163 million or 21.4 percent.
  - b. Individual income taxes increasing by \$143.6 million or 30.9 percent.
  - c. Corporate income taxes increasing by \$80.8 million or 96.4 percent.
  - d. Interest income increasing by \$26 million or 248.6 percent.

5. Reduces **transfers from special funds** by \$70.1 million, from \$154.5 million in 2005-07 to \$84.4 million in 2007-09. Major transfers and changes include:
  - a. Transfers \$60 million from the Bank of North Dakota, the same amount authorized for the 2005-07 biennium.
  - b. Transfers \$5 million from the Mill and Elevator, the same amount authorized for the 2005-07 biennium.
  - c. Discontinues the \$16.9 million transfer during the 2005-07 biennium from the health care trust fund.
  - d. Discontinues the \$55.3 million transfer during the 2005-07 biennium from the permanent oil tax trust fund.
  - e. Reduces the transfer from the interest earnings of the student loan trust fund by \$5.9 million, from \$9 million in 2005-07 to \$3.1 million for 2007-09.
  - f. Increases the transfer from the lands and minerals trust fund by \$8.2 million, from \$6.8 million in 2005-07 to \$15 million in 2007-09.
6. Anticipates **oil prices** to average \$50 per barrel during the first year of the 2007-09 biennium and projects prices to decline to an average price of \$45 per barrel by the end of the biennium. The average oil price in November 2006 for North Dakota crude oil was \$50.68 per barrel.
7. **Oil production** for September 2006 averaged 113,112 barrels per day and is anticipated to increase to 115,000 barrels per day by the end of the 2005-07 biennium. Oil production is anticipated to increase to 116,000 barrels per day during fiscal year 2008 and continue to increase to approximately 119,000 barrels per day by the end of fiscal year 2009.

### 2007-09 GENERAL FUND APPROPRIATIONS

1. Includes general fund appropriations of \$2.47 billion, \$478.9 million more than the 2005-07 legislative appropriations.
2. Major general fund appropriations increases (decreases) relate to:
  - a. Department of Human Services - \$87.9 million.
  - b. Higher education - \$83.1 million.
  - c. Department of Public Instruction - \$74.9 million.
  - d. Department of Corrections and Rehabilitation - \$66.9 million.
  - e. State employee salary and health insurance - \$32.8 million.
  - f. Office of Management and Budget - \$29.1 million.
  - g. Department of Transportation - \$20 million.
  - h. Main Research Center - \$12.3 million.
  - i. State Water Commission - \$12 million.

## 2007-09 SPECIAL FUNDS APPROPRIATIONS

1. Includes special funds (estimated income) appropriations of \$3.86 billion, \$101.7 million more than the 2005-07 legislative appropriations.
2. Major special funds appropriations increases (decreases) relate to:
  - a. Federal funds - \$97.8 million.
  - b. Higher education - (\$49.1 million).
  - c. Office of Management and Budget - (\$27.7 million).
  - d. State Water Commission - \$26 million.
  - e. Workforce Safety and Insurance - \$16.5 million.
  - f. Information Technology Department - \$14.9 million.
  - g. Tax Department - (\$12.3 million).
  - h. Public Employees Retirement System - \$9.8 million.
  - i. Department of Transportation - (\$9.1 million).
  - j. Housing Finance Agency - \$8 million.
  - k. Industrial Commission - \$6.2 million.
  - l. State Fair Association - \$5 million.

## 2007-09 - ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Projects "ongoing" general fund revenues of \$2.29 billion for the 2007-09 biennium, \$10.6 million more than the recommended "ongoing" general fund appropriations of \$2.28 billion.
2. Identifies \$187.7 million of "one-time" general fund appropriations and \$116.7 million of recommended property tax relief funding from the permanent oil tax trust fund to spend of the estimated \$706.8 million of "one-time" resources available in the general fund and permanent oil tax trust fund for the 2007-09 biennium.
3. Retains an estimated \$413 million at the end of the 2007-09 biennium, \$34.4 million in the general fund, \$178.6 million in the permanent oil tax trust fund, and \$200 million in the budget stabilization fund.

## HIGHER EDUCATION

1. Increases **general fund** support by \$83.1 million, or 21.5 percent, including approximately \$30.6 million of one-time funding from the general fund. The increase in funding is due in part to increasing funding for campus operations and extraordinary repairs by approximately \$54.8 million, increasing funding for major capital projects by approximately \$13.8 million, and increasing funding for student financial assistance by approximately \$4.2 million.
2. Decreases support from **special funds** by \$49.1 million, or 27.5 percent, due to decreasing major capital projects funding from special funds by approximately \$48.9 million.
3. Adjusts the authorized number of **full-time equivalent (FTE) positions** from 2,194.42 for the 2005-07 biennium to 2,134.59 for the

2007-09 biennium to reflect the number of FTE positions supported by the general fund.

4. Provides \$33.8 million from the general fund for **campus parity** as requested by the State Board of Higher Education for costs to continue the fiscal year 2007 legislatively authorized salary increases, 5 percent per year salary increases for the 2007-09 biennium, estimated health insurance increases, and 2.4 percent annual inflationary increases for operating costs. This level of funding represents 96 percent of the general fund portion of parity costs. The remaining funding of approximately \$1.4 million will need to be funded with special funds or reallocation.
5. Provides \$10 million from the general fund for **campus equity** payments.
6. Provides \$6 million, of which \$5.8 million is from the general fund and \$164,000 is from federal funds, for the **student financial assistance grant program**. This level represents a total funds increase of \$2.5 million from the 2005-07 legislative appropriation of \$3.5 million.
7. Provides a **common information services pool** of \$27.4 million from the general fund for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes \$5,120,000 of one-time funding from the general fund, including \$420,000 for parity, \$3.7 million for support of the ConnectND system, and \$1 million for Northern Tier Network infrastructure. This level of funding represents an increase of \$6.8 million from the 2005-07 adjusted appropriation of \$20.6 million.

## ELEMENTARY AND SECONDARY EDUCATION

1. Provides funding of \$777.2 million, of which \$701 million is from the general fund and \$76.2 million is from the state tuition fund, for the **proposed new state school aid program**. This level of funding represents an increase of \$78.6 million, of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund, compared to the 2005-07 legislative appropriation of \$698.6 million.
2. Provides \$900,000 of **one-time general fund appropriations** to rewrite the state school aid computer system required as a result of the proposed new funding plan (\$400,000) and to rewrite the current teacher licensure application used by the department and the Education Standards and Practices Board (\$500,000).
3. Increases **federal funding for other grants** by approximately \$19.5 million from the 2005-07 appropriation of \$204.5 million due to an increase for IDEA Part B special education grants.

## HUMAN SERVICES

1. Provides a total general fund appropriation for the Department of Human Services of \$582.2 million, \$97.7 million, or 20.2 percent more than the \$484.4 million appropriated for the 2005-07 biennium.
2. Adds \$9.1 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 64.72 percent in federal fiscal year 2007 to 63.75 percent in federal fiscal year 2008 and then increasing to an estimated 64.08 percent in federal fiscal year 2009.
3. Provides \$38.3 million, of which \$14.1 million is from the general fund for **inflationary increases** for the department's service providers of 3 percent for each year of the biennium. The 2005 Legislative Assembly approved 2.65 percent annual inflationary increases for the 2005-07 biennium.
4. Provides \$31.1 million, of which \$3.7 million is from the general fund, for additional costs of rewriting the **Medicaid management information system (MMIS)** computer application. The 2005 Legislative Assembly provided \$29.2 million, of which the state matching share of \$3.7 million is from the permanent oil tax trust fund.
5. Adds \$56.2 million, of which \$18.6 million is from the general fund, for **cost, caseload, and utilization changes** for major grant programs, including Medicaid, long-term care, developmental disabilities, basic care, foster care, child care, subsidized adoption, food stamps, etc.
6. Adds \$10.7 million, of which \$3.9 million is from the general fund, for increasing the average wage of **employees of developmental disabilities service providers** by 60 cents per hour.
7. Adds \$2.8 million from the general fund in the Division of Mental Health and Substance Abuse to phase in a **community-based sex offender treatment** program to provide services for up to 140 offenders.
8. Provides \$3.1 million from the general fund for costs of **constructing a high security addition** to the secure services unit at the State Hospital. The secure services unit provides sex offender treatment services and services to individuals that are mentally ill and dangerous.
9. Adds \$3.6 million from the general fund and 36 FTE positions for **expanding the secure services unit** from 42 to 82 beds. Of the 40 new beds, 20 were added during the 2005-07 biennium, upon Emergency Commission approval.

## CAPITAL CONSTRUCTION

1. Includes a total of \$901.9 million for the following capital projects:
  - a. \$267.3 million for major capital projects.
  - b. \$40.3 million for extraordinary repairs.

c. \$594.3 million for bond payments and other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$85,519,065	\$181,776,227
Extraordinary repairs	29,722,017	10,574,705
Bond payments	20,176,522	1,698,711
Other projects	600,000	571,875,487
Total	\$136,017,604	\$765,925,130

2. The executive budget does not recommend any major capital construction projects to be financed by bonding which would need to be repaid from the general fund.

## STATE EMPLOYEES

1. Provides funding for **state employee salary increases** equal to 4 percent of salaries, with a minimum increase of \$75 per month effective July 1, 2007, and a 4 percent with a \$75 minimum effective July 1, 2008.
2. Provides funding for Supreme Court **justices'** and district court **judges'** salary increase of 6 percent for the first year of the biennium and 7 percent for the second year of the biennium.
3. Continues funding for the cost of **health insurance** premiums for state employees. The executive budget provides \$658.08 per month for state employee health insurance premiums, an increase of \$104.14, or 18.8 percent, compared to the 2005-07 premium of \$553.94 per month.
4. Provides \$10 million to the Office of Management and Budget for **market equity compensation adjustments** for classified state employees. Of the \$10 million, \$5 million is from the general fund and \$5 million is from special funds.
5. Includes a total of 10,809.83 FTE positions, 177.73 FTE positions more than the 2005-07 authorized level.

## CORRECTIONS

1. Provides a total general fund appropriation for the Department of Corrections and Rehabilitation of \$172.7 million, \$71.6 million, or 70.8 percent more than the \$101.1 million appropriated for the 2005-07 biennium.
2. Provides \$42 million from the general fund for the **prison expansion and renovation project** to provide a net increase of 244 prison beds.
3. Adds \$2.9 million from the general fund for 29.51 **new FTE** positions.
4. Adds \$3.8 million from the general fund to provide a total of \$9.6 million for **contract housing**.
5. Provides \$748,234 from the general fund for **employee reclassifications**.

6. Adds \$1.5 million from the general fund for **new halfway house** programming.
7. Adds \$1.5 million from the general fund for **new transition** programming.
8. Adds \$13.3 million, of which \$9.5 million is from the general fund, for **inflationary increases and workload adjustments**.
9. Provides \$2.3 million from the general fund for **deferred maintenance**.

### INFORMATION TECHNOLOGY

1. Recommends \$130.6 million, of which \$51.2 million is from the general fund, for state **agency information technology projects** for the 2007-09 biennium.
2. Adds \$1.2 million from the general fund for two new FTE positions and related operating expenses for the Information Technology Department for continued development relating to the **Criminal Justice Information Sharing Initiative**.
3. Includes \$13.5 million of special funds and 15 new FTE positions for the Information Technology Department to assist the Department of Human Services and selected vendor with the rewrite of **the Medicaid management information system**.
4. Includes \$1.6 million of special funds for 2.5 new FTE positions and related operating expenses for the Information Technology Department to support a **business intelligence initiative**.

### ECONOMIC DEVELOPMENT

1. Establishes a **Biofuels PACE** fund and appropriates \$4.2 million from the general fund, \$3 million more than the \$1.2 million appropriated for the Biodiesel PACE fund for the 2005-07 biennium.
2. Provides \$1.4 million from the general fund for the North Dakota **Trade Office**, \$700,000 more than the \$700,000 appropriated from the Development Fund and Mill and Elevator profits for the 2005-07 biennium.

3. Recommends a \$3 million general fund appropriation for the **Development Fund**.
4. Appropriates \$1.2 million from the general fund and authorizes 10 FTE positions for **educating students and their parents** about career opportunities in target industries in North Dakota.
5. Provides \$400,000 from the general fund for postsecondary student **internships**.

### TRANSPORTATION

1. Anticipates **federal highway construction funds** of \$445 million for the 2007-09 biennium compared to \$407.3 million for the 2005-07 biennium.
2. Appropriates \$20 million from the **general fund** to the Department of Transportation for deferred maintenance and repairs on state highways and for equipment purchases and information technology projects.
3. Includes \$2 million from the highway fund for beginning the **repayment of the grant anticipation revenue vehicle bonds** issued during the 2005-07 biennium for the United States Highway 2 four-lane project and for the Liberty Memorial Bridge project.

### MILITARY-RELATED PROGRAMS

1. Removes funding provided in the 2005-07 biennium for the **veterans' bonus program**. The executive budget recommends unexpended funds from the 2005-07 legislative appropriation be carried over and utilized for similar bonuses during the 2007-09 biennium.
2. Increases funding for the **tuition and enlistment compensation program** by \$400,000, from \$2,007,500 to \$2,407,500, for recruitment and retention bonuses.

### PROPERTY TAX RELIEF

1. Provides a continuing appropriation to the State Treasurer of up to \$116.7 million from the permanent oil tax trust fund for providing property tax relief payments to counties.

## ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2007-09 EXECUTIVE BUDGET

### Ongoing General Fund Revenues and Appropriations

Recommended ongoing revenues	\$2,291,185,060 <sup>1</sup>
Recommended ongoing appropriations	2,280,592,339 <sup>2</sup>
Excess	\$10,592,721

<sup>1</sup>This amount includes \$2,206,811,004 of estimated ongoing revenues based on the executive budget revenue forecast and \$84,374,056 of recommended transfers from the Bank of North Dakota, Mill and Elevator, lands and minerals trust fund, student loan trust fund, and gas tax administration.

<sup>2</sup>In addition, the executive budget includes \$187,703,982 of recommended "one-time" general fund appropriations.

### Identified One-Time Resources and Related Appropriations

One-time resources	
Estimated beginning balance in selected funds	\$539,792,040 <sup>1</sup>
Estimated 2007-09 permanent oil tax trust fund revenues	167,036,607
Total estimated one-time resources	\$706,828,647
One-time appropriations	
Recommended one-time general fund appropriations	(\$187,703,982) <sup>2</sup>
Recommended property tax relief funding from permanent oil tax trust fund	(116,700,000)
Total recommended one-time appropriations	(\$304,403,982)
Excess of one-time revenues over one-time appropriations	\$402,424,665

<sup>1</sup>Includes the estimated July 1, 2007, balance in the:

General fund	\$211,497,359
Permanent oil tax trust fund	128,294,681
Budget stabilization fund	<u>200,000,000</u>
Total	\$539,792,040

<sup>2</sup>Recommended one-time general fund appropriations **as identified in the executive budget** include amounts for economic development, technology systems, equipment, capital projects, extraordinary repairs, and deferred maintenance as follows:

Agency/Description	Bill No.	General Fund Appropriation
<b>Secretary of State</b>	SB 2002	
Mainframe migration computer project		\$824,153
<b>Office of Management and Budget</b>	SB 2015	
Maintenance		3,000,000
Prairie Public Broadcasting analog to digital conversion		686,000
Centers of excellence		20,000,000
<b>Information Technology Department</b>	HB 1021	
Criminal Justice Information Sharing initiative		1,151,490

<b>Agency/Description</b>	<b>Bill No.</b>	<b>General Fund Appropriation</b>
<b>State Treasurer</b>	SB 2005	
Rewrite tax distribution programs		768,228
<b>Attorney General</b>	SB 2003	
Crime lab renovation project		1,242,840
<b>State Tax Department</b>	SB 2006	
Integrated tax system payments		5,356,702
<b>Legislative Assembly</b>	HB 1001	
Legislative applications replacement system computer project		3,910,827
Committee room renovations		200,000
<b>Legislative Council</b>	HB 1001	
Computer equipment replacement		93,692
Office equipment replacement		25,000
<b>Judicial Branch</b>	HB 1002	
Unified case management system		1,375,000
Enhanced records management system		115,750
<b>Department of Public Instruction</b>	SB 2013	
State school aid system rewrite		400,000
Teacher licensure application rewrite		500,000
<b>North Dakota University System</b>	HB 1003	
Northern Tier Network infrastructure		1,000,000
Support for the ConnectND system		3,700,000
Common information system pool parity funding		420,000
Deferred maintenance		11,000,000
Capital projects and deferred maintenance		14,444,710
<b>School for the Deaf</b>	SB 2013	
Deferred maintenance		100,000
<b>State Department of Health</b>	HB 1004	
Pandemic antiviral stockpile		2,263,000
<b>Veterans Affairs</b>	HB 1007	
Electronic storage system		21,356
Secure filing system		38,250
<b>Department of Human Services</b>	SB 2012	
Medicaid management information system (MMIS) project		3,643,133
State Hospital - Sex offender treatment addition capital project		3,100,000
State Hospital - Capital improvements		3,362,757
State Hospital - Extraordinary repairs		1,153,500
Developmental Center - Capital improvements		947,092
Developmental Center - Extraordinary repairs		600,000
Developmental Center - Equipment		80,782

<b>Agency/Description</b>	<b>Bill No.</b>	<b>General Fund Appropriation</b>
<b>Industrial Commission</b>	HB 1014	
Core and sample library repairs		230,000
Equipment, shallow gas study, and fossil restoration fund		300,000
<b>Public Service Commission</b>	SB 2008	
Video conferencing equipment		20,000
<b>Bank of North Dakota</b>	HB 1014	
Biofuels PACE		3,200,000
<b>Highway Patrol</b>	HB 1011	
In-car video equipment		642,000
Capitol security software		50,000
<b>Department of Corrections and Rehabilitation</b>	HB 1015	
Prison expansion project		42,000,000
Youth Correctional Center security lighting		170,000
Deferred maintenance		2,293,000
Medical information system, equipment, and radios		1,819,000
<b>Adjutant General</b>	SB 2016	
Computer aided dispatch project		980,000
Motorola lease purchase payment (general fund portion)		1,084,970
Special assessments		470,000
Deferred maintenance		625,000
<b>Department of Commerce</b>	HB 1018	
Transfer to the development fund		3,000,000
<b>Branch Research Centers and Main Research Center</b>	HB 1020	
Phase II of greenhouse project		9,000,000
Carrington, North Central, and Hettinger headquarter additions		1,107,750
Deferred maintenance pool		100,000
North Central laboratory and greenhouse project		400,000
<b>State Fair Association</b>	HB 1009	
Construction of a new grandstand		5,000,000
<b>Historical Society</b>	SB 2018	
Lincoln Bicentennial		50,000
Capital projects and deferred maintenance		1,398,000
<b>Council on the Arts</b>	HB 1010	
Lincoln Bicentennial		10,000
<b>Parks and Recreation Department</b>	SB 2019	
Online reservation system and equipment replacement		660,000
Parks capital projects and deferred maintenance		2,170,000
Peace Garden capital projects and deferred maintenance		2,400,000

Agency/Description	Bill No.	General Fund Appropriation
<b>Water Commission</b>	SB 2020	
Red River water supply project		3,000,000
<b>Department of Transportation</b>	HB 1012	
Road patching, maintenance, and materials		11,169,972
Equipment purchases		2,021,860
Driver's license computer system project		5,019,610
Other information technology projects		1,788,558
<b>Total</b>		<u>\$187,703,982</u>



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

In addition to general agency budget recommendations, elected officials' salary increases, and capital construction bonding proposals, the following recommendations included in the executive budget require statutory changes by the 2007 Legislative Assembly to implement:

### REVENUES

- Amends North Dakota Century Code (NDCC) Sections 54-27.2-01 and 54-27.2-03 to change the maximum balance allowed in the budget stabilization fund from 5 percent of the current general fund budget to \$200 million and to allow the Governor to order transfers from the fund to provide for any general fund revenue shortfall rather than only a shortfall in excess of 2.5 percent or more (Sections 14 and 15 of Senate Bill No. 2015 (2007)).
- Extends through June 30, 2009, pesticide registration fees of \$350 per biennium. The fee was to decrease to \$300 on June 30, 2007 (Section 9 of Senate Bill No. 2009 (2007)).

### FUNDING TRANSFERS

- Provides for transfers from Bank of North Dakota profits to the general fund of \$60 million, the same as the 2005-07 biennium. The 2007-09 transfer may not reduce the Bank's capital below \$175 million (Section 7 of Senate Bill No. 2015 (2007)). For the 2005-07 biennium, the transfer was not allowed to reduce the Bank's capital below \$150 million. Based on the executive budget recommendations that anticipate a \$60 million transfer from the Bank of North Dakota during the 2005-07 biennium and \$60 million during the 2007-09 biennium, the Bank's capital at the end of the 2007-09 biennium is projected to be \$211 million.
- Provides for transfers from Mill and Elevator Association profits to the general fund of \$5 million, the same as the 2005-07 biennium (Section 12 of House Bill No. 1014 (2007)).
- Provides for a transfer from the student loan trust fund to the general fund of \$3.1 million, \$5.9 million less than the \$9 million transfer authorized for the 2005-07 biennium (Section 8 of Senate Bill No. 2015 (2007)).

- Provides for a transfer from the lands and minerals trust fund to the general fund of \$15 million, \$8.2 million more than the \$6.8 million transfer authorized for the 2005-07 biennium (Section 6 of Senate Bill No. 2015 (2007)).

### ORGANIZATIONAL CHANGES

Transfers the children's special health services program from the Department of Human Services to the State Department of Health (Sections 5 through 11 of Senate Bill No. 2012 (2007)).

### ELEMENTARY EDUCATION

Makes changes affecting the school funding formula (the bill containing the proposed changes is pending introduction).

### PROPERTY TAX RELIEF

Provides a continuing appropriation of up to \$116.7 million per biennium from the permanent oil tax trust fund for providing property tax relief to counties (Section 16 of Senate Bill No. 2015 (2007)). The bill containing the program's details is pending introduction.

### RETIREE HEALTH CREDIT

Provides for an increase in the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and pays for the increase by increasing the retiree health credit employer contribution by .15 percent, from 1 to 1.15 percent of payroll (Senate Bill No. 2050 (2007)).

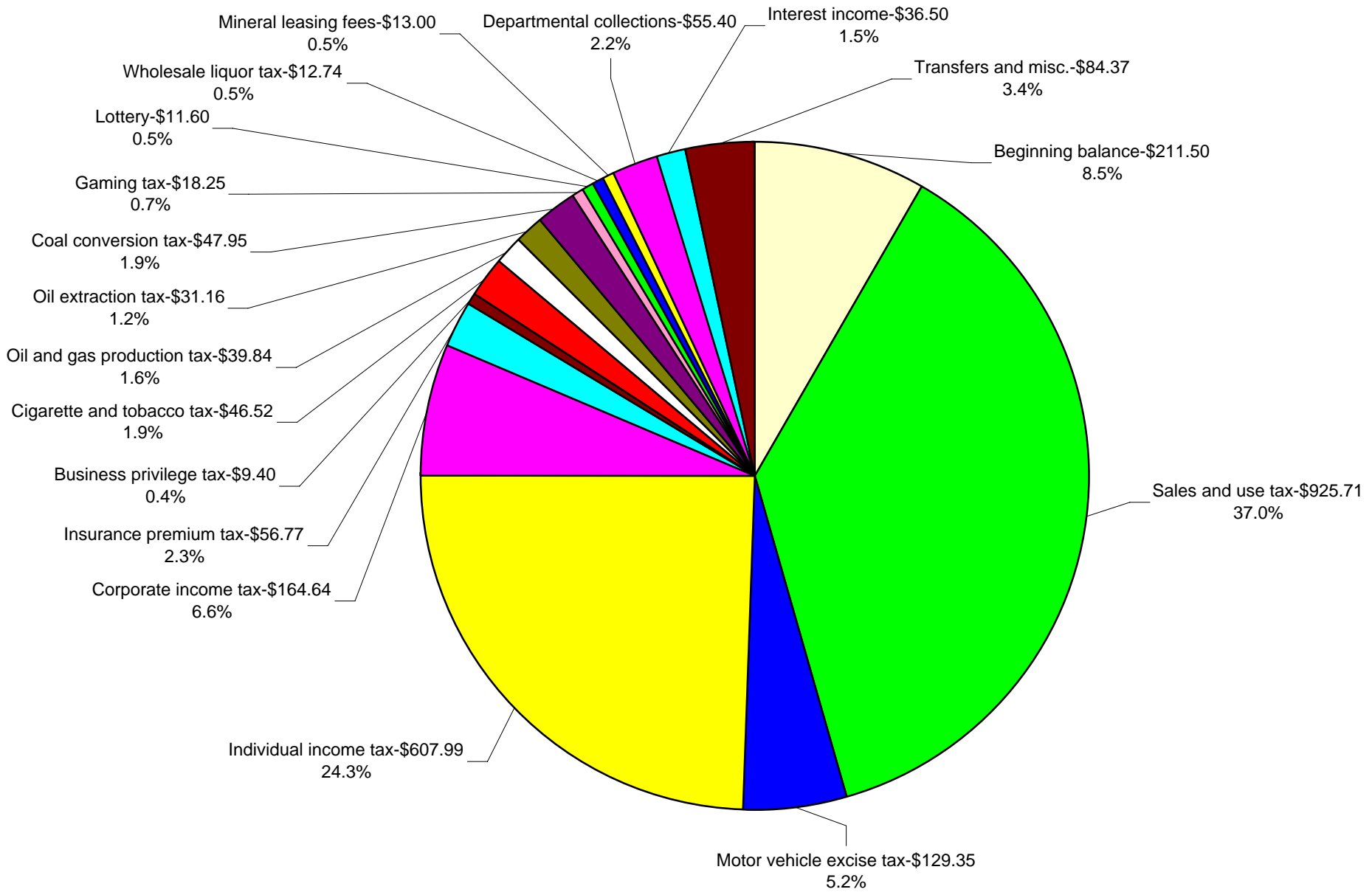
### BIOFUELS PACE FUND

Provides \$4.2 million from the general fund for a newly created Biofuels - PACE Fund at the Bank of North Dakota and transfers any unobligated balance in the Biodiesel PACE Fund at the end of the biennium to the Biofuels PACE Fund (Section 17 of House Bill No. 1014 (2007)). The bill containing the program's detail is pending introduction.

# 2007-09 ESTIMATED GENERAL FUND REVENUES

Total 2007-09 Estimated General Fund Revenues - \$2,502.68

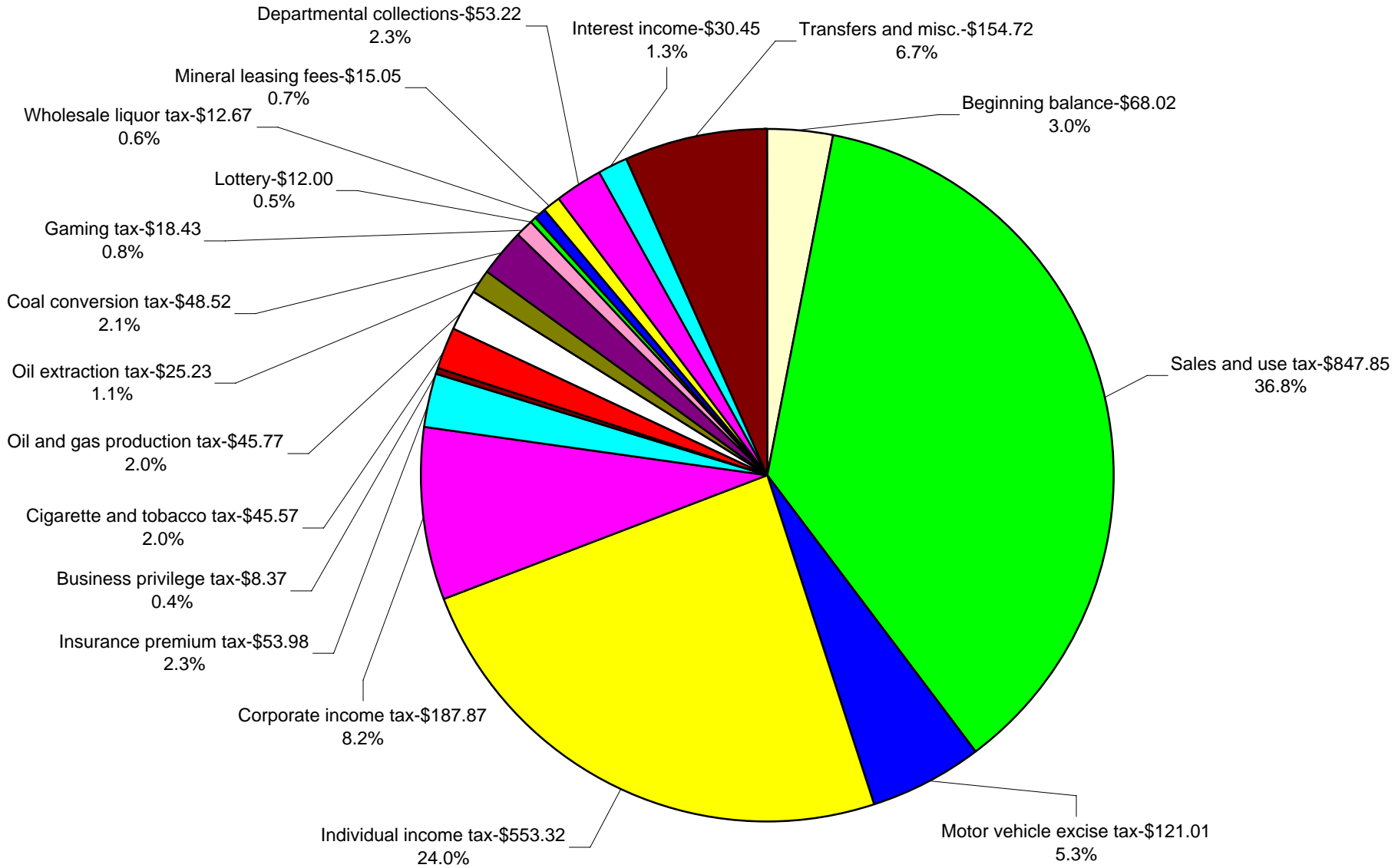
(Amounts Shown in Millions)



# 2005-07 ESTIMATED GENERAL FUND REVENUES

Total 2005-07 Estimated General Fund Revenues - \$2,302.04

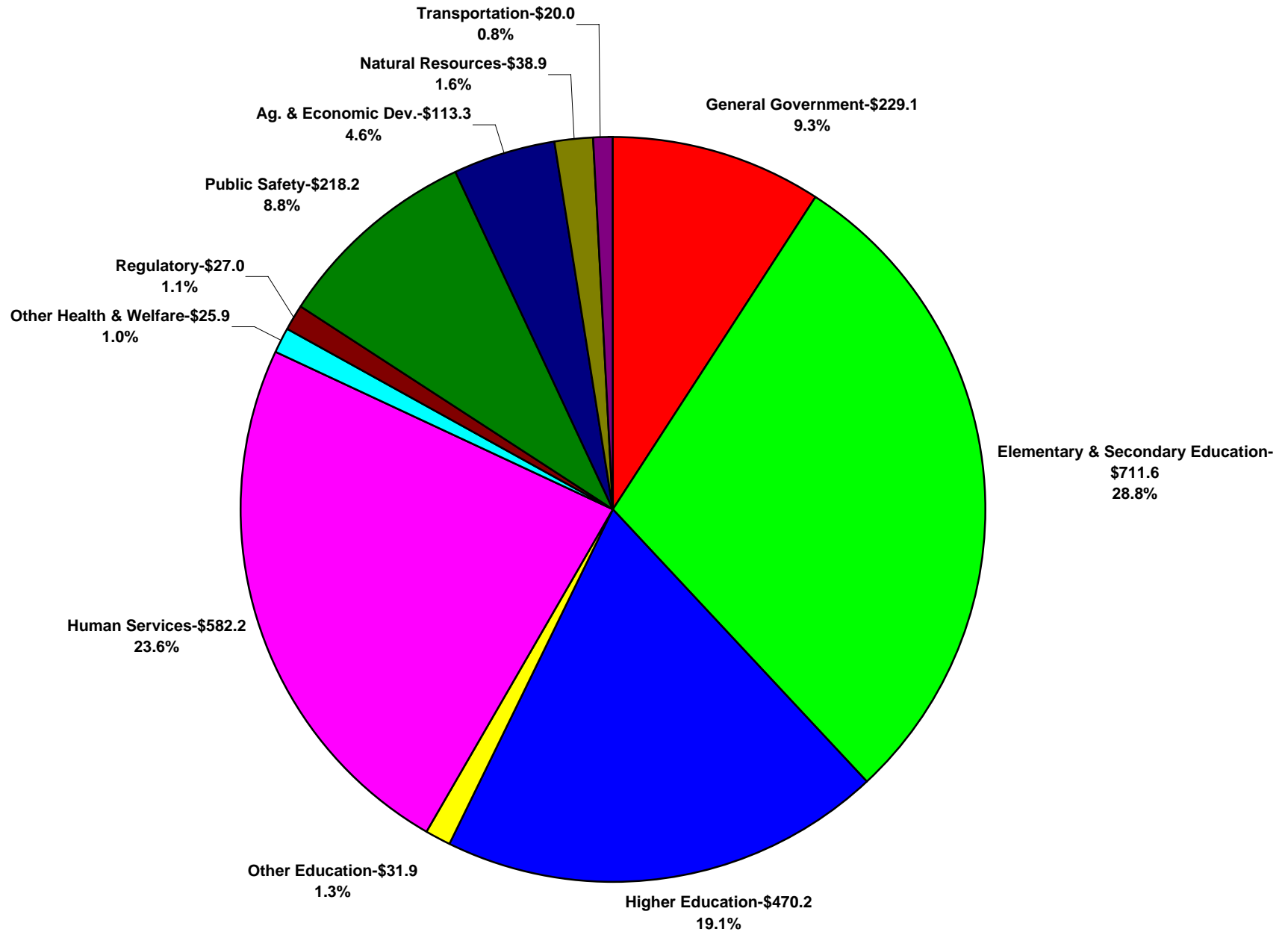
(Amounts Shown in Millions)



# 2007-09 BIENNIUM RECOMMENDED GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

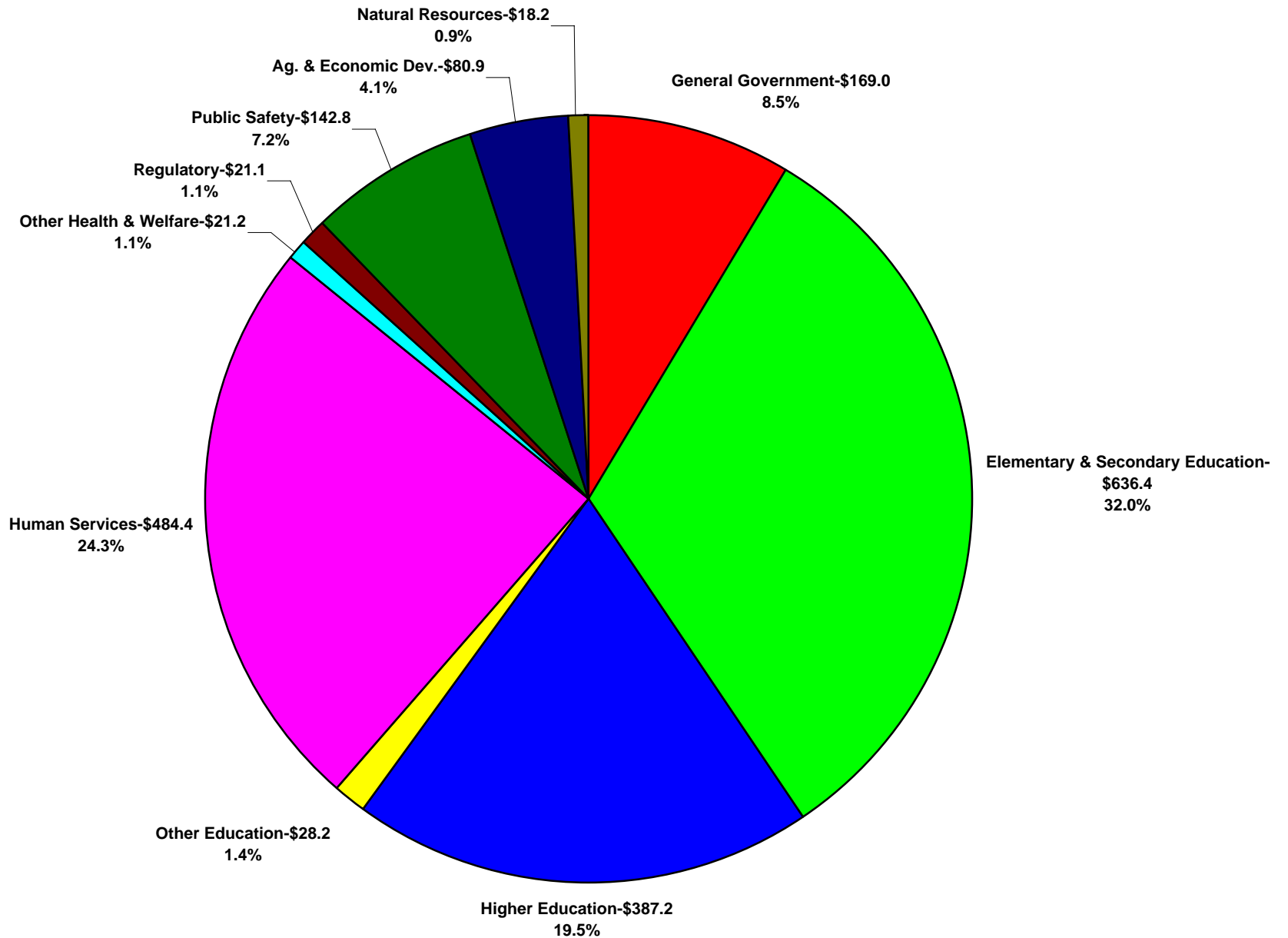
Total 2007-09 Executive Budget General Fund Recommendation - \$2,468.3



# 2005-07 BIENNIUM GENERAL FUND APPROPRIATIONS

Amounts Shown in Millions

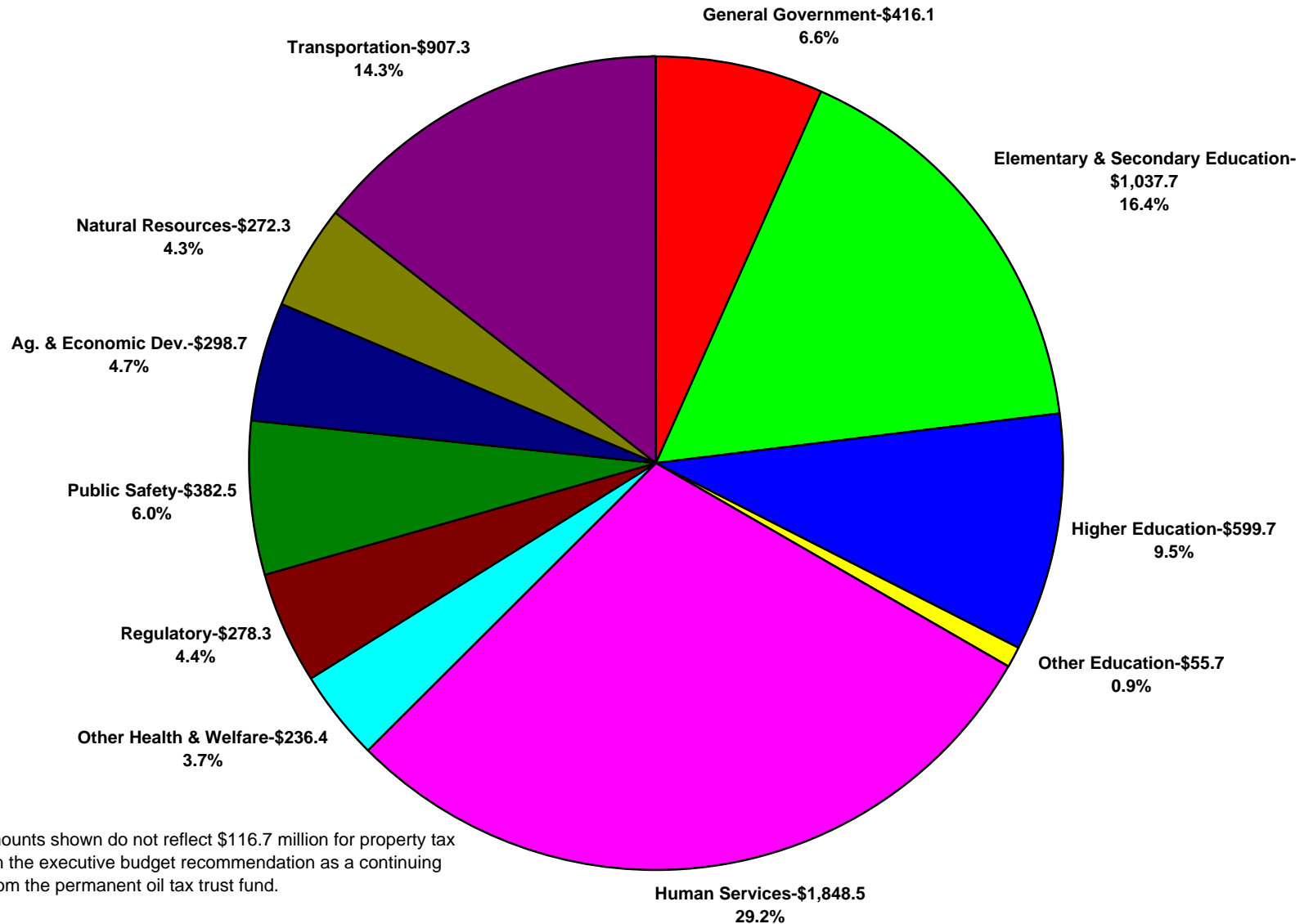
Total 2005-07 General Fund Appropriations - \$1,989.4



# 2007-09 BIENNIUM RECOMMENDED ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

Total 2007-09 Executive Budget All Funds Recommendation - \$6,333.2

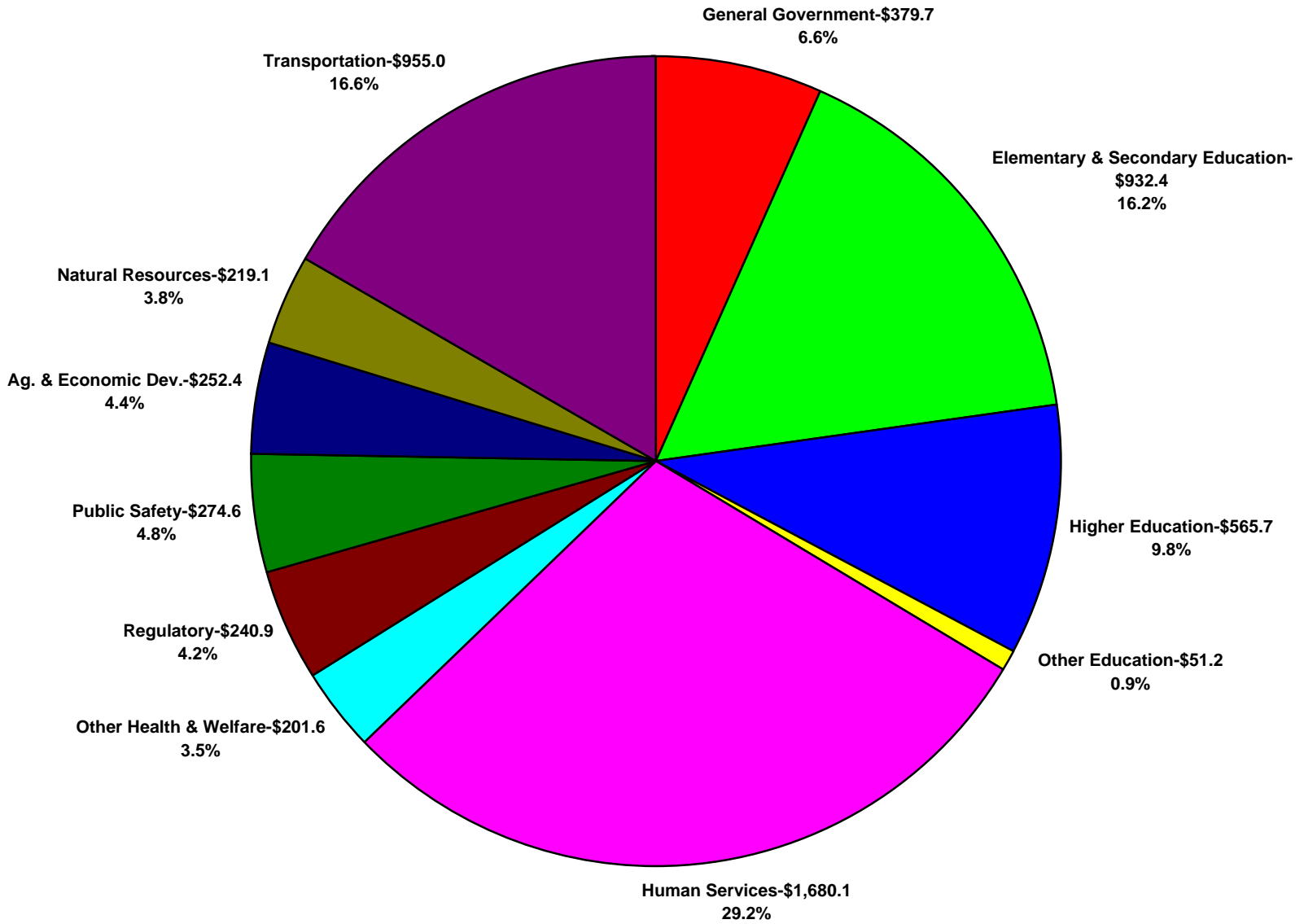


**NOTE:** The amounts shown do not reflect \$116.7 million for property tax relief included in the executive budget recommendation as a continuing appropriation from the permanent oil tax trust fund.

# 2005-07 BIENNIUM ALL FUNDS APPROPRIATIONS

Amounts Shown in Millions

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



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

Biennium	General Fund Appropriations (In Millions) <sup>1</sup>	End-of-Biennium General Fund Balance (In Millions)	General Fund Balance as a Percentage of Appropriations
1967-69	\$145.64	\$20.60 <sup>2</sup>	14.1%
1969-71	\$183.69	\$25.90 <sup>2</sup>	14.1%
1971-73	\$226.26	\$52.50 <sup>2</sup>	23.2%
1973-75	\$297.82	\$150.50 <sup>3</sup>	50.5%
1975-77	\$442.53	\$208.30 <sup>3</sup>	47.1%
1977-79	\$575.07	\$151.00 <sup>3</sup>	26.3%
1979-81	\$680.42	\$174.50 <sup>3</sup>	25.6%
1981-83	\$910.25	\$43.40 <sup>3</sup>	4.8%
1983-85	\$1,017.86	\$150.41 <sup>3</sup>	14.8%
1985-87	\$1,134.18	\$18.66 <sup>3</sup>	1.6%
1987-89	\$1,058.71	\$40.00 <sup>3,4</sup>	3.8%
1989-91	\$1,061.51	\$105.67 <sup>3</sup>	10.0%
1991-93	\$1,202.89	\$19.76 <sup>3</sup>	1.6%
1993-95	\$1,251.93	\$31.15 <sup>3</sup>	2.5%
1995-97	\$1,352.47	\$65.00 <sup>3,5</sup>	4.8%
1997-99	\$1,510.75	\$61.11 <sup>3</sup>	4.0%
1999-2001	\$1,614.88	\$62.24 <sup>3</sup>	3.9%
2001-03	\$1,727.97 <sup>6</sup>	\$14.79 <sup>3,7</sup>	0.9%
2003-05	\$1,816.89	\$68.02 <sup>3,8</sup>	3.7%
2005-07	\$2,000.01	\$211.50 <sup>9</sup> (estimate)	10.6%
2007-09	\$2,468.33 <sup>10</sup>	\$34.36 (estimate)	1.4%

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

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

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

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

<sup>5</sup>In addition to the amount shown, \$17.1 million was transferred to the budget stabilization fund, pursuant to NDCC Section 54-27.2-02, which provided that any amount in excess of \$65 million in the general fund on June 30, 1997, be transferred to the budget stabilization fund. Subsequently, on July 1, 1997, that amount was transferred from the budget stabilization fund to the Bank of North Dakota.

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

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



<sup>8</sup>In addition to the amount shown, \$99.5 million was transferred to the budget stabilization fund, pursuant to NDCC Section 54-27.2-02, which provides that any amount in the state general fund at the end of a biennium in excess of \$65 million be transferred to the budget stabilization fund. Pursuant to Section 54-27.2-01, the budget stabilization fund is limited to no more than 5 percent of the current biennial general fund appropriations.

<sup>9</sup>In addition to the amount shown, the executive budget proposes transferring \$100.5 million to the budget stabilization fund. Pursuant to NDCC Section 54-27.2-01, the budget stabilization fund is limited to no more than 5 percent of the current biennial general fund appropriations. The executive recommendation proposes increasing this cap to \$200 million.

<sup>10</sup>The amount shown reflects recommended general fund appropriations for the 2007-09 biennium.

**GENERAL FUND REVENUE ESTIMATES FOR THE 2005-07 AND 2007-09 BIENNIUMS  
AND ACTUAL COLLECTIONS FOR PRIOR BIENNIUMS  
(Excludes Beginning General Fund Balances)**

	Actual		Estimated		2007-09 Increase (Decrease) Compared to 2005-07	2007-09 Percentage Increase (Decrease) Compared to 2005-07
	2001-03 Biennium	2003-05 Biennium	2005-07 Biennium <sup>1</sup>	2007-09 Biennium <sup>2</sup>		
<b>Revenue source</b>						
Sales and use tax	\$640,618,364	\$717,758,293	\$847,845,753	\$925,709,000	\$77,863,247	9.2%
Motor vehicle excise tax	119,592,232	128,010,103	121,010,559	129,346,000	8,335,441	6.9%
Individual income tax	396,153,000	452,547,326	553,317,952	607,992,000	54,674,048	9.9%
Corporate income tax	88,417,166	102,926,972	187,873,587	164,635,000	(23,238,587)	(12.4%)
Insurance premium tax	48,990,027	56,284,535	53,977,148	56,770,000	2,792,852	5.2%
Business privilege tax	6,257,389	4,958,673	8,372,320	9,400,000	1,027,680	12.3%
Cigarette and tobacco tax	39,313,360	39,476,712	45,567,081	46,518,000	950,919	2.1%
Oil and gas production tax	39,159,000 <sup>3</sup>	45,534,044 <sup>3</sup>	45,774,119 <sup>3</sup>	39,839,000 <sup>3</sup>	(5,935,119)	(13.0%)
Oil extraction tax	22,841,000 <sup>3</sup>	25,465,956 <sup>3</sup>	25,225,881 <sup>3</sup>	31,161,000 <sup>3</sup>	5,935,119	23.5%
Coal conversion tax	46,878,511	47,196,831	48,522,047	47,947,000	(575,047)	(1.2%)
Gaming tax	27,612,652	20,850,911	18,428,847	18,253,694	(175,153)	(1.0%)
Lottery	0	7,269,005	12,000,000	11,600,000	(400,000)	(3.3%)
Wholesale liquor tax	11,155,834	11,889,465	12,668,589	12,737,000	68,411	0.5%
Mineral leasing fees	6,440,513	11,024,583	15,046,893	13,000,000	(2,046,893)	(13.6%)
Interest income	8,509,483	6,935,015	30,450,326	36,500,000	6,049,674	19.9%
Departmental collections	57,506,019	61,004,537	53,222,025	55,403,310	2,181,285	4.1%
<b>Total revenues</b>	<b>\$1,559,444,550</b>	<b>\$1,739,132,961</b>	<b>\$2,079,303,127</b>	<b>\$2,206,811,004</b>	<b>\$127,507,877</b>	<b>6.1%</b>
<b>Transfers and other sources</b>						
Sale of DD loans	\$2,004,257 <sup>4</sup>	\$0	\$0	\$0	\$0	0.0%
Transfer - Bank of North Dakota	60,000,000	60,000,000	60,000,000	60,000,000	0	0.0%
Transfer - Bank of North Dakota (contingent)	18,699,787 <sup>5</sup>	0	0	0	0	0.0%
Transfer - Student loan trust	9,000,000	26,258,969	9,000,000	3,100,000	(5,900,000)	(65.6%)
Transfer - Mill and Elevator	6,000,000	5,000,000	5,000,000	5,000,000	0	0.0%
Transfer - Gas tax administration	1,363,392	1,396,200	1,400,000	1,274,056	(125,944)	(9.0%)
Transfer - Lands and minerals trust fund	3,545,102	2,000,000	6,800,000	15,000,000	8,200,000	120.6%
Transfer - Permanent oil tax trust fund	0	11,910,000	55,300,000	0	(55,300,000)	(100.0%)
Transfer - State bonding fund	0	2,800,000	0	0	0	0.0%
Transfer - Water development trust fund	9,733,820	10,070,373	0	0	0	0.0%
Transfer - Health care trust fund	0	35,911,035	16,900,000	0	(16,900,000)	(100.0%)
Transfer - Information technology savings	0	0	0	0	0	0.0%
Transfers - Other	87,332	2,461,911	319,838	0	(319,838)	(100.0%)
<b>Total transfers and other sources</b>	<b>\$110,433,690</b>	<b>\$157,808,488</b>	<b>\$154,719,838</b>	<b>\$84,374,056</b>	<b>(\$70,345,782)</b>	<b>(45.5%)</b>
<b>Total general fund revenues and transfers</b>	<b>\$1,669,878,240</b>	<b>\$1,896,941,449</b>	<b>\$2,234,022,965</b>	<b>\$2,291,185,060</b>	<b>\$57,162,095</b>	<b>2.6%</b>
Federal fiscal relief payments	0	56,456,581 <sup>6</sup>	0	0	0	0.0%
<b>Total revenues, including federal fiscal relief payments</b>	<b>\$1,669,878,240</b>	<b>\$1,953,398,030</b>	<b>\$2,234,022,965</b>	<b>\$2,291,185,060</b>	<b>\$57,162,095</b>	<b>2.6%</b>

<sup>1</sup> Revised 2005-07 revenue forecast (December 2006).

<sup>2</sup> Executive budget revenue forecast for the 2007-09 biennium.

<sup>3</sup> 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 were \$120.5 million during the 2003-05 biennium, resulting in \$49.5 million being transferred to the permanent oil tax trust fund at the end of that biennium.

Total oil and gas collections are estimated to be \$229.5 million for the 2005-07 biennium, resulting in \$158.5 million being transferred to the permanent oil tax trust fund. The 2005 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 (\$21,300,000), 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 \$128.3 million.

Total oil and gas collections are estimated to be \$238 million for the 2007-09 biennium, resulting in \$167 million being transferred to the permanent oil tax trust fund. The executive budget recommends that \$116.7 million be appropriated for the property tax relief initiative. The estimated June 30, 2009, balance in the permanent oil tax trust fund is \$178.6 million.

<sup>4</sup> 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.

<sup>5</sup> 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 are 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.

<sup>6</sup> 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.

**MAJOR GENERAL FUND REVENUE CHANGES - 2007-09 EXECUTIVE BUDGET REVENUE FORECAST  
COMPARED TO 2005-07 ORIGINAL AND REVISED REVENUE FORECASTS**

General Fund Revenue Sources and Beginning Balance	2005-07 Original Legislative Revenue Forecast	Increase (Decrease) 2005-07 Revised Forecast Compared to 2005-07 Original Forecast	2005-07 Revised Revenue Forecast	Increase (Decrease) 2007-09 Executive Budget Forecast Compared to 2005-07 Revised Forecast	2007-09 Percentage Increase (Decrease) Compared 2005-07 Revised Forecast	2007-09 Executive Budget Revenue Forecast	Total Increase (Decrease) 2007-09 Executive Budget Forecast Compared to 2005-07 Original Forecast	2007-09 Percentage Increase (Decrease) Compared 2005-07 Original Forecast
<b>Beginning balance</b>	\$65,000,000 <sup>1</sup>	\$3,015,056	\$68,015,056 <sup>2</sup>	\$143,482,303	211.0%	<b>\$211,497,359</b> <sup>3</sup>	\$146,497,359	225.4%
<b>Revenues</b>								
Sales and use tax	762,724,000	85,121,753	847,845,753	77,863,247	9.2%	<b>925,709,000</b>	162,985,000	21.4%
Motor vehicle excise tax	136,133,400	(15,122,841)	121,010,559	8,335,441	6.9%	<b>129,346,000</b>	(6,787,400)	(5.0%)
Individual income tax	464,347,000	88,970,952	553,317,952	54,674,048	9.9%	<b>607,992,000</b>	143,645,000	30.9%
Corporate income tax	83,819,000	104,054,587	187,873,587	(23,238,587)	(12.4%)	<b>164,635,000</b>	80,816,000	96.4%
Insurance premium tax	63,637,000	(9,659,852)	53,977,148	2,792,852	5.2%	<b>56,770,000</b>	(6,867,000)	(10.8%)
Cigarette and tobacco tax	37,147,000	8,420,081	45,567,081	950,919	2.1%	<b>46,518,000</b>	9,371,000	25.2%
Oil and gas production tax	39,838,800	5,935,319	45,774,119	(5,935,119)	(13.0%)	<b>39,839,000</b>	200	0.0%
Oil extraction tax	31,161,200	(5,935,319)	25,225,881	5,935,119	23.5%	<b>31,161,000</b>	(200)	(0.0%)
Coal conversion tax	48,833,000	(310,953)	48,522,047	(575,047)	(1.2%)	<b>47,947,000</b>	(886,000)	(1.8%)
Departmental collections	48,545,021	4,677,004	53,222,025	2,181,285	4.1%	<b>55,403,310</b>	6,858,289	14.1%
Other revenues	64,062,733	32,904,242	96,966,975	4,523,719	4.7%	<b>101,490,694</b>	37,427,961	58.4%
<b>Total revenues</b>	<b>\$1,780,248,154</b>	<b>\$299,054,973</b>	<b>\$2,079,303,127</b>	<b>\$127,507,877</b>	<b>6.1%</b>	<b>\$2,206,811,004</b>	<b>\$426,562,850</b>	<b>24.0%</b>
<b>Total transfers and other sources</b>								
Transfer - Bank of North Dakota	\$60,000,000		\$60,000,000			<b>\$60,000,000</b>		0.0%
Other transfers	94,500,000	\$219,838	94,719,838	(\$70,345,782)	(74.3%)	<b>24,374,056</b>	(\$70,125,944)	(74.2%)
<b>Total transfers and other sources</b>	<b>\$154,500,000</b>	<b>\$219,838</b>	<b>\$154,719,838</b>	<b>(\$70,345,782)</b>	<b>(45.5%)</b>	<b>\$84,374,056</b>	<b>(\$70,125,944)</b>	<b>(45.4%)</b>
<b>Total general fund revenues, transfers, and beginning balance</b>	<b>\$1,999,748,154</b>	<b>\$302,289,867</b>	<b>\$2,302,038,021</b>	<b>\$200,644,398</b>	<b>8.7%</b>	<b>\$2,502,682,419</b>	<b>\$502,934,265</b>	<b>25.1%</b>

<sup>1</sup> Original estimate for the July 1, 2005, balance.

<sup>2</sup> Actual July 1, 2005, balance.

<sup>3</sup> Estimated July 1, 2007, balance - The executive budget recommendation projects a July 1, 2007, general fund balance of \$211,497,359, based on 2005-07 revised general fund revenue forecast of \$2,234,022,965 and appropriation authority of \$1,990,013,293 (general fund appropriations of \$1,989,452,623 plus proposed deficiency appropriations of \$10,560,670 and less estimated general fund turnback of \$10,000,000). In addition, it is estimated that \$100,527,369 million will be transferred to the budget stabilization fund. Pursuant to North Dakota Century Code (NDCC) Section 54-27.2-02 any amount in the state general fund at the end of a biennium in excess of \$65 million be transferred to the budget stabilization fund. Pursuant to NDCC Section 54-27.2-01, the budget stabilization fund is limited to no more than 5 percent of the current biennial general fund appropriations. The executive budget recommendation proposes increasing this cap to \$200 million.

## ECONOMIC ASSUMPTIONS AND CONDITIONS USED IN THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION

**General fund revenue growth** - General fund revenues, **excluding transfers** and beginning balance for the 2007-09 biennium, are anticipated to increase by 6.1 percent, or \$127.5 million, from the revised 2005-07 revenue forecast and by 24 percent, or \$426.6 million, from the original 2005-07 revenue forecast.

**Taxable sales and purchases** - Taxable sales and purchases are estimated to increase by \$77.9 million, or 9.18 percent, during the 2007-09 biennium, resulting in additional general fund revenues of \$86.2 million as compared to the revised 2005-07 forecast.

**Individual income tax** - Individual income tax collections are expected to increase by 9.9 percent, or \$54.7 million, for an anticipated total of \$608 million of individual income tax revenues during the 2007-09 biennium. This compares to the revised forecast for 2005-07 of \$553.3 million and the original 2005-07 forecast of \$464.3 million.

**Corporate income tax** - Corporate income tax collections are expected to decline by 12.4 percent or \$23.2 million, for an anticipated total of \$164.6 million of corporate income tax revenues during the 2007-09 biennium. Corporate income tax collections are projected to reach a historic high of \$187.8 million during the 2005-07 biennium due in part to one-time audit collections. The original forecast for 2005-07 was \$83.8 million.

**Oil and gas tax collections** - Total state oil and gas tax collections are expected to increase from \$229.5 million in 2005-07 to \$238 million in 2007-09. North Dakota Century Code (NDCC) Section 57-51.1-07.2 provides that if oil and gas production and oil extraction tax collections during a

biennium exceed \$71 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. An estimated \$158.5 million will be transferred to the permanent oil tax trust fund for the 2005-07 biennium and \$167 million for the 2007-09 biennium.

**Oil prices** - North Dakota crude oil prices averaged \$50.68 per barrel in November 2006. Oil prices are anticipated to average \$50 per barrel during fiscal year 2007 and into the first year of the 2007-09 biennium before declining to an average price of \$45 per barrel during the second year of the 2007-09 biennium.

**Oil production** - Oil production for September 2006 averaged 113,112 barrels per day and is anticipated to increase to 115,000 barrels per day by the end of the 2005-07 biennium. Oil production is anticipated to increase to 116,000 barrels per day during fiscal year 2008 and continue to increase to approximately 119,000 barrels per day by the end of fiscal year 2009.

**Lottery income** - North Dakota voters approved an initiated measure in November 2002 to amend the constitution and allow North Dakota to join a multistate lottery. The 2005-07 revised revenue forecast anticipates \$12 million of general fund revenues from the lottery, an increase of \$2 million from the original 2005-07 legislative revenue forecast. The 2007-09 executive budget anticipates \$11.6 million of general fund revenues from the lottery.

## NORTH DAKOTA OIL PRODUCTION AND OIL MARKET PRICES

Period	Oil Production (In Barrels)	Market Price Per Barrel <sup>1</sup>	
		Beginning of period	End of Period
Actual production for fiscal year 2004	29,370,632	\$25.50	\$34.51
Actual production for fiscal year 2005	33,133,460	\$32.95	\$44.26
Total 2003-05 biennium	62,504,092		
Actual production for fiscal year 2006	37,841,155	\$50.83	\$62.66
Estimated production for fiscal year 2007	41,669,000	\$62.33	\$60.00
Total 2005-07 biennium	79,510,155		
Estimated production for the 2007-09 biennium	85,531,000	\$50.00	\$45.00

The following are the estimated average posted field oil prices for the 2007-09 biennium for selected months:

	<b>September 2007</b>	<b>December 2007</b>	<b>March 2008</b>	<b>June 2008</b>	<b>September 2008</b>	<b>December 2008</b>	<b>March 2009</b>	<b>May 2009</b>
Estimated posted field oil prices	\$50.00	\$50.00	\$50.00	\$50.00	\$49.00	\$49.00	\$46.00	\$45.00

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

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

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

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

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

## DISTRIBUTION OF ESTIMATED OIL EXTRACTION AND OIL AND GAS PRODUCTION TAXES FOR THE 2007-09 BIENNIUM (AMOUNTS ARE SHOWN IN MILLIONS OF DOLLARS)<sup>1</sup>

Tax	General Fund <sup>2</sup>	Permanent Oil Tax Trust Fund <sup>2</sup>	Common Schools Trust Fund <sup>3</sup>	Foundation Aid Stabilization Fund <sup>3</sup>	Resources Trust Fund	Oil and Gas Impact Grant Fund	Counties	Oil and Gas Research Fund <sup>4</sup>	Total
Oil extraction tax <sup>5</sup>	\$31.16	\$91.16*	\$20.50	\$20.50	\$41.01			\$0.70	\$205.03
Oil and gas production tax <sup>6</sup>	39.84	<b>75.88*</b>				\$6.00	<b>\$94.82*</b>	0.60	217.14
<b>Total</b>	<b>\$71.00</b>	<b>\$167.04*</b>	\$20.50	\$20.50	\$41.01	\$6.00	<b>\$94.82*</b>	\$1.30	\$422.17

**\*NOTE: Based on preliminary review, it appears the executive forecast may be overstating the counties' share of oil and gas production tax collections and understating the state's share. We have asked the Office of Management and Budget and the Tax Department to review the projection.**

<sup>1</sup>The amounts shown are as recommended in the 2007-09 executive budget.

<sup>2</sup>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 all revenues deposited in the general fund during a biennium derived from taxes imposed on oil and gas under Chapters 57-51 (Oil and Gas Gross Production Tax) and 57-51.1 (Oil Extraction Tax) which exceed \$71 million are to be transferred by the State Treasurer to the permanent oil tax trust fund. The State Treasurer is to transfer the interest earnings on the fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may only be spent upon a two-thirds vote of the members elected to each house of the Legislative Assembly.

The revised revenue forecast for the 2005-07 biennium projects oil and gas production tax and oil extraction tax revenues deposited into the general fund to exceed \$71 million by \$158,543,405. Therefore, \$158,543,405 is projected to be transferred to the permanent oil tax trust fund during the 2005-07 biennium.

The revenue forecast for the 2007-09 biennium projects oil and gas production tax and oil extraction tax revenues deposited in the general fund to exceed \$71 million by \$167,036,607. Therefore, \$167,036,607 is projected to be transferred to the permanent oil tax trust fund during the 2007-09 biennium.

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

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

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

<sup>4</sup>North Dakota Century Code Section 57-51.1-07.3 (2003 Senate Bill No. 2311) establishes an oil and gas research fund and provides that 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$1.3 million per biennium, are to be deposited in the oil and gas research fund. All money deposited in the oil and gas research fund is appropriated as a continuing appropriation to the Oil and Gas Research Council.

<sup>5</sup>The oil extraction tax rate is 6.5 percent of the gross value at the well for wells drilled prior to April 27, 1987. For oil produced from wells drilled after April 27, 1987, there is no extraction tax levied for 15 months and thereafter the rate is 4 percent. The initial production of oil from a well is exempt from any oil extraction tax for a period of 60 months if it meets any of the following conditions: (1) is located within the boundaries of an Indian reservation; (2) is on lands held in trust for an Indian tribe or individual Indian; or (3) is on lands held by an Indian tribe as of August 1, 1997. For oil produced from any well drilled and completed as a horizontal well after April 27, 1987, there is no extraction tax levied for 24 months, and thereafter the rate is 4 percent. The oil extraction tax rate is 4 percent for qualifying secondary and tertiary recovery projects, and production from stripper wells and enhanced oil production methods is exempt. If the average price of a barrel of oil exceeds the trigger price for each month in any consecutive five-month period, the oil extraction tax will become 6.5 percent. The tax rate reverts to 4 percent if the average price of a barrel of oil is less than the trigger price for each month in any consecutive five-month period. The trigger price is defined in statute as \$35.50 as indexed for inflation, and the Tax Commissioner computes the indexed trigger price by December 31 of each year to be applied for the

following calendar year.

The average price per barrel of oil exceeded the trigger price throughout the 2005-07 biennium, resulting in an oil extraction tax rate of 6.5 percent for the biennium. The adjusted trigger price for 2006 is \$39.36.

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

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

The oil and gas production tax is distributed per formula to the oil and gas impact grant fund (up to \$6 million per biennium), to the state general fund, and to political subdivisions within producing counties. North Dakota Century Code Section 57-51-15.1 (effective after June 30, 2007) (2005 House Bill No. 1404) changes the cap for distribution to the oil and gas impact grant fund from \$5 million per biennium to \$6 million per biennium.



## GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2007-09 executive budget to the 2005-07 appropriations approved by the 2005 Legislative Assembly and lists major changes:

	2005-07 Original Legislative Appropriations	Increase (Decrease) From 2005-07	2007-09 Executive Budget
General fund appropriations	\$1,989,452,623	\$478,873,716	\$2,468,326,339
Major changes include:			
Recommended salary and fringe benefits increase		\$32,840,871	
Department of Human Services		87,856,301	
Higher education		83,069,547	
Department of Public Instruction		74,897,021	
Department of Corrections and Rehabilitation		66,946,568	
Office of Management and Budget		29,123,677	
Department of Transportation		20,000,000	
Main Research Center		12,301,163	
State Water Commission		11,988,780	
Other net changes		59,849,788	
Total		\$478,873,716	

Major changes and key recommendations affecting 2007-09 general fund appropriations include:

- **Recommended salary and fringe benefits increase - \$32,840,871.** The executive budget recommends funding for state employee salary increases of 4 percent effective July 1, 2007, and 4 percent effective July 1, 2008, with a minimum increase of \$75 per month for each employee. Salary increases must be based on merit and equity and are not to be given across the board. The general fund portion of the executive budget salary and fringe benefits increase package is \$32.8 million. See **State Employees** section for additional information on state employee salary increases.
- **Department of Human Services - \$87,856,301.** The executive budget increases funding from the general fund as follows:
  - \$18.6 million for cost, caseload, and utilization changes.
  - \$14.1 million for human services provider inflationary increases.
  - \$9.3 million for capital improvements and extraordinary repairs at the State Hospital and the Developmental Center.
  - \$9.1 million relating to federal medical assistance percentage (FMAP) changes.
  - \$5.6 million for sex offender treatment programs.
  - \$5.3 million to continue 2005-07 human services provider inflationary increases.
  - \$3.9 million for increasing the average wage of developmental disabilities service provider employees.
  - \$3.6 million for rewriting the Medicaid management information system (MMIS) project.
  - \$3.3 million for Medicare Part D "clawback" payments.
- **Higher education - \$83,069,547.** The executive budget increases funding from the general fund as follows:
  - \$33.8 million for campus parity costs.
  - \$10 million for campus equity payments.
  - \$13.8 million for major capital projects.
  - \$11 million for extraordinary repairs.

\$6.8 million for the common information services pool, including \$3.7 million of one-time funding for support of the ConnectND system.

\$4.2 million for student financial assistance, including \$2.5 million for the student financial assistance grant program, \$435,000 for the professional student exchange program, \$620,000 for the scholars program, \$130,000 for the Native American scholarship program, and \$510,000 for education incentive programs.

- **Department of Public Instruction - \$74,897,021.** The executive budget provides \$777.2 million for the proposed new state school aid program, an increase of \$78.6 million, of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund. Included in the \$777.2 million is \$661.7 million for per student formula payments, \$43 million for special education average daily membership payments, \$16.5 million for equity payments, \$3 million for full-day kindergarten for at-risk students beginning with the 2008-09 school year, \$33.5 million for transportation aid payments, \$17.5 million for special education contracts, and \$2 million for joint powers agreement incentives. See **Elementary Education** section for additional information.
- **Department of Corrections and Rehabilitation - \$66,946,568.** The executive budget increases funding from the general fund as follows:
  - \$42 million for the prison expansion project.
  - \$9.5 million for inflationary and workload increases.
  - \$3.8 million to continue the contract to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England.
  - \$3 million for 29.5 new full-time equivalent positions.
  - \$2.5 million for extraordinary repairs.
  - \$3.5 million for treatment and transition programs.
- **Office of Management and Budget - \$29,123,677.** The executive budget provides \$20 million for centers of excellence, \$5 million for a salary equity pool, \$1 million for repairs and maintenance at the Heritage Center, and \$2 million for Capitol complex extraordinary repairs.
- **Department of Transportation - \$20,000,000.** The executive budget provides the Department of Transportation \$11.2 million for deferred maintenance and repairs on state highways, \$2 million for equipment purchases and \$6.8 million for information technology projects.
- **Main Research Center - \$12,301,163.** The executive budget provides the Main Research Center \$9 million for Phase II of the research greenhouse complex, \$1.1 million for addition and renovation projects at the branch research centers, and \$1.8 million for State Board of Agricultural Research and Education priority projects.
- **State Water Commission - \$11,988,780.** The executive budget provides \$10 million for administrative expenses and \$3 million for the Red River Valley Water Supply project.

## SPECIAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2007-09 executive budget to the 2005-07 appropriations approved by the 2005 Legislative Assembly and lists major special funds sources changes:

	<b>2005-07 Legislative Appropriations</b>	<b>Increase (Decrease) From 2005- 07</b>	<b>2007-09 Executive Budget</b>
All funds appropriations	\$5,752,673,790	\$580,528,644	\$6,333,202,434 <sup>2</sup>
Less general fund appropriations	1,989,452,623	478,873,716	2,468,326,339
<b>Total special funds appropriations</b>	<b>\$3,763,221,167</b>	<b>\$101,654,928</b>	<b>\$3,864,876,095<sup>2</sup></b>
Major special funds sources and changes include:			
Federal funds	\$2,325,179,561 <sup>1</sup>	\$97,756,454	\$2,422,936,015
Higher education	177,494,582	(49,112,026)	128,382,556
Office of Management and Budget	46,548,119	(27,722,759)	18,825,360
State Water Commission	107,377,552	26,041,298	133,418,850
Workforce Safety and Insurance	33,523,001	16,497,988	50,020,989
Information Technology Department	98,434,390	14,861,339	113,295,729
Tax Department	14,000,000	(12,300,000)	1,700,000
Public Employees Retirement System	4,700,237	9,849,627	14,549,864
Department of Transportation	414,832,755	(9,129,891)	405,702,864
Housing Finance Agency	8,488,734	8,035,568	16,524,302
Industrial Commission	43,612,372	6,222,084	49,834,456
State Fair Association	0	5,000,000	5,000,000
Other	489,029,864	15,655,246	504,685,110
<b>Total</b>	<b>\$3,763,221,167</b>	<b>\$101,654,928</b>	<b>\$3,864,876,095</b>

<sup>1</sup>The amount shown is the total federal funds appropriated by the Legislative Assembly as reported by state agencies on a survey for the Budget Section completed in October 2006.

<sup>2</sup>The amounts shown do not reflect \$116.7 million for property tax relief included in the executive budget recommendation as a continuing appropriation from the permanent oil tax trust fund (Section 16 of Senate Bill No. 2015 (2007)).

Major changes and key recommendations affecting 2007-09 special funds appropriations include:

- **Federal funds - \$97,756,454.** The executive budget recommends a federal fund increase of \$97.8 million, including increases of \$43.5 million for the Adjutant General, \$70 million for the Department of Human Services, \$26.5 million for the Department of Public Instruction, and \$15.9 million for the Department of Health.
- **Higher education - (\$49,112,026).** The executive budget recommends decreasing major capital project funding from special funds by approximately \$48.9 million. See **Higher Education** section for additional information.
- **Office of Management and Budget - (\$27,722,759).** The executive budget changes the funding for centers of excellence from \$20 million of special funds from Bank of North Dakota loan proceeds and an associated \$16 million from the permanent oil tax trust fund to repay a portion of the loans to \$20 million from the general fund and provides \$5.3 million from the permanent oil tax trust fund to repay the remainder of the 2005-07 biennium loans outstanding, and also adds \$5 million of special funds for a salary equity pool.
- **State Water Commission - \$26,041,298.** The executive budget increases special funds from the water development trust fund by \$10,092,126 and the resources trust fund by \$15,339,582 primarily for water projects.

- **Workforce Safety and Insurance - \$16,497,988.** The executive budget recommends providing \$14 million of special funds for completing information technology projects, including a claims and policy system replacement, web portal, data warehouse, and customer relationship management system.
- **Information Technology Department - \$14,861,339.** The executive budget provides the department \$13.5 million of special funds for assisting the Department of Human Services and the selected vendor in the rewrite of the Medicaid management information system.
- **Tax Department - (\$12,300,000).** The executive budget removes one-time funding of \$14 million for the integrated tax system and adds \$1.7 million from unspent loan funds for onsite support and annual maintenance fees for the tax system.
- **Public Employees Retirement System - \$9,849,627.** The executive budget provides \$9.3 million of special funds for the legacy application system replacement project and \$202,760 for salary equity adjustments.
- **Department of Transportation - (\$9,129,891).** The executive budget reduces funding from GARVEE bond proceeds for the U.S. Highway 2 and Liberty Memorial Bridge project by \$27.5 million, provides an additional \$9.4 million in matching funds for federal highway construction funds, and increases funding for fleet services by \$8.8 million.
- **Housing Finance Agency - \$8,035,568.** The executive budget provides \$6 million of special funds for the community housing development assistance and housing rehabilitation and revitalization loan programs, \$728,520 for increases in program utilization, \$196,510 for program outreach, and \$382,170 for increases in anticipated service release premiums purchased.
- **Industrial Commission - \$6,222,084.** The executive budget recommends increasing funding for the lignite research program by \$4.2 million and increasing funding for bond payments by \$2.2 million for bonds authorized by the 2005 Legislative Assembly with payments beginning in the 2007-09 biennium.
- **State Fair Association - \$5,000,000.** The executive budget recommends \$10 million for construction of a new grandstand of which \$5 million is from the general fund and \$5 million of special funds.

**FEDERAL FUNDS**  
**COMPARISON OF 2005-07 APPROPRIATIONS AND 2007-09 EXECUTIVE RECOMMENDATION**

Agency	2005-07 Appropriation <sup>1</sup>	2005-07 Current Estimate <sup>1</sup>	2007-09 Executive Budget	2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Appropriation	Percent Increase (Decrease)
Secretary of State	\$9,504,040	\$0	\$5,489,230	(\$4,014,810) <sup>2</sup>	(42.2%) <sup>2</sup>
Attorney General	12,295,598	11,462,476	8,799,578	(3,496,020) <sup>3</sup>	(28.4%) <sup>3</sup>
Department of Public Instruction	222,008,183	232,689,736	248,564,391	26,556,208 <sup>4</sup>	12.0% <sup>4</sup>
State Board for Vocational and Technical Education	10,910,265	10,871,270	10,830,741	(79,524)	(0.7%)
State Department of Health	99,256,696	112,551,859	115,227,535	15,970,839 <sup>5</sup>	16.1% <sup>5</sup>
Department of Human Services	1,097,885,452	1,047,202,056	1,168,110,505	70,225,053 <sup>6</sup>	6.4% <sup>6</sup>
Job Service North Dakota	57,660,513	55,422,446	61,109,483	3,448,970 <sup>7</sup>	6.0% <sup>7</sup>
Public Service Commissioner	5,867,149	4,412,759	6,980,382	1,113,233 <sup>8</sup>	19.0% <sup>8</sup>
Aeronautics Commission	4,975,000	1,498,000	1,906,305	(3,068,695) <sup>9</sup>	(61.7%) <sup>9</sup>
Housing Finance Agency	25,421,280	25,159,970	25,009,800	(411,480)	(1.6%)
Department of Corrections and Rehabilitation	9,089,768	9,268,213	7,451,035	(1,638,733) <sup>10</sup>	(18.0%) <sup>10</sup>
Adjutant General	30,733,798	49,793,798	116,963,204	86,229,406 <sup>11</sup>	280.6% <sup>11</sup>
Department of Commerce	47,687,580	37,433,731	45,460,035	(2,227,545)	(4.7%)
Department of Agriculture	4,978,896	4,996,611	6,217,702	1,238,806 <sup>12</sup>	24.9% <sup>12</sup>
Upper Great Plains Transportation Institute	14,648,501	12,386,512	21,716,273	7,067,772 <sup>13</sup>	48.2% <sup>13</sup>
Game and Fish Department	18,125,000	17,180,000	19,987,849	1,862,849 <sup>14</sup>	10.3% <sup>14</sup>
Parks and Recreation Department	8,742,555	3,910,566	7,975,731	(766,824) <sup>15</sup>	(8.8%) <sup>15</sup>
State Water Commission	17,682,166	9,879,462	27,504,199	9,822,033 <sup>16</sup>	55.5% <sup>16</sup>
Department of Transportation	540,200,000	554,000,000	481,592,202	(58,607,798) <sup>17</sup>	(10.8%) <sup>17</sup>
All other agencies and institutions	97,011,161	93,752,816	36,033,835	(60,977,326)	(62.9%)
<b>Total</b>	<b>\$2,334,683,601</b>	<b>\$2,293,872,281</b>	<b>\$2,422,930,015</b>	<b>\$88,246,414</b>	<b>3.8%</b>

<sup>1</sup> 2005-07 appropriation and 2005-07 current estimate - These amounts were reported by state agencies and institutions in response to a Legislative Council staff survey completed in October 2006 for the Budget Section of the Legislative Council.

<sup>2</sup> **Secretary of State - \$4,014,810 decrease**

The decrease is primarily attributable to the following program:

Election reform (from \$8,550,243 to \$4,535,433)

(\$4,014,810)

<b><sup>3</sup> Attorney General - \$3,496,020 decrease</b>	
The decrease is primarily attributable to anticipated decreases in funding for the following programs:	
Edward Byrne formula grant (from \$5,009,185 to \$2,538,025)	(\$2,471,160)
North Dakota criminal history improvement project (from \$1,752,256 to \$1,020,524)	(\$731,732)
<b><sup>4</sup> Department of Public Instruction - \$26,556,208 increase</b>	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Special education - Individuals with Disabilities Act (from \$34,068,459 in 2005-07 to \$55,803,909 in 2007-09)	\$21,735,450
National Center for Education Statistics (from \$14,717 in 2005-07 to \$1,127,369 in 2007-09)	\$1,112,652
Title VI - State assessments (from \$4,593,935 in 2005-07 to \$5,805,201 in 2007-09)	\$1,211,266
<b><sup>5</sup> Department of Health - \$15,970,839 increase</b>	
The increase is primarily attributable to anticipated increases in funding for the following programs:	
Arsenic trioxide project (from \$887,030 in 2005-07 to \$12,300,000 in 2007-09)	\$11,412,970
Special populations transferred from the Department of Human Services	\$1,972,085
Women, infants, and children program (from \$15,750,000 in 2005-07 to \$17,550,000 in 2007-09)	\$1,800,000
<b><sup>6</sup> Department of Human Services - \$70,225,053 increase</b>	
The increase is primarily attributable to anticipated increases in the following programs:	
Medicaid (from \$747,006,076 to \$805,101,325)	\$58,095,249
Children's health insurance program (from \$9,376,317 to \$15,038,578)	\$5,662,261
Low-income home energy assistance program (from \$37,502,110 to \$41,414,850)	\$3,912,740
Food stamp and nutrition programs (from \$113,453,097 to \$115,792,534)	\$2,339,437
<b><sup>7</sup> Job Service North Dakota - \$3,448,970 increase</b>	
The increase is primarily attributable to the following programs:	
Reed Act distribution (from \$779,925 in 2005-07 to \$7,300,000 in 2007-09)	\$6,520,075
Unemployment insurance administration (from \$17,604,018 in 2005-07 to \$15,995,404 in 2007-09)	(\$1,608,614)
Senior community services employment program (from \$907,640 in 2005-07 to \$0 in 2007-09)	(\$907,640)
<b><sup>8</sup> Public Service Commission - \$1,113,233 increase</b>	
The increase is primarily attributable to the following program:	
Abandoned mine lands program (from \$4,287,374 in 2005-07 to \$5,208,081 in 2007-09)	\$920,707
<b><sup>9</sup> Aeronautics Commission - \$3,068,695 decrease</b>	
The decrease is primarily attributable to the following program:	
Federal airport block grant (from \$3.5 million in 2005-07 to \$0 in 2007-09)	(\$3,500,000)
<b><sup>10</sup> Department of Corrections and Rehabilitation - \$1,638,733 decrease</b>	
The decrease is primarily attributable to anticipated decreases in funding for the following programs:	
Reentry grant (from \$740,462 in 2005-07 to \$0 in 2007-09)	(\$740,462)
Residential substance abuse treatment (from \$402,735 in 2005-07 to \$0 in 2007-09)	(\$402,735)
Serious and violent offender reentry (from \$302,755 in 2005-07 to \$0 in 2007-09)	(\$302,755)
Victims of Crime Act grant (from \$2,679,087 in 2005-07 to \$2,514,680 in 2007-09)	(\$164,407)
Institutional care - Youth Correctional Center (from \$784,620 in 2005-07 to \$642,283 in 2007-09)	(\$142,337)
Adult education (from \$119,510 in 2005-07 to \$0 in 2007-09)	(\$119,510)

**11 Adjutant General - \$86,229,406 increase**

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

Air Guard contracts (from \$6,450,777 in 2005-07 to \$8,629,144 in 2007-09)	\$2,178,367
Army Guard contracts (from \$24,283,021 in 2005-07 to \$65,646,833 in 2007-09)	\$41,363,812
Federal funding associated with the Department of Emergency Services (the executive budget recommends consolidating the Adjutant General and the Department of Emergency Services into one agency)	\$42,687,227

**12 Department of Agriculture - \$1,238,806 increase**

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

Meat inspection (from \$446,502 in 2005-07 to \$861,311 in 2007-09)	\$414,809
Dairy pollution prevention (from \$600,363 in 2005-07 to \$910,060 in 2007-09)	\$309,697
Waterbank (from \$0 in 2005-07 to \$100,000 in 2007-09)	\$100,000
USDA promotion and specialty crops (from \$0 in 2005-07 to \$100,000 in 2007-09)	\$100,000
CAPS program (from \$265,552 in 2005-07 to \$363,534 in 2007-09)	\$97,982
Leafy spurge control (from \$225,830 in 2005-07 to \$310,458 in 2007-09)	\$84,628

**13 Upper Great Plains Transportation Institute - \$7,067,772 increase**

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

Mountain-Plains Consortium grants (from \$2,000,000 in 2005-07 to \$4,225,000 in 2007-09)	\$2,225,000
Upper Great Plains building project (\$5,500,000 in 2007-09)	\$5,500,000

**14 Game and Fish Department - \$1,862,849 increase**

The increase is primarily attributable to the following program:

Federal aid in fisheries restoration program (from \$5,732,358 in 2005-07 to \$7,720,218 in 2007-09)	\$1,987,860
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**15 Parks and Recreation Department - \$766,824 decrease**

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

FEMA (from \$100,000 in 2005-07 to \$0 in 2007-09)	(\$100,000)
Corps of Engineers (from \$500,000 in 2005-07 to \$400,000 in 2007-09)	(\$100,000)
Land and water conservation fund (from \$3,660,000 in 2005-07 to \$3,110,000 in 2007-09)	(\$550,000)

**16 Water Commission - \$9,822,033 increase**

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

Floodplain mapping program (from \$1,240,000 in 2005-07 to \$3,263,156 in 2007-09)	\$2,023,156
Northwest Area Water Supply Project (from \$13,750,000 in 2005-07 to \$16,525,000 in 2007-09)	\$2,775,000
Southwest Pipeline Project (from \$70,000 in 2005-07 to \$5,178,142 in 2007-09)	\$5,108,142

**17 Department of Transportation - \$58,607,798 decrease**

The decrease is primarily attributable to the following programs:

Highway projects relating to federal emergency relief (\$44,000,000 to \$2,500,000)	(\$41,500,000)
Federal highway construction funds (\$407,300,000 to \$445,000,000)	\$37,700,000
Federal highway fund carryover authority from 2003-05, including the Four Bears Bridge project (from \$32,000,000 to \$0)	(\$32,000,000)
Earmarked funds for the Liberty Memorial Bridge project (\$24,000,000 to \$0)	(\$24,000,000)

## ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

	2003-05 Appropriation	2005-07 Appropriation	2007-09 Executive Recommendation	Increase (Decrease)
<b>Department of Commerce - HB 1018</b>				
Administration				
Marketing program			\$1,304,737 <sup>1</sup>	\$1,304,737
Economic Development and Finance				
Operating costs	\$4,609,104	\$4,876,020	3,380,816 <sup>1</sup>	(1,495,204)
Discretionary funds	1,447,127	1,450,127	1,450,127	0
North Dakota Development Fund, Inc.	1,550,000		3,000,000	3,000,000
Economic development initiatives		500,000	286,846	(213,154)
Economic development grants		150,000	50,000	(100,000)
Agricultural Products Utilization Commission	1,429,002	1,446,046	1,462,115	16,069
Trade Office			1,400,000	1,400,000
Innovation and technology				
Operating costs			734,343	734,343
Workforce development				
Operating costs	311,384	313,056	335,543	22,487
Economic development initiatives			1,626,244	1,626,244
<b>Total</b>	<u>\$9,346,617</u>	<u>\$8,735,249</u>	<u>\$15,030,771</u>	<u>\$6,295,522</u>
<b>Department of Agriculture - SB 2009</b>				
Pride of Dakota	\$119,248	\$139,594	\$150,000	\$10,406
Agricultural mediation	172,860	84,360	120,616	36,256
<b>Total</b>	<u>\$292,108</u>	<u>\$223,954</u>	<u>\$270,616</u>	<u>\$46,662</u>
<b>Department of Career and Technical Education - HB 1019</b>				
Farm management program	\$399,802	\$499,802	\$499,802	\$0
Workforce training contracts	1,350,000	1,350,000	1,350,000	0
<b>Total</b>	<u>\$1,749,802</u>	<u>\$1,849,802</u>	<u>\$1,849,802</u>	<u>\$0</u>
<b>Job Service North Dakota - HB 1016</b>				
Workforce 20/20	\$1,250,000	\$1,480,628	\$1,489,882	\$9,254
<b>University System - HB 1003</b>				
Centers of excellence	\$2,300,000			\$0
<b>Bank of North Dakota - HB 1014</b>				
PACE	\$5,700,000	\$5,700,000	\$4,500,000	(\$1,200,000)
Ag PACE	1,425,000		1,400,000	1,400,000
Biofuels PACE		1,200,000	4,200,000	3,000,000
Beginning farmer loan program	950,000			0
<b>Total</b>	<u>\$8,075,000</u>	<u>\$6,900,000</u>	<u>\$10,100,000</u>	<u>\$3,200,000</u>
<b>Total economic development funding</b>	<u>\$23,013,527</u>	<u>\$19,189,633</u>	<u>\$28,741,071</u>	<u>\$9,551,438</u>

<sup>1</sup>The marketing program now under administration was previously included in the operating costs of the Economic Development and Finance Division.



**INFORMATION TECHNOLOGY PROJECTS**  
**EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2007-09 BIENNIUM**

			<u>2007-09 Executive Budget Recommendations</u>		
Bill No.	Agency or Institution	Project	General Fund	Special Funds	Total
SB 2002	Secretary of State (108)	Secretary of State knowledge base - Phase 2	\$824,153		\$824,153
HB 1021	Information Technology Department (112)	Medicaid management information system rewrite - Phase 2		\$13,492,339	\$13,492,339
		Business intelligence implementation		1,641,081	1,641,081
		Unemployment insurance modernization project		1,043,442	1,043,442
		Criminal justice information sharing initiative	\$1,872,448	480,000	2,352,448
		Geographic information sharing initiative	698,313		698,313
		Total - Information Technology Department	<u>\$2,570,761</u>	<u>\$16,656,862</u>	<u>\$19,227,623</u>
SB 2005	State Treasurer (120)	Mainframe software applications rewrite	\$768,228		\$768,228
SB 2003	Attorney General's office (125)	Bureau of Criminal Investigation case management system rewrite		\$180,000	\$180,000
		Agency document storage application		150,000	150,000
		DNA software replacement		28,260	28,260
		Interfaces for prosecution and disposition information		150,000	150,000
		Crime lab base system enhancement (toxicology requirements)		50,000	50,000
		Total - Attorney General's office		<u>\$558,260</u>	<u>\$558,260</u>
HB 1001	Legislative Assembly (150)	Legislative applications replacement system	\$3,910,827		\$3,910,827
HB 1002	Judicial branch (180)	Enhanced records management system	\$115,750		\$115,750
		Unified court information system replacement	1,375,000		1,375,000
		Total - Judicial branch	<u>\$1,490,750</u>		<u>\$1,490,750</u>
SB 2022	Public Employees Retirement System (192)	Legacy application system replacement		\$9,362,494	\$9,362,494
		Programming changes relating to legislative changes		69,482	69,482
		Total - Public Employees Retirement System		<u>\$9,431,976</u>	<u>\$9,431,976</u>
SB 2013	Department of Public Instruction (201)	State school aid software rewrite	\$400,000		\$400,000
		Teacher licensure system rewrite	500,000		500,000
		Special education case management system		\$2,500,000	2,500,000
		STARS system enhancements		200,000	200,000
		Statewide longitudinal data system		1,000,000	1,000,000
		Total - Department of Public Instruction	<u>\$900,000</u>	<u>\$3,700,000</u>	<u>\$4,600,000</u>
HB 1003	North Dakota University System (215)	Common information services pool	\$27,403,293 <sup>1</sup>		\$27,403,293 <sup>1</sup>
HB 1004	State Department of Health (301)	Electronic death registration		\$120,000	\$120,000
HB 1007	Veterans Home (313)	Computer-based training	\$12,900		\$12,900
		Video conferencing	4,950		4,950
		Total - Veterans Home	<u>\$17,850</u>		<u>\$17,850</u>
HB 1007	Department of Veterans Affairs (321)	Discharge papers system	\$21,356		\$21,356
		Web site upgrade	2,268		2,268
		Total - Department of Veterans Affairs	<u>\$23,624</u>		<u>\$23,624</u>
SB 2012	Department of Human Services (325)	Medicaid management information system rewrite - Phase 2	\$3,643,133	\$27,429,508	\$31,072,641
		Client information sharing system	423,800	576,200	1,000,000
		Child welfare system front end redesign	196,000	204,000	400,000
		Total - Department of Human Services	<u>\$4,262,933</u>	<u>\$28,209,708</u>	<u>\$32,472,641</u>

			<b>2007-09 Executive Budget Recommendations</b>		
<b>Bill No.</b>	<b>Agency or Institution</b>	<b>Project</b>	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
HB 1016	Job Service North Dakota (380)	Unemployment insurance system modernization		\$7,300,000	\$7,300,000
		Web services for unemployment insurance interstate benefit inquiry process		30,000	30,000
		Electronic deposit for claimant benefits		85,108	85,108
		Project management software system		61,000	61,000
		Filenet records manager		105,000	105,000
		Total - Job Service North Dakota			\$7,581,108
SB 2010	Insurance Commissioner (401)	Boiler and anhydrous ammonia inspection system		\$50,000	\$50,000
		Senior health insurance counseling program hardware and software		29,600	29,600
		Total - Insurance Commissioner		\$79,600	\$79,600
SB 2011	Securities Department (414)	Electronic document system	\$29,984		\$29,984
HB 1014	Bank of North Dakota (471)	Bond accounting and securities safekeeping system		\$300,000	\$300,000
SB 2021	Workforce Safety and Insurance (485)	Claims and policy system replacement		\$10,631,640	\$10,631,640
		Web portal		776,250	776,250
		Data warehouse		833,750	833,750
		Learning management system		46,000	46,000
		Total - Workforce Safety and Insurance			\$12,287,640
HB 1011	Highway Patrol (504)	Automated evidence tracking	\$48,000	\$18,000	\$66,000
HB 1015	Department of Corrections and Rehabilitation (530)	Inmate medical system	\$1,000,000		\$1,000,000
SB 2016	Adjutant General (540)	Computer aided dispatch	\$980,000		\$980,000
HB 1018	Department of Commerce (601)	Dynamic calendar web application for non-profit organizations		\$25,000	\$25,000
SB 2009	Department of Agriculture (602)	National animal identification system		\$30,000	\$30,000
SB 2017	Game and Fish Department (720)	Education system conversion to web application		\$59,000	\$59,000
		Enforcement incident reporting and case management system		50,000	50,000
		Printer replacement		190,000	190,000
		Lottery system conversion to web application		125,000	125,000
		Total - Game and Fish Department			\$424,000
SB 2019	Parks and Recreation (750)	Online parks management system	\$160,000		\$160,000
HB 1012	Department of Transportation (801)	Project management system	\$282,058		\$282,058
		Roadway information management system (RIMS) - Phase 1	1,000,000		1,000,000
		Microstation MX and other CADD applications updates	122,000		122,000
		3-D orthophotography (imaging workstations)	384,500		384,500
		Driver's license system rewrite	5,019,610		5,019,610
		Total - Department of Transportation	\$6,808,168		\$6,808,168
Total 2007-09 executive budget recommendation			\$51,198,571	\$79,422,154	\$130,620,725

<sup>1</sup> The common information services pool of \$27,403,293 from the general fund is recommended for continued support of the Higher Education Computer Network, Interactive Video Network (IVN), On-line Dakota Information Network (ODIN), and other related technology initiatives. The recommendation includes \$5,120,000 identified as one-time funding from the general fund, including \$420,000 for parity costs, \$3,700,000 for support of the ConnectND system, and \$1,000,000 for Northern Tier Network infrastructure.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL  
SUBDIVISIONS COMPARISON OF 2005-07 BIENNIUM APPROPRIATIONS AND ALLOCATIONS  
AND 2007-09 BIENNIUM EXECUTIVE RECOMMENDATIONS**

	2005-07 Appropriations/ Revenue Allocations	2007-09 Executive Recommendation	2007-09 Recommended Increase (Decrease) Compared to 2005-07 Appropriation	2007-09 Recommended Percentage Increase (Decrease) Compared to 2005-07 Appropriation
<b>General fund appropriations</b>				
State school aid per student formula payments	\$484,053,759	\$647,965,879	\$163,912,120	33.9%
Teacher compensation payments to school districts	50,912,120	0	(50,912,120)	(100.0%)
Special education - Gifted and talented and per student payments	37,000,000	0	(37,000,000)	(100.0%)
Educational Technology Council grants	578,590	349,000	(229,590)	(39.7%)
Revenue supplemental payments to school districts	5,000,000	0	(5,000,000)	(100.0%)
Transportation aid payments to school districts	33,500,000	33,500,000	0	0.0%
Special education contracts	15,500,000	17,500,000	2,000,000	12.9%
Joint powers agreement incentives	1,000,000	2,000,000	1,000,000	100.0%
School district reorganization bonuses	759,000	0	(759,000)	(100.0%)
Vocational education	13,846,810	15,846,810	2,000,000	14.4%
School food services	1,080,000	1,080,000	0	0.0%
Adult education	1,055,000	1,055,000	0	0.0%
Grants to public libraries	1,000,000	1,200,000	200,000	20.0%
Homestead tax credit	4,500,000	4,500,000	0	0.0%
Aid to health districts	1,100,000	1,100,000	0	0.0%
Children's special health services local health unit grants	52,632	52,632	0	0.0%
Matching funds to counties and cities for senior citizen programs	720,000	1,000,000	280,000	38.9%
Indian welfare assistance to counties	1,147,174	1,572,200	425,026	37.0%
Boys and girls clubwork	53,000	53,000	0	0.0%
Soil conservation district grants	630,000	630,000	0	0.0%
Noxious weed control	67,817	67,817	0	0.0%
Payments in lieu of taxes on carbon dioxide pipeline property	1,545,000	1,410,000	(135,000)	(8.7%)
Clerk of court	11,868,816	13,587,187	1,718,371	14.5%
Grants to airports	550,187	550,000	(187)	(0.0%)
School district antivirus licenses	210,900	280,900	70,000	33.2%
School district information technology network costs	3,395,550	3,414,228	18,678	0.6%
<b>Total general fund</b>	<b>\$671,126,355</b>	<b>\$748,714,653</b>	<b>\$77,588,298</b>	<b>11.6%</b>
Percentage of total general fund appropriations	33.7%	30.3%		
<b>Special funds appropriations and revenue allocations</b>				
State school aid per student formula payments (state tuition fund)	\$71,600,000	\$76,200,000	\$4,600,000	6.4%
Grants for adult education programs (displaced homemaker fund)	240,000	240,000	0	0.0%
Noxious weed control	1,646,408	1,646,408	0	0.0%

	2005-07 Appropriations/ Revenue Allocations	2007-09 Executive Recommendation	2007-09 Recommended Increase (Decrease) Compared to 2005-07 Appropriation	2007-09 Recommended Percentage Increase (Decrease) Compared to 2005-07 Appropriation
State aid distribution funds to cities and counties	83,736,994 <sup>1</sup>	91,744,000	8,007,006	9.6%
Public transportation services (public transportation fund)	4,650,000	4,700,000	50,000	1.1%
Insurance tax to fire departments (insurance tax distribution fund)	6,200,000	6,200,000	0	0.0%
Gaming enforcement grants	617,000	617,000	0	0.0%
Community health grant program (community health trust fund)	4,700,000	4,700,000	0	0.0%
Children's special health services local health unit grants	69,768	69,768	0	0.0%
Children's special health services grants to counties	248,056	248,056	0	0.0%
Tobacco education and cessation program grants (community health trust fund)	395,000	260,000	(135,000)	(34.2%)
Matching funds to counties and cities for senior citizen programs	2,056,984 <sup>2</sup>	2,297,942 <sup>2</sup>	240,958	11.7%
Energy development impact grants (oil and gas impact fund)	4,888,100	5,888,100	1,000,000	20.5%
Grants to airports (Aeronautics Commission special fund collections)	2,447,126	2,950,000	502,874	20.5%
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607	1,964,607	0	0.0%
Motor vehicle fuel tax and registration fee allocations	129,600,000 <sup>3</sup>	129,400,000 <sup>3</sup>	(200,000)	(0.2%)
Telecommunications tax allocations	16,800,000 <sup>4</sup>	16,800,000 <sup>4</sup>	0	0.0%
Coal severance tax allocations	15,400,000 <sup>5</sup>	16,000,000 <sup>5</sup>	600,000	3.9%
Coal conversion tax allocations	7,588,677 <sup>6</sup>	7,494,000 <sup>7</sup>	(94,677)	(1.2%)
Oil and gas gross production tax allocations	<b>75,547,843</b> <sup>6*</sup>	<b>94,819,416</b> <sup>7*</sup>	<b>19,271,573</b> <sup>*</sup>	<b>25.5%</b>
Cigarette tax allocations	2,784,507 <sup>6</sup>	2,955,000 <sup>7</sup>	170,493	6.1%
<b>Total special funds appropriations and revenue allocations</b>	<b>\$433,181,070</b>	<b>\$467,194,297</b>	<b>\$34,013,227</b>	<b>7.9%</b>
<b>Total major direct assistance to political subdivisions</b>	<b>\$1,104,307,425</b>	<b>\$1,215,908,950</b>	<b>\$111,601,525</b>	<b>10.1%</b>

\* NOTE: Based on preliminary review, it appears the executive forecast may be overstating the counties' share of oil and gas production tax collections and understating the state's share. We have asked the Office of Management and Budget and the Tax Department to review the projection.

<sup>1</sup> Revised 2005-07 estimate, the original estimate was \$78,336,470.

<sup>2</sup> The 2005 Legislative Assembly removed the senior citizen mill levy matching 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 (North Dakota Century Code Section 57-15-56(5)). The fund consists of sales and use and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year (Section 57-39.2-

<sup>3</sup> 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.

<sup>4</sup> The Tax Department is projecting that approximately \$18.9 million of telecommunications taxes will be collected during the 2005-07 biennium. Of this amount, \$16.8 million will be allocated to counties and \$2.1 million will be deposited in the general fund. Due to a significant increase in Voice over Internet Protocol services, which are not subject to telecommunications taxes, the Tax Department estimates collections for the 2007-09 biennium to be \$15.3 million. Pursuant to North Dakota Century Code Section 57-34-05, this would require a payment of \$1.5 million from the general fund to the counties.

<sup>5</sup> Based on actual transfers through September 2006 and the assumption transfers will not significantly change through the 2007-09 biennium.

<sup>6</sup> Amounts are based on actual transfers for fiscal yearend 2006 and the revised forecast for the remainder of the biennium.

<sup>7</sup> Per 2007-09 executive forecast.

## ANALYSIS OF NEW PROGRAMS AND MAJOR CHANGES TO EXISTING PROGRAMS INCLUDED IN THE 2007-09 EXECUTIVE BUDGET

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
<b>GENERAL GOVERNMENT</b>				
<b>101</b>	<b>Governor's Office</b>			
	• Adds funding for Governor's transition in and out and presidential electors	\$65,500		\$65,500
	• Adds funding for interns and temporary employees	\$46,648		\$46,648
	• Provides funding to increase the base salary of a policy analyst	\$22,000		\$22,000
	• Provides funding for committee expenses relating to the office of faith-based and community initiatives	\$11,000		\$11,000
	• Removes federal funding relating to the Olmstead Commission		(\$60,000)	(\$60,000)
<b>108</b>	<b>Secretary of State</b>			
	• Adds funding for continuing the Secretary of State's mainframe migration computer project <b>(executive budget identified as one-time funding)</b>	\$824,153		\$824,153
	• Removes funding provided in 2005-07 for migrating the Secretary of State's information technology data base to a more current platform	(\$125,000)		(\$125,000)
	• Reduces grants for federal election reform to \$200,000	(\$76,100)	(\$5,246,769)	(\$5,322,869)
	• Increases federal funds for data processing relating to federal election reform		\$1,200,578	\$1,200,578
<b>110</b>	<b>Office of Management and Budget (OMB)</b>			
	• Provides funding for centers of excellence from the general fund rather than from Bank of North Dakota loan proceeds <b>(executive budget identified as one-time funding)</b>	\$20,000,000	(\$20,000,000)	\$0
	• Removes funding from the permanent oil tax trust fund for loan repayment for centers of excellence		(\$16,000,000)	(\$16,000,000)
	• Provides funding from the permanent oil tax trust fund for repaying the remaining loans outstanding relating to 2005-07 biennium centers of excellence funding (emergency measure)		\$5,300,000	\$5,300,000
	• Provides funding for salary equity pool for state agencies	\$5,000,000	\$5,000,000	\$10,000,000
	• Provides funding for deferred maintenance <b>(executive budget identified as one-time funding)</b>	\$2,000,000		\$2,000,000
	• Provides funding for maintenance and repairs at the Heritage Center <b>(executive budget identified as one-time funding)</b>	\$1,000,000		\$1,000,000
	• Provides matching funds for Prairie Public Broadcasting analog to digital conversion <b>(executive budget identified as one-time funding)</b>	\$686,000		\$686,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
112	<b>Information Technology Department</b>			
	• Deletes one full-time equivalent (FTE) position not requested by the agency	(\$127,326)		(\$127,326)
	• Adds four new FTE positions (\$574,828) and related operating expenses (\$86,736) to allow the department to provide software development services to the Bank of North Dakota		\$661,564	\$661,564
	• Adds one new FTE position (\$156,432) and related operating expenses (\$21,684) to provide additional technical support for the ConnectND system and the PowerSchool application		\$178,116	\$178,116
	• Adds two new FTE positions (\$296,028) and related operating expenses (\$43,368) to assist with the workload for electronic data management system services		\$339,396	\$339,396
	• Adds one new FTE position (\$136,788) and related operating expenses (\$21,684) to assist with increased security workload		\$158,472	\$158,472
	• Adds one new FTE position (\$156,432) and related operating expenses (\$21,684) to specialize in the applications of Voice over Internet Protocol technology		\$178,116	\$178,116
	• Adds one new FTE position (\$89,476) and related operating expenses (\$21,684) to provide administrative support to the department		\$111,160	\$111,160
	• Adds three new FTE positions (\$418,786) and related operating expenses (\$65,052) to provide desktop support services to agencies as requested		\$483,838	\$483,838
	• Adds three new FTE positions (\$452,460) and related operating expenses (\$65,052) to develop and implement a formal quality assurance program for the department's software development division		\$517,512	\$517,512
	• Adds one new FTE position (\$156,432) and related operating expenses (\$21,684) to accommodate a request from the North Dakota University System to provide software patch management for the ConnectND system		\$178,116	\$178,116
	• Adds one new FTE position (\$148,014) and related operating expenses (\$921,684) for support of the Northern Tier Network		\$1,069,698	\$1,069,698
	• Adds .5 of a new FTE position (\$74,007) and related operating expenses (\$10,842) to accommodate hosting the elementary and secondary education statewide data warehouse system		\$84,849	\$84,849
	• Adds 3 new FTE positions (\$379,500) and related operating expenses (\$140,052) for providing video technical support services to elementary and secondary education		\$519,552	\$519,552
	• Adds 15 new FTE positions (\$2,279,136) and related operating expenses (\$10,219,628) and capital assets (\$993,575) for assisting the Department of Human Services and selected vendor with the rewrite of the Medicaid management information system		\$13,492,339	\$13,492,339
	• Adds 2.5 new FTE positions (\$386,871) and related operating expenses (\$1,254,210) to support a business intelligence initiative		\$1,641,081	\$1,641,081

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Adds 6 new FTE positions (\$913,338) and related operating expenses (\$130,104) for assisting Job Service North Dakota with the unemployment insurance system modernization project</li> </ul>		\$1,043,442	\$1,043,442
	<ul style="list-style-type: none"> <li>Adds 2 new FTE positions (\$261,916) and related operating expenses (\$907,990) for continued development relating to the Criminal Justice Information Sharing Initiative <b>(\$1,151,490 identified as one-time funding in the executive budget)</b></li> </ul>	\$1,169,906		\$1,169,906
117	<b>State Auditor</b>			
	<ul style="list-style-type: none"> <li>Adds funding for National State Auditors Association peer review, which was last conducted in the 2003-05 biennium</li> </ul>	\$11,000		\$11,000
	<ul style="list-style-type: none"> <li>Adds funding for a new copier for the division of local government audits</li> </ul>		\$10,000	\$10,000
120	<b>State Treasurer</b>			
	<ul style="list-style-type: none"> <li>Adds funding to rewrite mainframe software programs relating to tax distributions <b>(executive budget identified as one-time funding)</b></li> </ul>	\$768,228		\$768,228
	<ul style="list-style-type: none"> <li>Decreases funding for payments to counties in lieu of property taxes on carbon dioxide pipeline property from \$1,545,000 to \$1,410,000</li> </ul>	(\$135,000)		(\$135,000)
125	<b>Attorney General</b>			
	<ul style="list-style-type: none"> <li>Adds funding for salary equity adjustments with priority to be given to attorneys and employees of the Crime Laboratory and Bureau of Criminal Investigation</li> </ul>	\$643,079	\$10,921	\$654,000
	<ul style="list-style-type: none"> <li>Adds funding for information technology costs including upgrading to Windows 2003 and to allow a four-year replacement cycle for computer purchases</li> </ul>	\$110,000		\$110,000
	<ul style="list-style-type: none"> <li>Removes funding provided for the 2005-07 biennium relating to the school finance lawsuit</li> </ul>	(\$337,000)		(\$337,000)
	<ul style="list-style-type: none"> <li>Provides funding from the Attorney General operating fund to rewrite the Bureau of Criminal Investigation case management system</li> </ul>		\$180,000	\$180,000
	<ul style="list-style-type: none"> <li>Provides funding from the Attorney General operating fund to develop a computer system to store and manage agency documents</li> </ul>		\$150,000	\$150,000
	<ul style="list-style-type: none"> <li>Provides funding from the Attorney General operating fund to enhance the criminal justice information sharing system to allow the electronic receipt of prosecution and disposition information from state's attorneys</li> </ul>		\$150,000	\$150,000
	<ul style="list-style-type: none"> <li>Adds funding for the Bureau of Criminal Investigation for inflationary increases, replacing bullet-proof vests, and for the automated fingerprint identification system maintenance contract</li> </ul>	\$212,000		\$212,000
	<ul style="list-style-type: none"> <li>Provides \$116,000 from the general fund for the purchase of vehicles for the Bureau of Criminal Investigation</li> </ul>	(\$20,000)		(\$20,000)
	<ul style="list-style-type: none"> <li>Provides federal funding for enhancing fingerprinting capabilities of law enforcement agencies</li> </ul>		\$100,000	\$100,000
	<ul style="list-style-type: none"> <li>Adds funding for bond payments issued during the 2005-07 biennium relating to the Crime Laboratory renovation project approved by the 2005 Legislative Assembly for \$3,632,691</li> </ul>	\$182,485		\$182,485

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Adds funding for additional costs of the Crime Laboratory renovation project <b>(executive budget identified as one-time funding)</b></li> </ul>	\$1,242,840		\$1,242,840
	<ul style="list-style-type: none"> <li>Adds funding for additional Crime Laboratory operating costs resulting from inflation and associated with the Crime Laboratory building addition</li> </ul>	\$217,000		\$217,000
	<ul style="list-style-type: none"> <li>Adds funding for Crime Laboratory maintenance agreements relating to lab equipment purchased during the 2005-07 biennium</li> </ul>	\$85,000		\$85,000
	<ul style="list-style-type: none"> <li>Adds funding from the Attorney General refund fund for developing a Crime Laboratory toxicology computer system</li> </ul>		\$50,000	\$50,000
	<ul style="list-style-type: none"> <li>Provides funding for purchasing a polarizing light microscope for the Crime Laboratory</li> </ul>	\$38,400		\$38,400
	<ul style="list-style-type: none"> <li>Provides federal funding for purchasing Crime Laboratory equipment</li> </ul>		\$294,006	\$294,006
	<ul style="list-style-type: none"> <li>Provides funding from the Attorney General refund fund for purchasing Crime Laboratory equipment</li> </ul>		\$170,000	\$170,000
	<ul style="list-style-type: none"> <li>Reduces federal funding for the Bureau of Criminal Investigation grants and equipment</li> </ul>		(\$2,939,535)	(\$2,939,535)
	<ul style="list-style-type: none"> <li>Removes funding from bond proceeds for the 2005-07 Crime Laboratory renovation project</li> </ul>		(\$3,632,691)	(\$3,632,691)
	<ul style="list-style-type: none"> <li>Increases funding from the lottery fund for additional temporary employees</li> </ul>		\$33,000	\$33,000
<b>127</b>	<b>Tax Commissioner</b>			
	<ul style="list-style-type: none"> <li>Removes one-time funding for the integrated tax system</li> </ul>		(\$14,000,000)	(\$14,000,000)
	<ul style="list-style-type: none"> <li>Adds funding for principal and interest payments for the integrated tax processing system <b>(executive budget identified as one-time funding)</b>. Payments for six years beginning July 2007.</li> </ul>	\$5,356,702		\$5,356,702
	<ul style="list-style-type: none"> <li>Adds funding from unexpended funds relating to the \$14 million loan for the integrated tax processing system for onsite and postproduction system support</li> </ul>		\$1,150,000	\$1,150,000
	<ul style="list-style-type: none"> <li>Changes funding for the annual maintenance agreement for the integrated tax processing system from the general fund to unexpended loan funds</li> </ul>	(\$550,000)	\$550,000	\$0
	<ul style="list-style-type: none"> <li>Provides funding for anticipated growth in information technology data storage needs and telephone service rates</li> </ul>	\$380,485		\$380,485
<b>140</b>	<b>Office of Administrative Hearings</b>			
	<ul style="list-style-type: none"> <li>Adds funding for equity salary adjustments</li> </ul>		\$120,528	\$120,528
<b>150</b>	<b>Legislative Assembly</b>			
	<ul style="list-style-type: none"> <li>Adds funding for increasing legislative compensation from \$125 to \$130 per day</li> </ul>	\$81,780		\$81,780
	<ul style="list-style-type: none"> <li>Provides funding for replacing legislators' computers and for replacing session staff computers and printers</li> </ul>	\$275,384		\$275,384
	<ul style="list-style-type: none"> <li>Provides funding for digital recorders and computer stations for committee clerks</li> </ul>	\$49,840		\$49,840



Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides a total of \$75,000 for replacing chairs in the legislative wing</li> </ul>	\$45,000		\$45,000
	<ul style="list-style-type: none"> <li>Includes \$200,000 from the general fund for continuing committee room renovations <b>(executive budget identified as one-time funding)</b></li> </ul>	\$0		\$0
	<ul style="list-style-type: none"> <li>Provides funding for the legislative applications replacement system computer project <b>(executive budget identified as one-time funding)</b></li> </ul>	\$3,910,827		\$3,910,827
<b>160</b>	<b>Legislative Council</b>			
	<ul style="list-style-type: none"> <li>Adds funding for interim committee travel due to the proposed mileage rate increase from 37.5 to 42.5 cents per mile</li> </ul>	\$46,788		\$46,788
	<ul style="list-style-type: none"> <li>Provides funding for replacing staff computers and for three additional projectors <b>(executive budget identified as one-time funding)</b></li> </ul>	\$61,692		\$61,692
	<ul style="list-style-type: none"> <li>Provides funding for replacing four computer servers and a copier <b>(executive budget identified as one-time funding)</b></li> </ul>	\$57,000		\$57,000
<b>180</b>	<b>Judicial Branch</b>			
	<b>Supreme Court</b>			
	<ul style="list-style-type: none"> <li>Provides funding for a 6 percent salary increase for Supreme Court justices for the first year of the biennium and a 7 percent increase for the second year</li> </ul>	\$138,260		\$138,260
	<ul style="list-style-type: none"> <li>Adds funding for copy machines (\$65,000) and other office furniture (\$31,000)</li> </ul>	\$96,000		\$96,000
	<b>District Court</b>			
	<ul style="list-style-type: none"> <li>Adds funding for operating expenses to enhance or begin the replacement of the unified case management system <b>(executive budget identified as one-time funding)</b></li> </ul>	\$1,375,000		\$1,375,000
	<ul style="list-style-type: none"> <li>Adds funding for enhanced records management system <b>(executive budget identified as one-time funding)</b></li> </ul>	\$115,750		\$115,750
	<ul style="list-style-type: none"> <li>Provides funding for a 6 percent salary increase for the district court judges for the first year of the biennium and a 7 percent increase for the second year</li> </ul>	\$1,033,043		\$1,033,043
	<ul style="list-style-type: none"> <li>Adds funding for equipment over \$5,000, including copy machines (\$113,000), evidence projectors (\$32,500), workstations (\$84,000), sound systems (\$90,000), and other equipment (\$18,042)</li> </ul>	\$337,542		\$337,542
	<ul style="list-style-type: none"> <li>Adds funding for six FTE positions and related operating costs for a mediation pilot project</li> </ul>	\$1,076,824		\$1,076,824
	<ul style="list-style-type: none"> <li>Adds funding for information technology equipment over \$5,000 to purchase digital audio recording equipment (\$58,041) and servers (\$63,000)</li> </ul>	\$121,041		\$121,041
	<ul style="list-style-type: none"> <li>Adds funding for operating costs to fund two new juvenile drug courts in Minot and Williston</li> </ul>	\$288,000		\$288,000
<b>188</b>	<b>Commission on Legal Counsel for Indigents</b>			
	<ul style="list-style-type: none"> <li>Adds funding to establish public defender offices in Bismarck and Fargo, including 10 FTE positions</li> </ul>	\$1,000,000		\$1,000,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
190	<b>Retirement and Investment Office</b>			
	• Adds funding for salary equity adjustments		\$65,301	\$65,301
192	<b>Public Employees Retirement System</b>			
	• Adds funding for Legacy application replacement system, including four new FTE positions		\$9,362,494	\$9,362,494
	• Adds funding for salary equity adjustments		\$202,760	\$202,760
<b>EDUCATION</b>				
201	<b>Department of Public Instruction</b>			
	• Adds one new research analyst III FTE position for the administration and school district support services program	\$123,332		\$123,332
	• Adds two new FTE positions for the education improvement program, including an education program administrator III FTE position (\$117,250) and an assistant director primary/secondary education programs FTE position (\$127,369)		\$244,619	\$244,619
	• Adds 2.5 new FTE positions for the educational support and community learning program, including an education program administrator III FTE position (\$117,250), an education information process analyst FTE position (\$127,369), and .5 of an administrative assistant I FTE position (\$42,271)		\$286,890	\$286,890
	• Increases funding from the general fund for operating expenses	\$350,000		\$350,000
	• Provides funding from the general fund for the rewrite of the state school aid computer system (\$400,000) and the rewrite of the teacher licensure application used by the department and the Education Standards and Practices Board (\$500,000) <b>(executive budget identified as one-time funding)</b>	\$900,000		\$900,000
	• Increases funding for the maintenance of effort for the state assessment program from \$1,200,000 to \$1,650,000	\$450,000		\$450,000
	• Consolidates funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula and increases funding from the general fund and the state tuition fund	\$71,000,000	\$4,600,000	\$75,600,000
	• Increases funding for special education contracts from \$15.5 million to \$17.5 million	\$2,000,000		\$2,000,000
	• Increases funding for joint powers agreement incentives from \$1 million to \$2 million	\$1,000,000		\$1,000,000
	• Removes funding for reorganization bonus payments	(\$759,000)		(\$759,000)
	• Increases federal funding for other grants from \$204.5 million to \$224 million relating to an increase for IDEA Part B special education grants		\$19,531,723	\$19,531,723

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
215	<b>North Dakota University System Office</b>			
	• Increases funding for system governance from \$5,568,422 to \$6,441,394, including \$564,972 for parity funding and \$308,000 to provide separate positions for the vice chancellor for strategic planning and the executive director of the College Technical Education Council	\$831,898	\$41,074	\$872,972
	• Increases funding for the student financial assistance grant program from \$3,504,402 to \$5,987,497	\$2,491,095	(\$8,000)	\$2,483,095
	• Increases funding for the professional student exchange program from \$2,127,280, of which \$1,864,780 is from the general fund and \$262,500 is from the student loan trust fund, to \$2,617,026, of which \$2,299,566 is from the general fund and \$317,460 is from the student loan trust fund. The funding includes \$200,000 from the general fund for a new community matching loan forgiveness program for veterinary medicine and optometry students and \$317,460 from the student loan trust fund for the Kansas State University veterinary medicine program.	\$434,786	\$54,960	\$489,746
	• Increases funding for the scholars program from \$862,077 to \$1,478,566, including \$250,785 to increase the number of new freshmen awards from 35 to 50 per year and \$200,000 for one-time stipends to all new freshmen in fiscal years 2008 and 2009	\$616,489		\$616,489
	• Increases funding for board initiatives from \$1,725,000 to \$2,091,174, including \$300,000 for a grant to the Space Grant Consortium	\$366,174		\$366,174
	• Increases funding for competitive research from \$5,190,000 to \$5,500,000	\$310,000		\$310,000
	• Increases funding for the common information services pool from \$20,607,093 to \$27,403,293, including \$1,705,200 for parity funding, \$391,000 for costs relating to the replacement of the chief information officer and base funding for the ConnectND project manager position, \$3,700,000 for support of the ConnectND system, and \$1,000,000 for Northern Tier Network infrastructure <b>(\$5,120,000 executive budget identified as one-time funding)</b>	\$6,796,200		\$6,796,200
	• Adjusts funding for capital assets from \$14,278,141 to \$16,822,022 to increase funding for bond payments (\$1,543,861) and provide <b>executive budget identified as one-time funding</b> for deferred maintenance and the development of a long-range master plan for Mayville State University (\$1,000,000)	\$2,793,861	(\$250,000)	\$2,543,861
226	<b>Land Department</b>			
	• Increases funding for Energy Development Impact Office grants		\$1,000,000	\$1,000,000
227	<b>Bismarck State College</b>			
	• Provides parity funding of \$1,993,005 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget includes approximately 91 percent of the total general fund portion of parity costs. The remaining funding of \$192,972 will need to be funded with special funds.)	\$1,993,005		\$1,993,005
	• Provides equity funding	\$524,585		\$524,585

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$473,192 equal to the 2005-07 base funding of \$243,481 plus a proportionate share, \$229,711, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$229,711 is <b>executive budget identified as one-time funding</b>.</li> </ul>	\$229,711		\$229,711
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$515,195 in general funds and \$27,805 in special funds for Schafer Hall renovation. The general fund amount of \$27,805 is <b>executive budget identified as one-time funding</b>.</li> </ul>	\$515,195	\$27,805	\$543,000
<b>228</b>	<b>Lake Region State College</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$493,253 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget includes approximately 90 percent of the total general fund portion of parity costs. The remaining funding of \$53,309 will need to be funded with special funds.)</li> </ul>	\$493,253		\$493,253
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$244,425		\$244,425
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$125,604 equal to the 2005-07 base funding of \$43,662 plus a proportionate share, \$81,942, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$81,942 is <b>executive budget identified as one-time funding</b>.</li> </ul>	\$81,942		\$81,942
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$3,007,600 in special funds for a wind energy project</li> </ul>		\$3,007,600	\$3,007,600
<b>229</b>	<b>Williston State College</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$593,981 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget includes approximately 94 percent of the total general fund portion of parity costs. The remaining funding of \$36,263 will need to be funded with special funds.)</li> </ul>	\$493,253		\$493,253
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$92,124		\$92,124
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$157,918 equal to the 2005-07 base funding of \$86,475 plus a proportionate share, \$70,723, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$70,723 is <b>executive budget identified as one-time funding</b>.</li> </ul>	\$70,723		\$70,723
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$1,400,000 in special funds for Creighton Building addition</li> </ul>		\$1,400,000	\$1,400,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
230	<b>University of North Dakota</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$10,356,966 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive recommendation includes approximately 93 percent of the total general fund portion of parity costs. The remaining funding of \$845,151 will need to be funded with special funds.)</li> </ul>	\$10,356,966		\$10,356,966
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$3,163,572		\$3,163,572
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$5,928,875 equal to the 2005-07 base funding of \$2,300,545 plus a proportionate share, \$3,628,330, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$3,628,330 is <b>executive budget identified as one-time funding</b>.</li> </ul>	\$3,628,330		\$3,628,330
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$2.2 million from the general fund for remodeling O'Kelly-Ireland Hall; and \$78.2 million in special funds for renovation of the University of North Dakota School of Medicine and Health Sciences (\$9.8 million), an indoor track/multipurpose space (\$15 million), Wilkerson dining center renovation (\$4 million), an American Indian Center (\$10 million), an earth systems science building (\$5 million), Memorial Union front entrance renovation (\$4.5 million), a new Center for Family Practice building in Bismarck (\$4.5 million), an Energy and Environmental Research Center Commercialization Center (\$5 million), and an Allied Health Facility (\$20.4 million)</li> </ul>	\$2,200,000	\$78,200,000	\$80,400,000
	<ul style="list-style-type: none"> <li>Transfers the Center for Biomedical Research from the University of North Dakota School of Medicine and Health Sciences to the University of North Dakota per accreditation requirements which provides that the reporting of the Center for Biomedical Research be under the Vice President of Research at the University of North Dakota</li> </ul>	\$747,890		\$747,890
232	<b>UND School of Medicine and Health Sciences</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$2,503,374 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive recommendation includes approximately 93 percent of the total general fund portion of parity costs. The remaining funding of \$182,283 will need to be funded with special funds.)</li> </ul>	\$2,503,374		\$2,503,374
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$758,452		\$758,452
	<ul style="list-style-type: none"> <li>Transfers the Center for Biomedical Research from the University of North Dakota School of Medicine and Health Sciences to the University of North Dakota as required per accreditation process</li> </ul>	(\$747,890)		(\$747,890)
235	<b>North Dakota State University</b>			
	<ul style="list-style-type: none"> <li>Provides funding of \$8,972,682 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive recommendation includes approximately 93 percent of the total general fund portion of parity costs. The remaining funding of \$548,691 will need to be funded with special funds.)</li> </ul>	\$8,972,682		\$8,972,682

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$4,140,843		\$4,140,843
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$4,209,161 equal to the 2005-07 base funding of \$1,692,226 plus a proportionate share, \$2,516,935, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$2,516,935 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$2,516,935		\$2,516,935
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$5 million from the general fund for the Minard Hall renovation project; and \$16.5 million in special funds for renovation of the Ellig softball complex (\$4.5 million), construction of a Living Learning Center/Ceres Hall (\$12 million), and Dakota Coteau Field School (\$4 million)</li> </ul>	\$5,000,000	\$20,500,000	\$25,500,000
<b>238</b>	<b>State College of Science</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$2,339,371 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget includes approximately 93 percent of the total general fund portion of parity costs. The remaining funding of \$183,956 will need to be funded with special funds.)</li> </ul>	\$2,339,371		\$2,339,371
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$33,694		\$33,694
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$1,386,445 equal to the 2005-07 base funding of \$753,332 plus a proportionate share, \$633,113, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$633,113 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$633,113		\$633,113
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$1,670,420 in general funds for steamline distribution replacement, \$1,700,000 in special funds for football stadium and track renovations, \$714,000 in special funds for parking lot construction, and \$6,000,000 in special funds for Robertson Hall renovation. The general fund amount of \$1,670,420 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$1,670,420	\$8,414,000	\$10,084,420
<b>239</b>	<b>Dickinson State University</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$1,641,858 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget recommendation includes approximately 92 percent of the total general fund portion of parity costs. The remaining funding of \$152,135 will need to be funded with special funds.)</li> </ul>	\$1,641,858		\$1,641,858
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$544,871		\$544,871
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$1,018,763 equal to the 2005-07 base funding of \$383,690 plus a proportionate share, \$635,073, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$635,073 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$635,073		\$635,073

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$8 million in special funds for the Whitney Stadium renovation and addition</li> </ul>		\$8,000,000	\$8,000,000
<b>240</b>	<b>Mayville State University</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$805,139 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget recommendation includes approximately 95 percent of the total general fund portion of parity costs. The remaining funding of \$44,663 will need to be funded with special funds.)</li> </ul>	\$805,139		\$805,139
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$81,020		\$81,020
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$946,930 equal to the 2005-07 base funding of \$208,994 plus a proportionate share, \$737,936, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$737,936 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$737,936		\$737,936
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$900,000 in special funds for Northwest Hall renovation</li> </ul>		\$900,000	\$900,000
<b>241</b>	<b>Minot State University</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$2,616,595 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget recommendation includes approximately 96 percent of the total general fund portion of parity costs. The remaining funding of \$116,049 will need to be funded with special funds.)</li> </ul>	\$2,616,595		\$2,616,595
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$338,104		\$338,104
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$1,452,744 equal to the 2005-07 base funding of \$596,870 plus a proportionate share, \$855,874, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$855,874 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$855,874		\$855,874
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$336,400 for replacement of the athletic floor in the Dome, \$7,036,150 for Swain Hall renovation and addition, \$340,000 for an elevator in Dakota Hall, and \$363,000 for an elevator in Pioneer Hall</li> </ul>	\$2,500,000	\$5,575,550	\$8,075,550
<b>242</b>	<b>Valley City State University</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$1,137,501 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget recommendation includes approximately 94 percent of the total general fund portion of parity costs. The remaining funding of \$75,992 will need to be funded with special funds.)</li> </ul>	\$1,137,501		\$1,137,501
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$39,569		\$39,569

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$796,235 equal to the 2005-07 base funding of \$258,416 plus a proportionate share, \$537,819, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$537,819 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$537,819		\$537,819
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$2.2 million from the general fund for steamline replacement</li> </ul>	\$2,200,000		\$2,200,000
<b>243</b>	<b>Minot State University - Bottineau</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$398,275 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation. (The executive budget recommendation includes approximately 94 percent of the total general fund portion of parity costs. The remaining funding of \$26,148 will need to be funded with special funds.)</li> </ul>	\$398,275		\$398,275
	<ul style="list-style-type: none"> <li>Provides equity funding</li> </ul>	\$38,742		\$38,742
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$158,702 equal to the 2005-07 base funding of \$109,725 plus a proportionate share, \$48,977, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$48,977 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$48,977		\$48,977
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$252,000 for steamline replacement</li> </ul>	\$239,095	\$12,905	\$252,000
<b>244</b>	<b>Forest Service</b>			
	<ul style="list-style-type: none"> <li>Provides parity funding of \$260,600 for cost to continue fiscal year 2007 salary increases, 5 percent per year salary increases, estimated health insurance increases, and 2.4 percent per year operating inflation</li> </ul>	\$260,600		\$260,600
	<ul style="list-style-type: none"> <li>Provides an additional 5 percent operations increase to support personnel responsible for providing forestry assistance through the "Building Sustainable Communities Through Forestry Initiative"</li> </ul>	\$150,000		\$150,000
	<ul style="list-style-type: none"> <li>Provides funding for extraordinary repairs of \$60,204 equal to the 2005-07 base funding of \$36,638 plus a proportionate share, \$23,566, of the \$10 million increase that is included in the executive budget recommendation. The additional funding of \$23,566 is <b>executive budget identified as one-time funding.</b></li> </ul>	\$23,566		\$23,566
	<ul style="list-style-type: none"> <li>Provides funding for major capital projects for the 2007-09 biennium, including \$120,000 from the general fund for two storage buildings and an outdoor restroom facility</li> </ul>	\$120,000		\$120,000
<b>250</b>	<b>State Library</b>			
	<ul style="list-style-type: none"> <li>Adds one new librarian FTE position</li> </ul>	\$87,932		\$87,932
	<ul style="list-style-type: none"> <li>Increases funding for state aid to public libraries from \$1 million to \$1.2 million</li> </ul>	\$200,000		\$200,000



Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
252	<b>School for the Deaf</b>			
	• Provides funding to maintain teachers on the salary composite schedule	\$49,568	\$10,274	\$59,842
	• Deletes .75 faculty FTE position	(\$92,891)		(\$92,891)
	• Removes funding provided in the 2005-07 biennium for extraordinary repairs	(\$46,645)	(\$232,850)	(\$279,495)
	• Provides funding for extraordinary repairs for the 2007-09 biennium <b>(\$100,000 executive budget identified as one-time funding)</b>	\$150,000		\$150,000
253	<b>North Dakota Vision Services - School for the Blind</b>			
	• Provides funding to maintain teachers on the salary composite schedule	\$81,662		\$81,662
	• Removes funding provided in the 2005-07 biennium for capital assets, including \$57,470 for equipment over \$5,000 and \$10,000 for extraordinary repairs	(\$42,380)	(\$25,090)	(\$67,470)
	• Provides funding for capital assets for the 2007-09 biennium, including \$6,500 for equipment over \$5,000 and \$135,600 for extraordinary repairs <b>(\$110,000 of the funding from the general fund provided for extraordinary repairs is executive budget-identified one-time funding)</b>	\$119,600	\$22,500	\$142,100
270	<b>Department of Career and Technical Education</b>			
	• Increases funding for incentives to schools for more career and technical education programming	\$2,000,000		\$2,000,000
	• Adds two FTE positions for the career course network, previously funded with federal funds in Job Service North Dakota	\$218,425		\$218,425
<b>HEALTH AND HUMAN SERVICES</b>				
301	<b>State Department of Health</b>			
	• Adds funding to purchase an antiviral stockpile in case of a severe flu outbreak <b>(executive budget identified as one-time funding)</b>	\$2,263,000		\$2,263,000
	• Adds funding for two FTE positions and related operating costs to manage immunization orders and reimbursements to provide required and recommended vaccination in the most cost-effective manner	\$227,092		\$227,092
	• Adds funding from the community health trust fund for one FTE youth tobacco coordinator position and related operating costs to implement a countermarketing campaign		\$554,208	\$554,208
	• Adds funding for a state trauma program which was previously funded by the federal Health Resources Service Administration grant which is no longer available	\$61,346	(\$61,346)	\$0
	• Transfers children's special health services and eight FTE positions from the Department of Human Services to the State Department of Health	\$994,696	\$1,481,953	\$2,476,649
	• Adds federal funds for the death registry program		\$220,000	\$220,000
	• Adds federal funds for suicide prevention programs		\$701,918	\$701,918
	• Increases federal funds for the women, infants, and children (WIC) program		\$1,800,000	\$1,800,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Increases federal funding for grants to communities in the southeast corner of the state relating to arsenic removal projects</li> </ul>		\$11,300,000	\$11,300,000
	<ul style="list-style-type: none"> <li>Increases federal funds for grants to soil conservation districts to complete water source pollution projects</li> </ul>		\$800,000	\$800,000
	<ul style="list-style-type: none"> <li>Adds funding for equipment over \$5,000 (\$830,300), information technology equipment over \$5,000 (\$26,500), extraordinary repairs (\$228,841), and bond payments (\$692,242)</li> </ul>	\$348,248	\$1,429,635	\$1,777,883
	<ul style="list-style-type: none"> <li>Adds funding for operations (\$315,500), grants (\$315,500), and equipment (\$39,500) for a pandemic flu epidemic preparedness program</li> </ul>		\$670,500	\$670,500
	<ul style="list-style-type: none"> <li>Decreases funding for operating costs and grants relating to federal emergency preparedness programs</li> </ul>		(\$3,000,492)	(\$3,000,492)
	<ul style="list-style-type: none"> <li>Removes funding for one FTE state injury position</li> </ul>		(\$98,082)	(\$98,082)
	<ul style="list-style-type: none"> <li>Adds funding for 10 FTE positions relating to federal grant programs</li> </ul>		\$1,009,599	\$1,009,599
<b>313</b>	<b>Veterans Home</b>			
	<ul style="list-style-type: none"> <li>Adds funding for marketing of the Veterans Home</li> </ul>	\$50,000		\$50,000
	<ul style="list-style-type: none"> <li>Adds funding for a portable videoconferencing system to allow employees training and meeting opportunities without having to travel</li> </ul>	\$4,950		\$4,950
	<ul style="list-style-type: none"> <li>Adds funding for a computer-based training system</li> </ul>	\$12,900		\$12,900
	<ul style="list-style-type: none"> <li>Adds funding to replace elevator which was installed prior to 1950</li> </ul>	\$120,000		\$120,000
	<ul style="list-style-type: none"> <li>Adds funding for a Bobcat utility vehicle</li> </ul>	\$16,500		\$16,500
	<ul style="list-style-type: none"> <li>Adds funding to purchase 40 electric hospital beds and 10 long hospital beds</li> </ul>	\$75,000		\$75,000
	<ul style="list-style-type: none"> <li>Adds funding to purchase a six-drawer dresser and three-drawer nightstand for each basic care bed to replace outdated furniture</li> </ul>	\$120,000		\$120,000
	<ul style="list-style-type: none"> <li>Adds funding for lift station pumps (\$8,000), replacement tile and carpeting (\$23,200), Grasshopper lawnmowers (\$16,000), and bariatric bed and mattress (\$6,442)</li> </ul>		\$53,642	\$53,642
	<ul style="list-style-type: none"> <li>Adds funding for professional services for primary care lab and x-ray costs, which were previously paid for by the Veterans Administration</li> </ul>	\$60,000		\$60,000
<b>316</b>	<b>Indian Affairs Commission</b>			
	<ul style="list-style-type: none"> <li>Removes funding to reflect reduction in federal funds</li> </ul>		(\$15,000)	(\$15,000)
	<ul style="list-style-type: none"> <li>Adds one new FTE position for Indian education coordination</li> </ul>	\$127,570		\$127,570
	<ul style="list-style-type: none"> <li>Increases funding for operating expenses</li> </ul>	\$12,000		\$12,000
	<ul style="list-style-type: none"> <li>Adds funding for temporary staff</li> </ul>	\$7,920		\$7,920

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
321	<b>Department of Veterans Affairs</b>			
	• Adds funding for a secure filing system to store sensitive data kept by the agency <b>(executive budget identified as one-time funding)</b>	\$38,250		\$38,250
	• Adds funding for temporary salaries and operating costs for implementing an electronic storing and retrieving system relating to veterans' discharge papers <b>(executive budget identified as one-time funding)</b>	\$21,356		\$21,356
	• Adds funding to purchase new software and support for the veterans' loan program	\$9,600		\$9,600
325	<b>Department of Human Services</b>			
	• Adds general fund support as a result of a reduction in the state's federal medical assistance percentage (FMAP)	\$9,120,541	(\$9,120,541)	\$0
	• Adds general fund support to continue programs funded from the health care trust fund in the 2005-07 biennium	\$3,200,000	(\$3,200,000)	\$0
	• Provides funding for the additional costs of rewriting the Medicaid management information system <b>(executive budget identified as one-time funding)</b>	\$3,643,133	\$27,429,508	\$31,072,641
	• Adds funding for the cost to continue the 2005-07 second year 2.65 percent inflationary increase for human service providers for both years of the 2007-09 biennium	\$5,388,215	\$10,131,854	\$15,520,069
	• Adds funding for cost, caseload, and utilization changes for major grant programs, including Medicaid, long-term care, developmental disabilities, basic care, foster care, child care, subsidized adoption, food stamps, temporary assistance for needy families, etc.	\$18,603,903	\$37,547,903	\$56,151,806
	• Adds funding for providing a 3 percent inflationary increase for each year of the biennium for human services providers	\$14,126,950	\$24,148,237	\$38,275,187
	• Adds funding to provide a total of \$19.1 million from the general fund for making the 2007-09 biennium Medicare Part D "clawback" payments to the federal government. The 2007-09 payments will be for 24 months compared to 18 months in the 2005-07 biennium.	\$3,297,906		\$3,297,906
	• Adds funding for increasing the average wage of employees of developmental disabilities service providers by 60 cents per hour	\$3,884,529	\$6,804,874	\$10,689,403
	• Adds funding to change the nursing home rebasing formula to use the RS means construction index rather than the consumer price index	\$195,948	\$348,050	\$543,998
	• Adds funding for rebasing nursing home rates effective January 1, 2009, pursuant to North Dakota Century Code Section 50-24.4-10	\$375,175	\$626,625	\$1,001,800
	• Adds funding to register and conduct background checks on certified nurse aides	\$75,081	\$225,176	\$300,257
	• Transfers children's special health services to the State Department of Health, including eight FTE positions	(\$949,243)	(\$1,120,337)	(\$2,069,580)
	• Adds funding for a second residential treatment center for providing methamphetamine treatment services for 24 months of the 2007-09 biennium	\$700,000		\$700,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds general fund support to replace the anticipated reduction in the federal social services block grant	\$1,385,023	(\$1,385,023)	\$0
	• Increases state matching for federal Title III aging services funds to \$1,000,000	\$280,000		\$280,000
	• Increases funding for corporate guardianship for individuals with developmental disabilities	\$483,860		\$483,860
	• Provides funding for State Hospital capital improvement projects, including upgrading the electrical service - \$2,498,757, road improvements - \$614,000, and lift station repairs - \$250,000 <b>(executive budget identified as one-time funding)</b>	\$3,362,757		\$3,362,757
	• Provides funding for State Hospital extraordinary repairs	\$180,000		\$180,000
	• Adds funding for State Hospital extraordinary repairs <b>(executive budget identified as one-time funding)</b>	\$1,153,500		\$1,153,500
	• Adds funding to continue the 19 FTE positions approved by the Emergency Commission during the 2005-07 biennium and related operating expenses for the State Hospital sex offender program	\$2,191,341	\$158,432	\$2,349,773
	• Expands the State Hospital sex offender treatment program by an additional 20 beds for a total of 82 beds. An additional 17 FTE positions are included.	\$1,269,755		\$1,269,755
	• Provides funding to construct a high security addition to the GM building at the State Hospital for individuals requiring a high level of security within the sex offender treatment program <b>(executive budget identified as one-time funding)</b>	\$3,100,000		\$3,100,000
	• Provides funding for capital improvements at the Developmental Center, including roof repairs, flooring replacements, road repairs, steam distribution repairs, heating plant electrical panel replacement, etc. <b>(executive budget identified as one-time funding)</b>	\$947,092	\$51,108	\$998,200
	• Provides funding for extraordinary repairs at the Developmental Center <b>(executive budget identified as one-time funding)</b>	\$600,000		\$600,000
	• Provides funding for equipment purchases at the Developmental Center <b>(executive budget identified as one-time funding)</b>	\$80,782	\$11,858	\$92,640
	• Phases in a community-based sex offender treatment program to provide services for up to 140 offenders	\$2,774,562		\$2,774,562
	• Adds funding for Lake Region, Northeast, Southeast, and West Central Human Service Centers to increase service capacity at these centers	\$816,204	\$373,668	\$1,189,872
	• Adds four FTE positions to enhance drug court activities in the north central, northeast, southeast, and west central human service regions	\$300,927	\$86,986	\$387,913
	• Adds one FTE sexual abuse therapist for the treatment of adolescent sex offenders in the southeast human service region	\$89,900	\$9,990	\$99,890

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Adds funding to contract for community residential services at the South Central Human Service Center as an alternative to admission to the State Hospital for substance abuse and mental health treatment services</li> </ul>	\$1,480,474	\$24,130	\$1,504,604
<b>360</b>	<b>Protection and Advocacy</b>			
	<ul style="list-style-type: none"> <li>Provides additional general fund support to replace federal funds for operating expenses</li> </ul>	\$91,481	(\$150,748)	(\$59,267)
	<ul style="list-style-type: none"> <li>Adds one federally funded disabilities advocate FTE position</li> </ul>		\$95,950	\$95,950
	<ul style="list-style-type: none"> <li>Adds one new FTE position to assist with Help America Vote Act (HAVA) program</li> </ul>	\$51,445	\$51,443	\$102,888
<b>380</b>	<b>Job Service North Dakota</b>			
	<ul style="list-style-type: none"> <li>Removes one-time funding provided in the 2005-07 biennium for costs associated with implementing a shared work demonstration project</li> </ul>	(\$20,000)		(\$20,000)
	<ul style="list-style-type: none"> <li>Removes one-time funding from Reed Act distributions provided in the 2005-07 biennium for a Work First Project</li> </ul>		(\$254,925)	(\$254,925)
	<ul style="list-style-type: none"> <li>Changes the funding source for a portion (25 percent) of the state Social Security administrator FTE position from special funds to funding from the general fund</li> </ul>	\$43,764	(\$43,764)	\$0
	<ul style="list-style-type: none"> <li>Removes 44.8 FTE positions (\$3,920,917) and associated overtime and temporary salary funding (\$288,256) not requested by the agency</li> </ul>		(\$4,209,173)	(\$4,209,173)
	<ul style="list-style-type: none"> <li>Deletes three FTE positions (\$314,390) and related operating expenses (\$151,875) relating to the career resource network. Two of the positions are transferred to the Department of Career and Technical Education.</li> </ul>		(\$466,265)	(\$466,265)
	<ul style="list-style-type: none"> <li>Increases funding from Reed Act distributions for the unemployment insurance system modernization project from \$525,000 to \$7.3 million</li> </ul>		\$6,775,000	\$6,775,000
<b>REGULATORY</b>				
<b>401</b>	<b>Insurance Commissioner, including insurance tax payments to fire departments</b>			
	<ul style="list-style-type: none"> <li>Removes one-time funding provided in the 2005-07 biennium for a grant to the North Dakota oil and gas-producing counties</li> </ul>		(\$100,000)	(\$100,000)
	<ul style="list-style-type: none"> <li>Provides funding for salary equity increases</li> </ul>		\$172,236	\$172,236
	<ul style="list-style-type: none"> <li>Adds funding for expenses associated with legislative members attending functions of the National Conference of Insurance Legislators in a separate line item (previously these expenses were included in the department's operating expenses line item)</li> </ul>		\$60,000	\$60,000
<b>405</b>	<b>Industrial Commission</b>			
	<ul style="list-style-type: none"> <li>Increases funding for the lignite research program</li> </ul>		\$4,210,600	\$4,210,600
	<ul style="list-style-type: none"> <li>Increases funding for bond payments for bonds authorized by 2005 Legislative Assembly with payments beginning in the 2007-09 biennium</li> </ul>		\$2,182,604	\$2,182,604
	<ul style="list-style-type: none"> <li>Provides funding for one energy technician FTE position and one paleontology FTE position</li> </ul>	\$274,295		\$274,295

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Changes the funding source for two FTE positions previously funded from the lands and minerals trust fund in the 2005-07 biennium</li> </ul>	\$276,962	(\$225,000)	\$51,962
	<ul style="list-style-type: none"> <li>Transfers \$250,000 from the general fund to the fossil restoration fund for the Corridor of Time and other projects <b>(executive budget identified as one-time funding)</b></li> </ul>	\$250,000		\$250,000
	<ul style="list-style-type: none"> <li>Provides funding for core and sample library repairs <b>(executive budget identified as one-time funding)</b></li> </ul>	\$230,000		\$230,000
	<ul style="list-style-type: none"> <li>Provides funding for inflationary increases</li> </ul>	\$325,162		\$325,162
<b>406</b>	<b>Labor Commissioner</b>			
	<ul style="list-style-type: none"> <li>Adjusts funding for operating expenses from \$324,343 to \$309,230 to account for decreases in federal funding</li> </ul>	\$59,506	(\$74,619)	(\$15,113)
<b>408</b>	<b>Public Service Commission</b>			
	<ul style="list-style-type: none"> <li>Increases federal funds spending authority for abandoned mine land reclamation project grants</li> </ul>		\$831,508	\$831,508
	<ul style="list-style-type: none"> <li>Removes funding for a "simplified" rail rate complaint case</li> </ul>		(\$945,000)	(\$945,000)
	<ul style="list-style-type: none"> <li>Adds contingent spending authority from the beginning farmer revolving loan fund (\$900,000) and other special funds (\$100,000) for a rail rate complaint case</li> </ul>		\$900,000	\$900,000
	<ul style="list-style-type: none"> <li>Restores funding for one FTE weights and measures inspector position and related funding for operations and equipment</li> </ul>	\$178,618		\$178,618
	<ul style="list-style-type: none"> <li>Adds funding for one FTE position and related operating expenses for the geographic information system (GIS) initiative</li> </ul>	\$197,888		\$197,888
	<ul style="list-style-type: none"> <li>Adds funding for videoconferencing equipment <b>(executive budget identified as one-time funding)</b></li> </ul>	\$20,000		\$20,000
	<ul style="list-style-type: none"> <li>Adds funding for weights and measures equipment to be calibrated by Minnesota for National Institute of Standards and Technology-recognized metrology services</li> </ul>	\$30,000		\$30,000
<b>412</b>	<b>Aeronautics Commission</b>			
	<ul style="list-style-type: none"> <li>Increases funding for aviation education grants from \$50,000 to \$75,000</li> </ul>		\$25,000	\$25,000
	<ul style="list-style-type: none"> <li>Increases funding for the general aviation grant program from \$1,220,000 to \$1,500,000</li> </ul>	(\$187)	\$280,187	\$280,000
	<ul style="list-style-type: none"> <li>Increases funding for air service airport grant program from \$1,777,500 to \$2,000,000</li> </ul>		\$222,500	\$222,500
<b>413</b>	<b>Department of Financial Institutions</b>			
	<ul style="list-style-type: none"> <li>Provides funding to establish the Grand Forks office</li> </ul>		\$29,860	\$29,860
<b>414</b>	<b>Securities Commissioner</b>			
	<ul style="list-style-type: none"> <li>Increases funding for information technology data processing costs for a document storage and retrieval system for a total cost of \$29,984</li> </ul>	\$13,330		\$13,330

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
471	<b>Bank of North Dakota</b>			
	• Increases funding for replacement of information technology equipment		\$1,400,000	\$1,400,000
	• Provides funding for equipment and landscaping at the new facility		\$500,000	\$500,000
	• Increases funding for Information Technology Department rate increases		\$752,640	\$752,640
	• Increases funding for equipment less than \$5,000		\$1,024,920	\$1,024,920
	• Changes funding source and decreases level of funding for Ag PACE	\$1,400,000	(\$1,425,000)	(\$25,000)
	• Decreases level of funding for PACE	(\$1,200,000)		(\$1,200,000)
	• Removes funding for Biodiesel PACE	(\$1,200,000)		(\$1,200,000)
	• Provides funding for Biofuels PACE <b>(\$3,200,000 is executive budget-identified one-time funding)</b>	\$4,200,000		\$4,200,000
473	<b>Housing Finance Agency</b>			
	• Increases operating expenses primarily due to two new loan programs--community housing development assistance and housing rehabilitation and revitalization		\$6,607,200	\$6,607,200
	• Increases funding for grants due to increase in utilization of programs		\$728,520	\$728,520
475	<b>Mill and Elevator Association</b>			
	• Increases funding for operating expenses primarily due to increased utilities costs		\$1,303,559	\$1,303,559
	• Decreases funding for agriculture promotion		(\$100,000)	(\$100,000)
	• Adds four FTE positions for volume increase		\$352,721	\$352,721
485	<b>Workforce Safety and Insurance</b>			
	• Provides funding to continue salary increases provided for in the 2005-07 biennium		\$435,000	\$435,000
	• Provides funding for the agency's information technology plan, including projects such as claims and policy replacement, web portal, data warehouse, customer relationship management system, and learning management system		\$14,000,000	\$14,000,000
<b>PUBLIC SAFETY</b>				
504	<b>Highway Patrol</b>			
	• Adds four FTE positions for northern border security and for additional coverage hours in the Fargo area	\$522,964	\$193,972	\$716,936
	• Converts temporary Capitol security positions to three FTE Capitol security positions	\$25,032	\$3,090	\$28,122
	• Adds two additional FTE Capitol security positions	\$261,482	\$96,986	\$358,468
	• Provides funding for integrating security and building automation software <b>(executive budget identified as one-time funding)</b>	\$50,000		\$50,000
	• Increases funding for motor pool costs	\$570,000	\$210,000	\$780,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Increases funding for data processing</li> </ul>	\$73,000	\$27,000	\$100,000
	<ul style="list-style-type: none"> <li>Provides funding for replacing in-car video equipment (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$642,000		\$642,000
512	<b>Department of Emergency Services</b>			
	<ul style="list-style-type: none"> <li>Consolidates the Department of Emergency Services within the Adjutant General (see Dept. No. 540)</li> </ul>			
530	<b>Department of Corrections and Rehabilitation</b>			
	<b>Juvenile Services</b>			
	<ul style="list-style-type: none"> <li>Provides funding for the conversion of four temporary juvenile institution residential specialists and one temporary security officer to five FTE positions. The amount shown is net after adding \$394,528 for salaries and benefits and reducing temporary salaries by \$248,960.</li> </ul>	\$145,568		\$145,568
	<ul style="list-style-type: none"> <li>Provides funding for inflationary/workload increases</li> </ul>	\$685,150	\$246,672	\$931,822
	<ul style="list-style-type: none"> <li>Increases funding for the medical services contract for the Youth Correctional Center</li> </ul>	\$150,000		\$150,000
	<ul style="list-style-type: none"> <li>Provides funding for deferred maintenance at the Youth Correctional Center (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$500,000		\$500,000
	<ul style="list-style-type: none"> <li>Provides funding for security lighting at the Youth Correctional Center (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$170,000		\$170,000
	<ul style="list-style-type: none"> <li>Provides funding for salary adjustments relating to pending reclassifications</li> </ul>	\$156,462		\$156,462
	<b>Adult Services</b>			
	<ul style="list-style-type: none"> <li>Adds the following 24.51 new FTE positions: <ul style="list-style-type: none"> <li>Field Services Division - 6 FTE parole and probation officer II (\$578,720), 3 FTE parole and probation officer III for drug court expansion (\$389,328), 1 FTE community corrections agent (\$91,892), and a .20 FTE administrative staff position (\$28,776)</li> </ul> </li> </ul>	\$1,088,716		\$1,088,716
	<ul style="list-style-type: none"> <li>State Penitentiary - 1 FTE registered nurse (\$112,042), .75 FTE chaplain (\$88,134), .25 FTE instructor (\$22,874), .78 FTE account technician (\$50,616), 1 FTE office assistant (\$70,876), 1.25 FTE administrative assistant (\$81,527), and .42 FTE classification pending (\$60,434). The amount shown is net after reducing temporary salaries by \$288,525.</li> </ul>	\$197,978		\$197,978
	<ul style="list-style-type: none"> <li>James River Correctional Center - 1 FTE chaplain (\$117,512), 5 FTE correctional officer III (\$513,620), .27 FTE classification pending (\$38,850), 1 FTE business manager (\$112,042), .33 FTE account technician II (\$23,425), and .17 FTE account technician I (\$8,696). The amount shown is net after reducing temporary salaries by \$91,504.</li> </ul>	\$722,641		\$722,641
	<ul style="list-style-type: none"> <li>Missouri River Correctional Center - .50 FTE office assistant I (\$38,712), .25 FTE chaplain (\$29,378), .11 FTE classification pending (\$15,828), .15 FTE account technician II (\$10,648), and .08 FTE account technician I (\$3,953). The amount shown is net after reducing temporary salaries by \$27,326.</li> </ul>	\$71,193		\$71,193



Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Provides funding for the prison expansion project <b>(executive budget identified as one-time funding)</b>	\$42,000,000		\$42,000,000
	• Increases funding for contract housing for a total of \$9,588,597	\$3,830,118		\$3,830,118
	• Provides funding for inflationary/workload increases	\$8,823,382	\$3,585,285	\$12,408,667
	• Provides funding for new halfway house programming	\$1,500,000		\$1,500,000
	• Increases funding for quarterhouse programs for a total of \$328,000	\$160,857		\$160,857
	• Provides funding for new transition programming	\$1,500,000		\$1,500,000
	• Increases funding for faith-based programming for a total of \$300,000	\$150,000		\$150,000
	• Provides funding for deferred maintenance <b>(executive budget identified as one-time funding)</b>	\$1,793,080		\$1,793,080
	• Provides funding for an inmate medical information system <b>(executive budget identified as one-time funding)</b>	\$1,000,000		\$1,000,000
	• Provides funding for Field Services radio replacement <b>(executive budget identified as one-time funding)</b>	\$243,000		\$243,000
	• Provides funding for equipment over \$5,000	\$343,908	\$555,500	\$899,408
	• Provides funding for salary adjustments relating to pending reclassifications	\$591,772		\$591,772
<b>540</b>	<b>Adjutant General</b>			
	• Adds one new FTE grants officer position (\$122,466) and related operating expenses (\$12,000) (Department of Emergency Services)	\$134,466		\$134,466
	• Adds one new FTE public information officer position (\$111,998) and related operating expenses (\$12,000) (Department of Emergency Services)	\$123,998		\$123,998
	• Provides funding for computer-aided dispatch project <b>(executive budget identified as one-time funding)</b> (Department of Emergency Services)	\$980,000		\$980,000
	• Changes funding source for a portion of the Motorola lease purchase agreement payment from special funds to the general fund to cover an anticipated federal fund shortfall. The total Motorola lease purchase agreement payment for the biennium is \$1,525,347 <b>(executive budget identified as one-time funding)</b> (Department of Emergency Services).	\$1,084,970	(\$1,084,970)	\$0
	• Decreases funding for grants to properly account for grant changes and the closeout of disasters (Department of Emergency Services)		(\$26,941,969)	(\$26,941,969)
	• Adds two FTE family program counselor positions (\$255,876) and related operating expenses (\$50,000) (National Guard)	\$305,876		\$305,876
	• Adds seven new FTE security positions relating to the Air Guard contract (National Guard)		\$667,268	\$667,268

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	• Adds 28 new FTE security positions relating to the Army Guard contract (National Guard)		\$2,686,884	\$2,686,884
	• Provides funding for special assessments <b>(executive budget identified as one-time funding)</b> (National Guard)	\$470,000		\$470,000
	• Provides additional funding for extraordinary repairs at state-supported facilities <b>(executive budget identified as one-time funding)</b> (National Guard)	\$625,000		\$625,000
	• Provides additional funding for utilities at state-supported facilities (National Guard)	\$580,000		\$580,000
	• Removes funding provided in the 2005-07 biennium for the veterans' bonus program. The executive budget recommends that unexpended funds from the 2005-07 legislative appropriation be carried over and utilized for similar bonuses during the 2007-09 biennium (National Guard).	(\$5,000,000)		(\$5,000,000)
	• Increases funding for the tuition and enlistment compensation program for recruitment and retention bonuses (National Guard)	\$400,000		\$400,000
	• Provides federal funding for construction of an Army school system at Camp Grafton (National Guard)		\$26,300,000	\$26,300,000
<b>AGRICULTURE AND ECONOMIC DEVELOPMENT</b>				
<b>601</b>	<b>Department of Commerce</b>			
	• Adds one FTE business development specialist in the Division of Economic Development and Finance	\$137,758		\$137,758
	• Adds 10 FTE positions within the Division of Workforce Development to provide an employee in each of the nine joint powers agreement areas of the state to provide students and their parents information about career opportunities in target industries in North Dakota	\$1,226,244		\$1,226,244
	• Provides funding for credit and noncredit internships for postsecondary students	\$400,000		\$400,000
	• Adds funding for the manufacturing extension partnership program	\$210,899		\$210,899
	• Provides for a transfer to the Development Fund <b>(executive budget identified as one-time funding)</b>	\$3,000,000		\$3,000,000
	• Increases funding for the Trade Office from the general fund rather than the Development Fund and Mill and Elevator profits	\$1,400,000	(\$700,000)	\$700,000
	• Provides funding for an innovate ND program	\$100,000	\$150,000	\$250,000
	• Removes funding for the Lewis and Clark Bicentennial line item in the Division of Tourism	(\$3,933,103)		(\$3,933,103)
	• Increases funding for tourism marketing and promotion	\$3,753,948		\$3,753,948
	• Reduces funding for economic development initiatives and grants to \$336,846	(\$207,722)		(\$207,722)
	• Reduces federal funding for community services grants to \$40.4 million		(\$1,450,000)	(\$1,450,000)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
<b>602</b>	<b>Department of Agriculture</b>			
	• Provides funding for additional salary and operating funds and five FTE positions for the state meat inspection program	\$353,306	\$326,122	\$679,428
	• Increases funding for operating expenses for motorpool and information technology rate increases	\$92,832	\$142,204	\$235,036
	• Increases funding for operating expenses for marketing	\$30	\$324,568	\$324,598
	• Increases funding for operating expenses for dairy		\$300,000	\$300,000
	• Provides funding for one FTE veterinarian position for the Board of Animal Health	\$119,459	\$55,347	\$174,806
<b>627</b>	<b>Upper Great Plains Transportation Institute</b>			
	• Adds federal funding for an Upper Great Plains Transportation Institute building located on the North Dakota State University campus		\$5,500,000	\$5,500,000
	• Adds funding for a proposed Agriculture and Rural Business Logistics Center to conduct research on market policy issues for railroad handling and transporting of grain		\$556,775	\$556,775
	• Adds federal funds spending authority to provide grants to the Mountain-Plains Consortium		\$2,225,000	\$2,225,000
<b>628</b>	<b>Branch Research Centers</b>			
	• Adds funding for an equipment and operating pool	\$384,900		\$384,900
	• Add funding for seven FTE positions to provide additional office support	\$480,768		\$480,768
	• Adds funding for scab resistance research and the North Dakota Agricultural Weather Network	\$75,000		\$75,000
	• Adds funding for one FTE assistant breeder/agronomist position and related operating expenses to enhance the pulse improvement program	\$192,500		\$192,500
	• Adds funding to complete the North Central Research Center laboratory and greenhouse complex project <b>(executive budget identified as one-time funding)</b>	\$400,000		\$400,000
	• Adds special funds for the headquarters facility parking lot, landscaping, and waste management facility project at the Dickinson Research Center		\$701,000	\$701,000
<b>630</b>	<b>NDSU Extension Service</b>			
	• Adds funding for one FTE position and operating expenses for bioproducts research	\$302,500		\$302,500
	• Adds funding for an operating expense and equipment pool	\$100,000		\$100,000
	• Adds funding for temporary salaries for students to monitor for scab and other pests in various production regions in the state	\$50,000		\$50,000
<b>638</b>	<b>Northern Crops Institute</b>			
	• Adds funding for one FTE technical processing staff position and related operating expenses for staff development and training on new equipment, newer types of food and industrial processing, and analytical procedures	\$140,954		\$140,954

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Adds funding for a fine grinding system (\$150,000), dryer system (\$75,000), color sorter (\$60,000), and other equipment (\$80,000)</li> </ul>		\$365,000	\$365,000
<b>640</b>	<b>NDSU Main Research Center</b>			
	<ul style="list-style-type: none"> <li>Adds funding for Phase II of the research greenhouse complex (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$9,000,000		\$9,000,000
	<ul style="list-style-type: none"> <li>Adds funding for Carrington (\$465,000), Hettinger (\$222,750), and North Central (\$420,000) headquarter office building additions and renovations (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$1,107,750		\$1,107,750
	<ul style="list-style-type: none"> <li>Adds funding for an equipment and operating expense pool</li> </ul>	\$555,100		\$555,100
	<ul style="list-style-type: none"> <li>Adds funding for one FTE engineering faculty position and one FTE research specialist and related operating costs to conduct bioproducts research</li> </ul>	\$402,500		\$402,500
	<ul style="list-style-type: none"> <li>Adds funding for operating expenses relating to scab resistance and pest management monitoring and research for the North Dakota Agricultural Weather Network</li> </ul>	\$550,000		\$550,000
	<ul style="list-style-type: none"> <li>Adds funding for one FTE faculty position and related operating expenses for the pulse program</li> </ul>	\$282,500		\$282,500
	<ul style="list-style-type: none"> <li>Adds funding for a deferred maintenance pool (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$100,000		\$100,000
<b>665</b>	<b>State Fair Association</b>			
	<ul style="list-style-type: none"> <li>Increases funding for premiums from \$405,000 to \$417,150</li> </ul>	\$12,150		\$12,150
	<ul style="list-style-type: none"> <li>Provides funding for construction of a new grandstand (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$5,000,000	\$5,000,000	\$10,000,000
<b>670</b>	<b>Racing Commission</b>			
	<ul style="list-style-type: none"> <li>No major items to report</li> </ul>			
<b>NATURAL RESOURCES</b>				
<b>701</b>	<b>State Historical Society</b>			
	<ul style="list-style-type: none"> <li>Removes funding for 2005-07 biennium capital assets</li> </ul>	(\$952,319)	(\$7,760,000)	(\$8,712,319)
	<ul style="list-style-type: none"> <li>Provides funding for three new FTE positions, including a historian/exhibit planner, an assistant collections curator, and a geographic information system technician</li> </ul>	\$256,926	\$64,344	\$321,270
	<ul style="list-style-type: none"> <li>Provides funding for completion of the Fort Abercrombie project (<b>executive budget identified as one-time funding</b>)</li> </ul>	\$739,870	\$200,000	\$939,870
	<ul style="list-style-type: none"> <li>Provides funding for deferred maintenance (\$100,000 general fund), extraordinary repairs (\$251,319 general fund), Fort Totten building repairs (\$250,000 general fund and \$250,000 federal funds), storage facilities renovations (\$57,500 general fund), Double Ditch trail (\$30,000 general fund and \$120,000 federal funds), and exhibits development and creation (\$220,000 general fund) (<b>\$458,130 of executive budget-identified one-time funding</b>)</li> </ul>	\$908,819	\$370,000	\$1,278,819
	<ul style="list-style-type: none"> <li>Provides funding for Lincoln Bicentennial (<b>executive budget identified one-time funding</b>)</li> </ul>	\$50,000		\$50,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Increases funding for bond payments for the archives and Chateau de Mores Interpretive Center</li> </ul>	\$298,429	\$33,333	\$331,762
	<ul style="list-style-type: none"> <li>Provides funding for temporary salary increases</li> </ul>	\$73,928		\$73,928
<b>709</b>	<b>Council on the Arts</b>			
	<ul style="list-style-type: none"> <li>Provides funding for salary equity increases</li> </ul>	\$92,315		\$92,315
	<ul style="list-style-type: none"> <li>Provides funding for the Lincoln Bicentennial <b>(executive budget identified as one-time funding)</b></li> </ul>	\$10,000		\$10,000
	<ul style="list-style-type: none"> <li>Increases in funding for arts programs and grants</li> </ul>	\$60,000		\$60,000
	<ul style="list-style-type: none"> <li>Provides funding for the development of regional web sites featuring North Dakota artists and cultural events</li> </ul>	\$20,000		\$20,000
<b>720</b>	<b>Game and Fish Department</b>			
	<ul style="list-style-type: none"> <li>Removes funding for 2005-07 biennium capital projects and capital construction carryover</li> </ul>		(\$4,093,054)	(\$4,093,054)
	<ul style="list-style-type: none"> <li>Provides funding for 2007-09 biennium capital assets, including deferred maintenance (\$1,629,241), capital payments (\$1,000,000), equipment over \$5,000 (\$605,000), and information technology equipment over \$5,000 (\$50,000)</li> </ul>		\$3,284,241	\$3,284,241
	<ul style="list-style-type: none"> <li>Provides funding for three new FTE positions, including a game warden investigator, a bighorn sheep biologist, and a fisheries division technician</li> </ul>		\$268,900	\$268,900
	<ul style="list-style-type: none"> <li>Increases funding for land habitat and deer depredation</li> </ul>		\$1,058,372	\$1,058,372
	<ul style="list-style-type: none"> <li>Increases funding for operating expenses primarily due to mileage and motor vehicle rate increases</li> </ul>		\$1,953,652	\$1,953,650
<b>750</b>	<b>Parks and Recreation Department</b>			
	<ul style="list-style-type: none"> <li>Removes funding for 2005-07 biennium capital projects and capital construction carryover</li> </ul>		(\$4,093,054)	(\$4,093,054)
	<ul style="list-style-type: none"> <li>Increases funding to convert temporary employees to four FTE positions</li> </ul>	\$10,000	\$519,578	\$529,578
	<ul style="list-style-type: none"> <li>Provides funding for 2007-09 capital assets, including capital projects (\$2.8 million), extraordinary repairs (\$1.3 million), equipment over \$5,000 (\$1.1 million) <b>(\$2.8 million of executive budget identified as one-time funding)</b></li> </ul>	\$3,873,416	\$1,393,759	\$5,267,175
	<ul style="list-style-type: none"> <li>Provides funding for the International Peace Garden capital projects and deferred maintenance <b>(executive budget identified as one-time funding)</b></li> </ul>	\$2,433,000		\$2,433,000
	<ul style="list-style-type: none"> <li>Increases funding for operating grants to the International Peace Garden for a total of \$736,854</li> </ul>	\$384,000		\$384,000
	<ul style="list-style-type: none"> <li>Change in funding source due to no park fee increases for the 2007-09 biennium</li> </ul>	\$100,000	(\$100,000)	\$0
<b>770</b>	<b>State Water Commission</b>			
	<ul style="list-style-type: none"> <li>Adds \$3 million of funding from the general fund and \$3 million from the water development trust fund for the Red River Water Supply Project</li> </ul>	\$3,000,000	\$3,000,000	\$6,000,000

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Changes the funding source for \$10 million of the State Water Commission administrative expenses from the water development trust fund to the general fund</li> </ul>	\$10,000,000	(\$10,000,000)	\$0
	<ul style="list-style-type: none"> <li>Increases funding for statewide water project grants based on available special funding sources</li> </ul>		\$25,750,434	\$25,750,434
	<ul style="list-style-type: none"> <li>Increases funding for other capital payments related to state water projects based on available federal and special funds (the total 2007-09 biennium appropriation of \$53.5 million includes \$14 million of bond payments)</li> </ul>		\$9,969,376	\$9,969,376
	<ul style="list-style-type: none"> <li>Adds funding for a pipe inspection camera</li> </ul>		\$20,000	\$20,000
<b>TRANSPORTATION</b>				
801	<b>Department of Transportation</b>			
	<ul style="list-style-type: none"> <li>Increases funding for road patching maintenance and materials <b>(executive budget identified as one-time funding)</b></li> </ul>	\$11,169,972	\$1,009,630	\$12,179,602
	<ul style="list-style-type: none"> <li>Increases funding for equipment, including engineering, technology, and digital radio equipment <b>(executive budget identified as one-time funding)</b></li> </ul>	\$2,021,860		\$2,021,860
	<ul style="list-style-type: none"> <li>Provides funding to rewrite the current mainframe driver's license computer system <b>(executive budget identified as one-time funding)</b></li> </ul>	\$5,019,610		\$5,019,610
	<ul style="list-style-type: none"> <li>Increases funding for information technology projects <b>(executive budget identified as one-time funding)</b></li> </ul>	\$1,788,558		\$1,788,558
	<ul style="list-style-type: none"> <li>Adds four FTE equipment operators hired during the 2005-07 biennium, pursuant to Section 4 of 2005 Senate Bill No. 2012</li> </ul>		\$309,185	\$309,185
	<ul style="list-style-type: none"> <li>Adds three FTE engineering positions hired during the 2005-07 biennium, pursuant to Section 4 of 2005 Senate Bill No. 2012</li> </ul>		\$328,490	\$328,490
	<ul style="list-style-type: none"> <li>Continues federal funding for the safe routes to schools program approved by the Emergency Commission during the 2005-07 biennium, including one FTE coordinator position</li> </ul>		\$113,570	\$113,570
	<ul style="list-style-type: none"> <li>Removes funding from proceeds of issuing grant anticipation revenue vehicle (GARVEE) bonds during the 2005-07 biennium for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck</li> </ul>		(\$53,500,000)	(\$53,500,000)
	<ul style="list-style-type: none"> <li>Continues the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck from remaining bond proceeds</li> </ul>		\$26,000,000	\$26,000,000
	<ul style="list-style-type: none"> <li>Includes funding from the highway fund for making bond payments on the GARVEE bonds issued during the 2005-07 biennium for the United States Highway 2 four-lane project and the Liberty Memorial Bridge project in Bismarck</li> </ul>		\$2,028,285	\$2,028,285
	<ul style="list-style-type: none"> <li>Removes funding for federal emergency relief projects provided for the 2005-07 biennium</li> </ul>		(\$54,128,782)	(\$54,128,782)

Dept. No.	Agency/Item Description	General Fund Increase (Decrease)	Special Funds Increase (Decrease)	Total
	<ul style="list-style-type: none"> <li>Provides funding for matching an estimated \$221 million of federal highway construction funds in federal fiscal year 2007 and \$224 million in federal fiscal year 2008, an increase over the federal highway construction funds included in the 2005-07 biennium budget of \$202.3 million in federal fiscal year 2005 and \$205 million in federal fiscal year 2006</li> </ul>		\$47,000,000	\$47,000,000
	<ul style="list-style-type: none"> <li>Increases funding from the highway fund for the highways program use of Fleet Services</li> </ul>		\$10,484,983	\$10,484,983
	<ul style="list-style-type: none"> <li>Increases funding for vehicle fuel, maintenance, and supplies in the Fleet Services Division to \$18,336,254</li> </ul>		\$8,233,760	\$8,233,760

# ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

## STATE SCHOOL AID

The 2007-09 biennium executive budget recommendation provides funding of \$777,165,879, of which \$700,965,879 is from the general fund and \$76,200,000 is from the state tuition fund, for the proposed new state school aid program. This level of funding represents an increase of \$78.6 million, of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund, from the 2005-07 legislative appropriation of \$698,565,879.

The executive budget recommendation for the state school aid program follows the recommendations of the Governor's Commission on Education Improvement, a commission created by the Governor in January 2006 pursuant to an Agreement to Stay Litigation executed by nine North Dakota school districts. The nine districts filed a complaint in district court requesting that the state's public school finance system be declared unconstitutional. The Agreement to Stay Litigation called for the creation of the Commission on Education Improvement to examine the current system of delivering and financing public elementary and secondary education and to provide recommendations on how to improve the current system of delivering and financing public elementary and secondary education.

The executive budget recommendation for the state school aid program:

- Consolidates funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula.
- Provides a base payment with weighting factor adjustments for various programs authorized by the North Dakota Century Code, such as special education, English language learners, alternative high school, and summer school; school district size; taxable valuations in excess of 150 percent of the state average; and local taxing efforts considerably below the statewide average.
- Includes a hold harmless provision ensuring each school district will receive an increase of no less than 2 percent compared to the 2006-07 fiscal year.

The recommended funding of \$777,165,879 is summarized as follows:

Per student formula payments	\$724,165,879 <sup>1</sup>
Transportation aid payments	33,500,000
Special education - Contracts	17,500,000
Joint powers agreement incentives	2,000,000
<b>Total</b>	<b>\$777,165,879</b>
<sup>1</sup> The funding of \$724,165,879 for per student formula payments consists of:	
Base per student formula payments	\$661,665,879
Special education - Average daily membership payments	43,000,000
Equity payments	16,500,000
Full-day kindergarten for at-risk students (beginning with the 2008-09 school year)	3,000,000
<b>Total</b>	<b>\$724,165,879</b>

## ONE-TIME FUNDING

The executive budget recommendation provides \$900,000 of one-time general fund appropriations to the Department of Public Instruction to rewrite the state school aid computer system required as a result of the proposed new funding plan (\$400,000) and to rewrite the current teacher licensure application used by the department and the Education Standards and Practices Board (\$500,000).

## OTHER RECOMMENDATIONS

The executive budget recommendation also provides for:

- **Governor's School program** - Provides \$270,000 from the general fund for support of the Governor's School program, the same level of funding provided in the 2005-07 biennium.



- **National writing projects** - Provides \$88,000 from the general fund for the Red River Valley Writing Project and the Northern Plains Writing Project, the same level of funding provided in the 2005-07 biennium.
- **North Dakota Museum of Art** - Provides \$250,000 from the general fund for support of the North Dakota Museum of Art educational outreach initiative, the same level of funding provided in the 2005-07 biennium.
- **North Dakota LEAD Center** - Provides \$235,000 from the general fund for support of the North Dakota LEAD Center, the same level of funding provided in the 2005-07 biennium.
- **Other grants** - Increases federal funding for other grants by approximately **\$19.5 million**, or 9.6 percent, from the 2005-07 appropriation of \$204.5 million, due to an increase for IDEA Part B special education grants.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION  
COMPARISON OF 2007-09 EXECUTIVE BUDGET TO 2005-07 APPROPRIATION AND ESTIMATED EXPENDITURES**

	<b>2005-07 Appropriation</b>	<b>2005-07 Estimated Expenditures</b>	<b>2007-09 Executive Budget</b>	<b>2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Estimated Expenditures</b>	<b>2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Appropriation</b>
<b>State school aid program</b>					
Per student formula payments	\$484,053,759 <sup>1</sup>	\$470,091,818 <sup>1</sup>	\$661,665,879 <sup>1</sup>	\$191,574,061	\$177,612,120
Teacher compensation payments	50,912,120	50,654,450		(50,654,450)	(50,912,120)
Special education - Average daily membership payments	37,000,000 <sup>2</sup>	37,000,000 <sup>2</sup>	43,000,000 <sup>2</sup>	6,000,000	6,000,000
Revenue supplemental payments	5,000,000	5,000,000		(5,000,000)	(5,000,000)
Equity payments			16,500,000	16,500,000	16,500,000
Full-day kindergarten			3,000,000 <sup>6</sup>	3,000,000	3,000,000
Tuition apportionment	71,600,000	71,600,000		(71,600,000)	(71,600,000)
Subtotal	<u>\$648,565,879</u>	<u>\$634,346,268</u>	<u>\$724,165,879 <sup>7</sup></u>	<u>\$89,819,611</u>	<u>\$75,600,000</u>
Transportation aid payments	\$33,500,000	\$32,964,672	\$33,500,000	\$535,328	
Special education - Contracts	15,500,000	15,500,000	17,500,000	2,000,000	\$2,000,000
Joint powers agreement incentives	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000
Per student and transportation aid contingent distributions		14,497,269 <sup>3</sup>		(14,497,269)	
Teacher compensation contingent distributions		257,670 <sup>4</sup>		(257,670)	
Subtotal	<u>\$50,000,000</u>	<u>\$64,219,611</u>	<u>\$53,000,000</u>	<u>(\$11,219,611)</u>	<u>\$3,000,000</u>
Total - State school aid program	<u>\$698,565,879</u>	<u>\$698,565,879</u>	<u>\$777,165,879</u>	<u>\$78,600,000</u>	<u>\$78,600,000</u>
General fund	\$626,965,879	\$626,965,879	\$700,965,879	\$74,000,000	\$74,000,000
State tuition fund	71,600,000	71,600,000	76,200,000	4,600,000	4,600,000
Total	<u>\$698,565,879</u>	<u>\$698,565,879</u>	<u>\$777,165,879</u>	<u>\$78,600,000</u>	<u>\$78,600,000</u>
<b>Other grants - General fund</b>					
Reorganization bonuses	\$759,000	\$259,000		(\$259,000)	(\$759,000)
Reorganization bonuses contingent distributions		500,000 <sup>5</sup>		(500,000)	
Teacher center network	230,000	230,000	\$230,000		
School food services	1,080,000	1,080,000	1,080,000		
Adult education grants	1,055,000	1,055,000	1,055,000		
LEAD Consortium	235,000	235,000	235,000		
Governor's school	270,000	270,000	270,000		
National writing projects	88,000	88,000	88,000		
Rural art outreach project	250,000	250,000	250,000		
FINDET	33,117	33,117	33,117		
National board certification	40,000	40,000	40,000		
Total other grants - General fund	<u>\$4,040,117</u>	<u>\$4,040,117</u>	<u>\$3,281,117</u>	<u>(\$759,000)</u>	<u>(\$759,000)</u>

	2005-07 Appropriation	2005-07 Estimated Expenditures	2007-09 Executive Budget	2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Estimated Expenditures	2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Appropriation
<b>Other grants - Other funds</b>					
Federal grants	\$204,517,966	\$204,517,966	\$224,049,689	\$19,531,723	\$19,531,723
Displaced homemaker program	240,000	240,000	240,000		
Total other grants - Other funds	<u>\$204,757,966</u>	<u>\$204,757,966</u>	<u>\$224,289,689</u>	<u>\$19,531,723</u>	<u>\$19,531,723</u>
<b>Total state school aid and other grants - All funds</b>	\$907,363,962	\$907,363,962	\$1,004,736,685	\$97,372,723	\$97,372,723
<b>Agency administration</b>					
Administration (salaries, operating, equipment) - General fund	\$5,437,591	\$5,437,591	\$7,338,730	\$1,901,139	\$1,901,139
Administration (salaries, operating, equipment) - Other funds	19,541,669	19,541,669	25,590,758	6,049,089	6,049,089
Total agency administration - All funds	<u>\$24,979,260</u>	<u>\$24,979,260</u>	<u>\$32,929,488</u>	<u>\$7,950,228</u>	<u>\$7,950,228</u>
<b>Total Department of Public Instruction - All funds</b>	\$932,343,222	\$932,343,222	\$1,037,666,173	\$105,322,951	\$105,322,951
General fund	\$636,443,587	\$636,443,587	\$711,585,726	\$75,142,139	\$75,142,139
Other funds	295,899,635	295,899,635	326,080,447	30,180,812	30,180,812
Total	<u>\$932,343,222</u>	<u>\$932,343,222</u>	<u>\$1,037,666,173</u>	<u>\$105,322,951</u>	<u>\$105,322,951</u>
FTE	92.75	92.75	98.25	5.50	5.50

<sup>1</sup> Per student formula payments - The amounts reported for per student formula payments include the continuation of \$650,000 for English language learner students.

<sup>2</sup> Special education average daily membership - The amounts reported for special education average daily membership payments include the continuation of \$400,000 for gifted and talented programs.

<sup>3</sup> Contingent state school aid distributions - Section 28 of House Bill No. 1154 (2005) provides 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 is to distribute the funds as follows:

The first \$450,000 for providing additional payments to school districts serving English language learners in accordance with NDCC Section 15.1-27-12.

The next \$1 million for providing additional per student payments to school districts participating in eligible educational associations.

Any remaining amounts as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

<sup>4</sup> Contingent teacher compensation distributions - Section 29 of House Bill No. 1154 (2005) 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 is to use the remaining funds to provide additional per student payments on a prorated basis according to the latest available daily membership of each school district.

<sup>5</sup> Contingent reorganization bonus distributions - Section 33 of House Bill No. 1154 (2005) provides that if any funds appropriated for the 2005-07 biennium for reorganization bonus payments remain unspent after the department completes the payment of bonuses for any reorganization effective on July 1, 2005, the department is to use the remaining funds to provide additional per student payments on a prorated basis according to the latest available daily membership of each school district.

<sup>6</sup> The executive budget recommendation for the 2007-09 biennium includes \$3 million of funding from the general fund for full-day kindergarten for at-risk students beginning with the 2008-09 school year.

<sup>7</sup> The executive budget recommendation for the 2007-09 biennium consolidates funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding

**PER STUDENT STATE AID AND TUITION FUND PAYMENTS, WEIGHTED STUDENT UNITS, TEACHER COMPENSATION PAYMENTS, AND MILL LEVY DEDUCTS FOR THE 2005-07 AND 2007-09 BIENNIUMS**

	<b>2005-07 Legislative Appropriation</b>	<b>2005-07 Actual</b>	<b>2007-09 Executive Budget</b>
<b>First-Year Payments</b>			
Per student state aid payments	\$2,765	\$2,765	
Tuition fund distributions	351	351	
Total first-year payments	\$3,116	\$3,116	\$3,300 <sup>2</sup>
<b>Second-Year Payments</b>			
Per student state aid payments	\$2,879	\$2,879 <sup>1</sup>	
Tuition fund distributions	351	351 <sup>1</sup>	
Total second-year payments	\$3,230	\$3,230 <sup>1</sup>	\$3,400 <sup>2</sup>
<b>Weighted Student Units</b>			
First year	107,438	107,438	105,800
Second year	106,090	106,090 <sup>1</sup>	105,300
<b>Teacher Compensation Payments</b>			
First-year teachers	\$1,000	\$1,000	N/A <sup>2</sup>
Second-year returning teachers	\$3,000	\$3,000	N/A <sup>2</sup>
Qualifying teacher full-time equivalent positions - First year of biennium	8,750	8,750	N/A <sup>2</sup>
Qualifying teacher full-time equivalent positions - Second year of biennium	8,750	8,750 <sup>1</sup>	N/A <sup>2</sup>
<b>Mill Levy Deducts</b>			
First year	38 mills	38 mills	N/A <sup>3</sup>
Second year	41 mills	41 mills	N/A <sup>3</sup>

<sup>1</sup>Estimated.

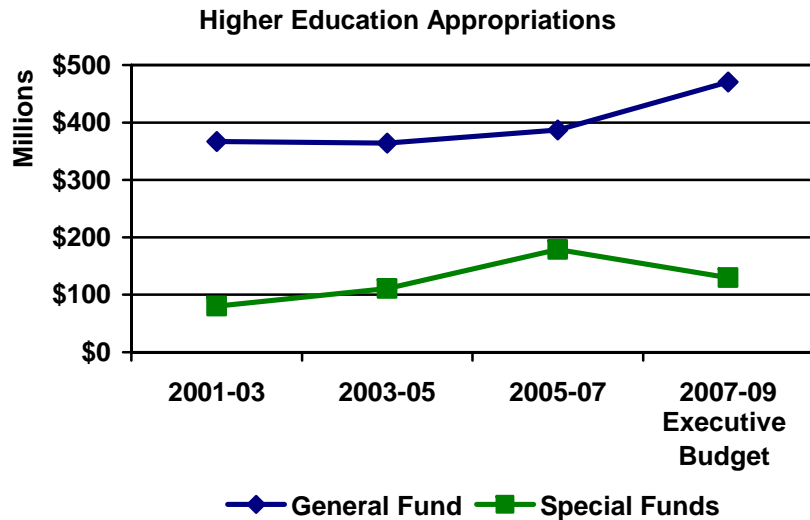
<sup>2</sup>The executive budget recommends **consolidating funding** for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology. Therefore, the per student payment amounts are not comparable between the 2005-07 and 2007-09 bienniums.

<sup>3</sup>The executive budget recommends eliminating the state school aid mill levy deducts; however, the executive budget recommendation for the state school aid program does include a base payment adjustment if the local taxing effort is considerably below the statewide average.

## HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

The 2007-09 executive budget recommends the following higher education funding changes compared to 2005-07 legislative appropriations for higher education:

- Increases **general fund** support by \$83,069,547, or 21.5 percent, including approximately \$30.6 million of one-time funding from the general fund. The increase in funding is due in part to increasing funding for campus operations and extraordinary repairs by approximately \$54.8 million, increasing funding for major capital projects by approximately \$13.8 million, and increasing funding for student financial assistance by approximately \$4.2 million.
- Decreases support from **special funds** by \$49,078,952, or 27.5 percent, due to decreasing major capital projects funding from special funds by approximately \$48.9 million.
- Adjusts the authorized number of **full-time equivalent (FTE) positions** from 2,194.42 to 2,134.59 to reflect the number of FTE positions supported by the general fund



Biennium	General Fund	Special Funds	Total
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
2007-09 - Executive budget	\$470,227,440	\$129,473,156	\$599,700,596

Key recommendations include:

- Funding of \$30,564,710 is provided for **one-time general fund appropriations**, including:

Northern Tier Network infrastructure	\$1,000,000
ConnectND system support	3,700,000
Common information services parity funding	420,000
Deferred maintenance	11,000,000
Major capital projects	14,444,710
<b>Total</b>	<b>\$30,564,710</b>

- Funding of \$33.8 million from the general fund for **campus parity** as requested by the State Board of Higher Education for costs to continue the fiscal year 2007 legislatively authorized salary increases, 5 percent per year salary increases for the 2007-09 biennium, estimated health insurance increases, and 2.4 percent per year operating inflation. This level of funding represents 96 percent of the general fund portion of parity costs. The remaining funding of approximately \$1.4 million will need to be funded with special funds or reallocation.
- Funding of \$10 million from the general fund for **campus equity** payments.
- Funding of \$5,987,497, of which \$5,823,497 is from the general fund and \$164,000 is from federal funds, for the **student financial assistance grant program**. This level represents a total funds increase of \$2,483,095 from the 2005-07 legislative appropriation of \$3,504,402.
- Funding of \$2,617,026, of which \$2,299,566 is from the general fund and \$317,460 is from the student loan trust fund, for the **professional student exchange program**. The funding includes \$200,000 from the general fund for a new community matching loan forgiveness program for veterinary medicine and optometry students and \$317,460 from the student loan trust fund for continuing the Kansas State University veterinary medicine program. This level represents a total funds increase of \$489,746 from the 2005-07 legislative appropriation of \$2,127,280.
- Funding of \$1,478,566 from the general fund for the **scholars program**. The funding includes \$250,785 to increase the number of new freshmen awards from 35 to 50 per year for fiscal years 2008 and 2009 and \$200,000 for a one-time \$2,000 stipend to all new freshmen in fiscal years 2008 and 2009. This level represents a general fund increase of \$616,489 from the 2005-07 legislative appropriation of \$862,077.
- Funding of \$5,500,000 from the general fund is recommended for **competitive research** matching funding. This represents an

increase in funding of \$310,000 from the 2005-07 legislative appropriation of \$5,190,000.

8. Funding of \$2,091,174 from the general fund for **board initiatives** to support University System and statewide goals linked to the State Board of Higher Education strategic plan and the Higher Education Roundtable report. The funding includes \$300,000 for a grant to the Space Grant Consortium. This level of funding represents an increase of \$366,174 from the 2005-07 adjusted appropriation of \$1,725,000.
9. A **common information services pool** of \$27,403,293 from the general fund is provided for support of the Higher Education Computer Network, the Interactive Video Network (IVN), the On-line Dakota Information Network (ODIN), and other related technology initiatives. The funding includes \$5,120,000 of one-time funding from the general fund, including \$420,000 for parity, \$3.7 million for support of the ConnectND system, and \$1,000,000 for Northern Tier Network infrastructure. This level of funding represents an increase

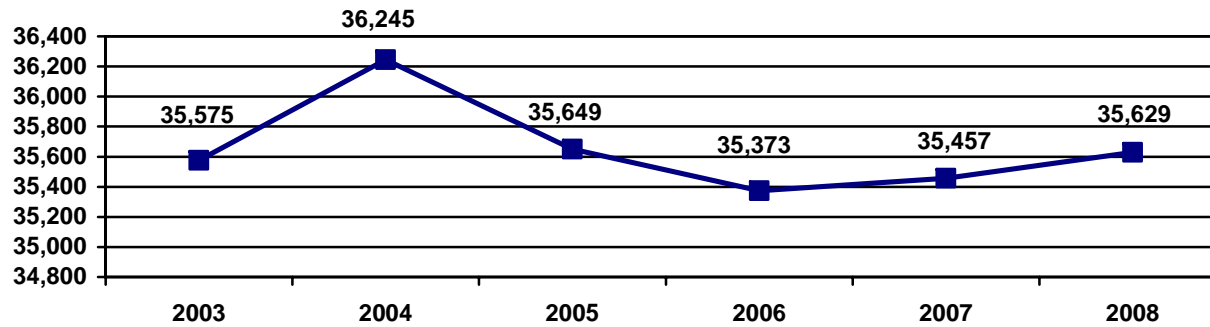
of \$6,796,200 from the 2005-07 adjusted appropriation of \$20,607,093.

10. Funding of \$174,018,625 is provided for **capital assets**, including:

	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Capital construction lease payments	\$14,792,252	\$1,029,750	\$15,822,002
Campus extraordinary repairs	17,714,053	0	17,714,053
Major capital projects	14,444,710	126,037,860	140,482,570
<b>Total</b>	<b>\$46,951,015</b>	<b>\$127,067,610</b>	<b>\$174,018,625</b>

Of the \$17,714,053 provided for campus extraordinary repairs, \$11 million is considered by the executive budget to be one-time funding. The funding of \$14,444,710 for major capital projects is also considered to be one-time funding. Please refer to the schedules under the **Capital Construction** section for additional information regarding capital improvements.

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



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008
Bismarck State College	2,747	2,800	2,602	2,651	2,700	2,750
Dickinson State University	1,992	2,034	2,031	2,059	2,100	2,142
Lake Region State College	738	738	738	750	739	745
Mayville State University	700	761	722	652	635	650
Minot State University	3,021	3,022	3,063	2,928	2,869	2,928
Minot State University - Bottineau	473	447	386	399	400	400
North Dakota State University	10,294	10,692	10,752	10,890	10,890	10,890
State College of Science	2,323	2,271	2,223	2,171	2,175	2,175
University of North Dakota	11,704	11,815	11,531	11,381	11,418	11,418
Valley City State University	879	956	899	844	870	870
Williston State College	704	709	702	648	661	661
<b>Total</b>	<b>35,575</b>	<b>36,245</b>	<b>35,649</b>	<b>35,373</b>	<b>35,457</b>	<b>35,629</b>

<sup>1</sup>The State Board of Higher Education adopted a new enrollment reporting policy in August 2006. The policy, which is consistent with national Integrated Postsecondary Education Data Systems (IPEDS) reporting requirements, provides that an undergraduate full-time equivalent (FTE) student is equal to 15 credit hours rather than 16 credit hours as previously calculated. The policy also provides that for graduate students, one full-time student is equivalent to 1 FTE student and a part-time student is equivalent to a .5 FTE student. In order to provide a consistent basis for comparing fall 2006 enrollments to previous years, the enrollments reported for 2003 through 2005 have been recalculated based on the new definition. The information presented in this schedule was provided by the University System office.

## HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2003-04 through 2006-07. 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	2003-04 <sup>1</sup>	2004-05 <sup>1</sup>	2005-06 <sup>1</sup>	2006-07 <sup>1</sup>
Bismarck State College <sup>2</sup>				
Undergraduate				
Resident	\$2,016 13.0%	\$2,629 30.4%	\$2,787 6.0%	\$3,052 9.5%
Minnesota resident <sup>3</sup>	\$2,600 (2.4%)	\$3,390 30.4%	\$3,590 5.9%	\$3,870 7.8%
Contiguous state/province <sup>4</sup>	\$2,520 13.0%	\$3,286 30.4%	\$3,483 6.0%	\$3,815 9.5%
Other nonresident	\$5,383 13.0%	\$7,019 30.4%	\$7,441 6.0%	\$8,148 9.5%
Dickinson State University				
Undergraduate				
Resident	\$2,554 16.0%	\$3,040 19.0%	\$3,329 9.5%	\$3,646 9.5%
Minnesota resident <sup>3</sup>	\$2,923 14.4%	\$3,406 16.5%	\$3,730 9.5%	\$3,922 5.1%
Contiguous state/province <sup>4</sup>	\$3,193 16.0%	\$3,800 19.0%	\$4,161 9.5%	\$4,558 9.5%
Other nonresident	\$6,820 16.0%	\$8,117 19.0%	\$8,888 9.5%	\$9,735 9.5%
Lake Region State College				
Undergraduate				
Resident	\$2,040 14.5%	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%
Minnesota resident <sup>3</sup>	\$3,002 12.9%	\$3,404 13.4%	\$3,729 9.5%	\$3,856 3.4%
Contiguous state/province <sup>4</sup>	\$2,040 (8.4%)	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%
Other nonresident	\$2,040 (57.1%)	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%
Mayville State University				
Undergraduate				
Resident	\$2,576 17.0%	\$3,014 17.0%	\$3,300 9.5%	\$3,614 9.5%
Minnesota resident <sup>3</sup>	\$2,948 15.4%	\$3,376 14.5%	\$3,696 9.5%	\$3,888 5.2%
Contiguous state/province <sup>4</sup>	\$3,220 17.0%	\$3,768 17.0%	\$4,125 9.5%	\$4,518 9.5%



Institution	2003-04 <sup>1</sup>	2004-05 <sup>1</sup>	2005-06 <sup>1</sup>	2006-07 <sup>1</sup>
All Canadian provinces except Saskatchewan and Manitoba				\$5,421
Other nonresident	\$6,878 17.0%	\$8,047 17.0%	\$8,811 9.5%	\$5,421 (38.5%)
Minot State University				
Undergraduate				
Resident	\$2,730 14.5%	\$3,160 15.8%	\$3,460 9.5%	\$3,790 9.5%
Minnesota resident <sup>3</sup>	\$3,125 13.0%	\$3,540 13.3%	\$3,876 9.5%	\$4,077 5.2%
Contiguous state/province <sup>4</sup>	\$3,413 14.5%	\$3,950 15.7%	\$4,325 9.5%	\$4,736 9.5%
Other nonresident	\$7,289 14.5%	\$8,437 15.7%	\$9,238 9.5%	\$10,116 9.5%
Graduate				
Resident	\$3,612 14.5%	\$4,180 15.7%	\$4,578 9.5%	\$5,013 9.5%
Minnesota resident <sup>3</sup>	\$4,778 13.5%	\$5,494 15.0%	\$6,017 9.5%	\$6,285 4.5%
Contiguous state/province <sup>4</sup>	\$5,418 14.5%	\$6,270 15.7%	\$6,867 9.5%	\$7,520 9.5%
Other nonresident	\$9,644 14.5%	\$11,160 15.7%	\$12,223 9.5%	\$13,384 9.5%
Minot State University - Bottineau				
Undergraduate				
Resident	\$2,042 14.6%	\$2,362 15.7%	\$2,575 9.0%	\$2,830 9.9%
Minnesota resident <sup>3</sup>	\$3,002 12.9%	\$3,404 13.4%	\$3,729 9.5%	\$3,856 3.4%
South Dakota and Montana residents	\$2,553 14.6%	\$2,953 15.7%	\$2,953 0.0%	\$2,953 0.0%
All provinces <sup>5</sup>	\$2,042 14.6%	\$2,362 15.7%	\$2,575 9.0%	\$2,830 9.9%
Other nonresident	\$5,452 14.6%	\$6,307 15.7%	\$6,875 9.0%	\$7,556 9.9%
State College of Science <sup>6, 7</sup>				
Undergraduate				
Resident	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%
Minnesota resident <sup>3</sup>	\$3,002 12.9%	\$3,390 12.9%	\$3,590 5.9%	\$3,870 7.8%
Contiguous state/province <sup>4</sup>	\$2,565 15.1%	\$3,338 30.1%	\$3,534 5.9%	\$3,818 8.0%

Institution	2003-04 <sup>1</sup>	2004-05 <sup>1</sup>	2005-06 <sup>1</sup>	2006-07 <sup>1</sup>
Other nonresident	\$5,478 15.1%	\$7,129 30.1%	\$7,550 5.9%	\$8,154 8.0%
Business and Industry Partnership Program <sup>8</sup>				
Resident	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%
Minnesota resident <sup>3</sup>	\$3,002 12.9%	\$3,390 12.9%	\$3,590 5.9%	\$3,870 7.8%
Contiguous state/province <sup>4</sup>	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%
Other nonresident	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%
North Dakota State University				
Undergraduate				
Resident	\$3,374 16.2%	\$3,982 18.0%	\$4,360 9.5%	\$4,774 9.5%
Minnesota resident <sup>3</sup>	\$3,900 14.8%	\$4,476 14.8%	\$4,901 9.5%	\$5,142 4.9%
Contiguous state/province <sup>4</sup>	\$5,061 16.2%	\$5,972 18.0%	\$6,540 9.5%	\$7,161 9.5%
Other nonresident	\$9,009 16.2%	\$10,630 18.0%	\$11,641 9.5%	\$12,747 9.5%
Graduate				
Resident	\$3,618 16.2%	\$4,270 18.0%	\$4,676 9.5%	\$5,120 9.5%
Minnesota resident <sup>3</sup>	\$4,778 15.0%	\$5,494 15.0%	\$6,015 9.5%	\$6,285 4.5%
Contiguous state/province <sup>4</sup>	\$5,427 16.2%	\$6,404 18.0%	\$7,013 9.5%	\$7,680 9.5%
Other nonresident	\$9,660 16.2%	\$11,400 18.0%	\$12,485 9.5%	\$13,671 9.5%
University of North Dakota				
Undergraduate				
Resident	\$3,441 16.5%	\$4,009 16.5%	\$4,390 9.5%	\$4,786 9.0%
Minnesota resident <sup>3</sup>	\$3,900 14.8%	\$4,476 14.8%	\$4,901 9.5%	\$5,142 4.9%
Contiguous state/province <sup>4</sup>	\$5,163 16.5%	\$6,013 16.5%	\$6,584 9.5%	\$7,180 9.1%
Other nonresident	\$9,187 16.5%	\$10,703 16.5%	\$11,722 9.5%	\$12,780 9.0%
Graduate				
Resident	\$3,703 16.5%	\$4,313 16.5%	\$4,722 9.5%	\$5,148 9.0%

Institution	2003-04 <sup>1</sup>	2004-05 <sup>1</sup>	2005-06 <sup>1</sup>	2006-07 <sup>1</sup>
Minnesota resident <sup>3</sup>	\$4,778 15.0%	\$5,494 15.0%	\$6,015 9.5%	\$6,285 4.5%
Contiguous state/province <sup>4</sup>	\$5,555 16.5%	\$6,471 16.5%	\$7,084 9.5%	\$7,722 9.0%
Other nonresident	\$9,889 16.5%	\$11,519 16.5%	\$12,610 9.5%	\$13,746 9.0%
School of Law Resident	\$4,045 16.5%	\$4,713 16.5%	\$5,160 9.5%	\$5,780 12.0%
Minnesota resident <sup>3</sup>	\$4,778 15.0%	\$5,494 15.0%	\$6,015 9.5%	\$6,285 4.5%
Minnesota resident (newly enrolled as of the 2006-07 academic year) <sup>3</sup>				\$15,432
Contiguous state/province <sup>4</sup>	\$6,067 16.5%	\$7,069 16.5%	\$7,740 9.5%	\$8,670 12.0%
Other nonresident	\$10,801 16.5%	\$12,581 16.5%	\$13,778 9.5%	\$15,432 12.0%
School of Medicine and Health Sciences Resident	\$15,343 14.1%	\$17,507 14.1%	\$18,908 8.0%	\$20,422 8.0%
Minnesota resident <sup>3</sup>	\$17,561 12.6%	\$19,608 11.7%	\$21,177 8.0%	\$21,969 3.7%
Minnesota resident (newly enrolled as of the 2006-07 academic year) <sup>3</sup>				\$22,464
Other nonresident	\$40,963 14.1%	\$46,741 14.1%	\$50,482 8.0%	\$37,800 (25.1%)
Physical Therapy <sup>9</sup> Resident	\$7,091 30.4%	\$8,091 14.1%	\$8,738 8.0%	\$9,438 8.0%
Minnesota resident <sup>3</sup>	\$7,091 30.4%	\$8,091 14.1%	\$8,738 8.0%	\$9,438 8.0%
Contiguous state/province <sup>4</sup>	\$9,811 14.1%	\$11,195 14.1%	\$12,090 8.0%	\$13,058 8.0%
Other nonresident	\$9,811 14.1%	\$11,195 14.1%	\$12,090 8.0%	\$13,058 8.0%
Valley City State University <sup>10</sup> Undergraduate Resident	\$2,652 20.4%	\$3,130 18.0%	\$3,428 9.5%	\$3,753 9.5%
Minnesota resident <sup>3</sup>	\$3,035 18.8%	\$3,506 15.5%	\$3,839 9.5%	\$4,037 5.2%
Contiguous state/province <sup>4</sup>	\$3,315 20.4%	\$3,913 18.0%	\$4,284 9.5%	\$4,691 9.5%

Institution	2003-04 <sup>1</sup>	2004-05 <sup>1</sup>	2005-06 <sup>1</sup>	2006-07 <sup>1</sup>
Other nonresident	\$7,081 20.4%	\$8,357 18.0%	\$9,152 9.5%	\$10,021 9.5%
Graduate Resident			\$4,560	\$4,993 9.5%
Minnesota resident <sup>3</sup>			\$6,017	\$6,377 6.0%
Contiguous state/province <sup>4</sup>			\$5,700	\$6,241 9.5%
Other nonresident			\$12,175	\$13,332 9.5%
Williston State College <sup>11</sup> Undergraduate Resident	\$1,920 6.0%	\$2,074 8.0%	\$2,198 6.0%	\$2,374 8.0%
Minnesota resident <sup>3</sup>	\$2,600 (3.7%)	\$2,938 13.0%	\$3,111 5.9%	\$3,354 7.8%
Contiguous state/province <sup>4</sup>	\$1,920 6.0%	\$2,074 8.0%	\$2,198 6.0%	\$2,374 8.0%
Other nonresident	\$2,880 6.0%	\$3,111 8.0%	\$3,298 6.0%	\$3,561 8.0%

<sup>1</sup>Beginning with the 2002-03 academic year, the State Board of Higher Education authorized each higher education institution president to set the final tuition rate for each campus within an approved range.

<sup>2</sup>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 were at no charge. Beginning with 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.

<sup>3</sup>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. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs.

<sup>4</sup>The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

<sup>5</sup>Beginning with the 2002-03 academic year, Minot State University - Bottineau charges resident tuition rates to students from all Canadian provinces.

<sup>6</sup>Beginning with the 2002-03 academic year, 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:

	2003-04	2004-05	2005-06	2006-07
Undergraduate Contiguous state/province	\$2,052	\$2,670	\$2,828	\$3,054
Other nonresidents	\$3,078	\$4,005	\$2,828	\$3,054

<sup>7</sup>State College of Science implemented a per credit tuition model beginning in the 2004-05 academic year. For the 2004-05 academic year, the institution charged a per credit (part-time) tuition rate for all credit hours except for the 17th and 18th credits, which were at no charge. Beginning with the 2005-06 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.

<sup>8</sup>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.

<sup>9</sup>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.

<sup>10</sup>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 full-time student. 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.

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

# DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

## DEPARTMENTWIDE

- Provides a total general fund appropriation of \$582.2 million, \$97.7 million, or 20.2 percent more than the \$484.4 million appropriated for the 2005-07 biennium.
- Adds \$9.1 million from the general fund for additional state matching funds required due to changes in the state's **federal medical assistance percentage** (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 64.72 percent in federal fiscal year 2007 to 63.75 percent in federal fiscal year 2008, then increasing to an estimated 64.08 percent in federal fiscal year 2009.
- Provides **inflationary increases** to the department's service providers of 3 percent for each year of the biennium. The 2005 Legislative Assembly approved 2.65 percent annual inflationary increases for the 2005-07 biennium.

## MANAGEMENT

- Provides \$31.1 million, of which \$3.7 million is from the general fund, for additional costs of rewriting the **Medicaid management information system (MMIS)** computer application. The 2005 Legislative Assembly provided \$29.2 million, of which the state matching share of \$3.7 million is from the permanent oil tax trust fund. This funding is recommended to be continued to the 2007-09 biennium by Section 2 of Senate Bill No. 2024.

## ECONOMIC ASSISTANCE

- Reduces funding for **temporary assistance for needy families (TANF)** costs by \$1.8 million to provide a total of \$22.4 million, of which \$4.3 million is from the general fund, for the 2007-09 biennium. The reduction is based on the number of recipients and average monthly payments during the 2005-07 biennium, both of which are lower than anticipated.
- Transfers the **children's special health services** program from the Medical Services Division of the Department of Human Services to the State Department of Health. Funding of \$2.1 million, of which \$950,000 is from the general fund, and eight full-time equivalent (FTE) positions are transferred.
- Provides \$97.5 million for **inpatient hospital services** in the medical assistance program, an increase of \$16.6 million, or 20.6 percent, compared to the 2005-07 appropriation of \$80.9 million.

- Provides \$46.5 million for **outpatient hospital services** in the medical assistance program, an increase of \$6.1 million, or 15.2 percent, compared to the 2005-07 biennium appropriation of \$40.4 million.
- Provides \$60.8 million for **prescription drugs** in the medical assistance program, an increase of \$3.3 million, or 5.7 percent, compared to the projected expenditures for the 2005-07 biennium of \$57.5 million.
- Includes \$19,149,615 from the general fund for making Medicare Part D prescription drug "**clawback**" **payments** to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid. The amount provided is an increase of \$3,297,906 from the adjusted 2005-07 biennium appropriation of \$15,851,709. During the 2005-07 biennium, the payments were made for 18 months (January 2006 through June 2007). The payments will be made for 24 months in 2007-09.
- Provides \$23.7 million for **premiums** in the medical assistance program, an increase of \$8.1 million, or 52 percent, compared to the 2005-07 biennium appropriation of \$15.6 million.
- Provides \$19.9 million for **treatment services for children** in the medical assistance program, an increase of \$9.2 million, or 85.1 percent, compared to the 2005-07 biennium appropriation of \$10.7 million.
- Provides \$19.7 million for **Healthy Steps**, the children's health insurance program, an increase of \$7.6 million, or 63.1 percent, compared to the 2005-07 biennium appropriation of \$12.1 million.
- Provides \$378.5 million for **nursing facility care**, an increase of \$35.4 million, or 10.3 percent, compared to the 2005-07 biennium appropriation of \$343 million. The increase includes \$25.2 million for the **cost to continue** 2005-07 inflationary increases, **rebasing** nursing home costs from 2003 to 2006, effective January 2009, and for other **cost, caseload, and utilization adjustments** and \$10.2 million for the recommended **3 percent annual inflationary increases** and for using the RS means construction index rather than the consumer price index for the nursing home **rebasing formula**.
- Provides \$14.4 million for **basic care**, of which \$6.3 million is from the general fund, an increase of \$1.1 million, of which \$950,000 is from the general fund compared to the 2005-07 biennium appropriation.
- Increases funding for **aged and disabled waiver services** by \$1.6 million, from \$3.4 million appropriated for the 2005-07 biennium to

\$5 million for the 2007-09 biennium. The general fund share is increasing by \$600,000, from \$1.2 million in 2005-07 to \$1.8 million for 2007-09.

- Provides \$9.8 million for **service payments for elderly and disabled (SPED)** and **expanded SPED** programs, \$4.1 million less than the \$13.9 million appropriated for the 2005-07 biennium. The department anticipates serving more SPED recipients under the personal care option during the 2007-09 biennium.
- Provides \$19.4 million for the Medicaid **personal care option**, \$3.9 million more than the \$15.5 million appropriated for the 2005-07 biennium. The general fund share of the 2007-09 biennium appropriation is \$7 million, \$1.5 million more than the \$5.5 million appropriated for the 2005-07 biennium.
- Provides \$267.1 million for **developmental disabilities services grants**, of which \$96.8 million is from the general fund. Compared to the 2005-07 biennium, the 2007-09 biennium funding is an increase of \$55.7 million, of which \$22.3 million is from the general fund. Of the \$55.7 million increase, \$33.9 million relates to the cost to continue 2005-07 biennium inflationary and wage increases approved by the 2005 Legislative Assembly and other cost and caseload adjustments and \$21.8 million for the recommended **3 percent annual inflationary increases** and for **increasing the average wage** of employees of developmental disabilities service providers by 60 cents per hour.

### PROGRAM AND POLICY

- Adds \$280,000 from the general fund to provide a total of \$1 million for state matching for federal Title III **aging services** funds.
- Adds \$2,774,562 from the general fund in the Division of Mental Health and Substance Abuse to phase in a **community-based sex offender treatment** program to provide services for up to 140 offenders.
- Adds \$700,000 from the general fund in the Division of Mental Health and Substance Abuse to contract with a private provider for a second residential treatment center for providing **methamphetamine treatment** services.

### STATE HOSPITAL

- Provides \$3.1 million from the general fund for costs of **constructing a high security addition** to the secure services unit at the State Hospital. The secure services unit provides sex offender treatment services and services to individuals that are mentally ill and dangerous.
- Adds \$3.6 million from the general fund and 36 FTE positions for **expanding the secure services unit** from 42 to 82 beds. Of the 40 new beds, 20 were added during the 2005-07 biennium, upon Emergency Commission approval.
- Provides \$4.7 million from the general fund for **capital improvements and extraordinary repairs** at the State Hospital.

### DEVELOPMENTAL CENTER

- Provides \$1.7 million, \$1.6 million of which is from the general fund, for **capital improvements, extraordinary repairs, and equipment purchases** at the Developmental Center.

### HUMAN SERVICE CENTERS

- Adds \$1.2 million, of which \$800,000 is from the general fund, for **increasing service capacity** at the Lake Region, Northeast, Southeast, and West Central Human Service Centers.
- Adds \$400,000, of which \$300,000 is from the general fund, for enhancing **drug court activities** in the north central, northeast, southeast, and west central human service regions.
- Provides \$1.5 million from the general fund to the South Central Human Service Center to contract for **community residential services** as an alternative to admission to the State Hospital for substance abuse and mental health treatment services.

## TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The 2007-09 executive budget recommendation includes funding of \$22,439,980, \$1,820,020 less than the 2005-07 appropriation, for the temporary assistance for needy families (TANF) program. The reduction is based on the actual number of TANF recipients and average monthly payments during the 2005-07 biennium, both of which are lower than budgeted.

The 2007-09 executive budget recommendation includes funding to serve an estimated average monthly caseload of 2,750. The September 2006 caseload was 2,637.

The 2007-09 executive budget recommendation anticipates monthly assistance payments to average \$340 per case for the 2007-09 biennium. The average payment per case in September 2006 was \$336.

The following schedule compares the 2003-05 and 2005-07 biennium appropriations to the 2007-09 executive budget:

	<b>2003-05 Biennium Appropriation</b>	<b>2005-07 Biennium Appropriation</b>	<b>2007-09 Executive Budget Recommendation</b>	<b>2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Appropriation</b>
<b>Temporary Assistance for Needy Families</b>				
Federal funds	\$13,341,867	\$8,155,352	\$6,821,322	(\$1,334,030)
General fund	3,939,432	3,938,442	4,314,942	376,500
Retained funds <sup>1</sup>	8,392,385	8,302,671	6,174,667	(2,128,004)
Other funds - Child support collections	3,834,256	3,863,535	5,129,049	1,265,514
<b>Total - TANF</b>	<b>\$29,507,940</b>	<b>\$24,260,000</b>	<b>\$22,439,980</b>	<b>(\$1,820,020)</b>

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

The Department of Human Services anticipates receiving \$26.4 million of federal TANF block grant funds for each year of the 2007-09 biennium. The department projects carrying forward \$14.9 million of federal TANF block grant funds from the 2005-07 biennium to the 2007-09 biennium and \$8.4 million from the 2007-09 biennium to the 2009-11 biennium. The executive budget recommends spending \$59.3 million of the federal TANF block grant funds in 2007-09.



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

### MEDICAL SERVICES FUNDING

The 2007-09 executive recommendation for medical services includes a total of \$382.2 million. Of this total, \$99.3 million is from the general fund.

The executive budget projects that 52,308 individuals will be eligible for the medical assistance program during the 2007-09 biennium, 601 less than the 52,909 originally budgeted by the department for the 2005-07 biennium. The actual number of eligible individuals in June 2006 was 51,706.

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

	<b>2001-03 Actual Expenditures</b>	<b>2003-05 Actual Expenditures</b>	<b>2005-07 Appropriation</b>	<b>2005-07 Projected Expenditures*</b>	<b>2007-09 Executive Budget</b>	<b>2007-09 Increase (Decrease) to 2005-07 Projected</b>
General fund	\$70,082,194	\$90,305,924	\$87,151,956	\$89,558,997	\$99,271,951	\$9,712,954
Federal funds	223,122,119	256,465,494	256,278,074	244,473,004	252,049,579	7,576,575
Other funds	22,182,191	14,728,998	26,276,803	26,287,037	30,910,210	4,623,173
<b>Total</b>	<b>\$315,386,504</b>	<b>\$361,500,416</b>	<b>\$369,706,833</b>	<b>\$360,319,038</b>	<b>\$382,231,740</b>	<b>\$21,912,702</b>

\*Based upon actual expenditures incurred through June 2006.

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

<b>Federal Fiscal Year</b>	<b>FMAP</b>	<b>Fiscal Relief FMAP</b>	<b>Federal Fiscal Year</b>	<b>FMAP</b>	
1998	70.43%		2005	67.49%	
1999	69.94%		2006	65.85%	
2000	70.42%		2007	64.72%	
2001	69.99%		2008	63.75%	
2002	69.87%		2009	64.08%	estimate
2003	68.36%	72.82% <sup>1</sup>			
2004	68.31%	71.31% <sup>1</sup>			

<sup>1</sup>The federal fiscal relief FMAP was in effect for five quarters--April 2003 through June 2004.

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

	<b>Actual</b>		<b>Actual</b>		<b>Recommended</b>	
	<b>July 2003 Inflationary Adjustment</b>	<b>July 2004 Inflationary Adjustment</b>	<b>July 2005 Inflationary Adjustment</b>	<b>July 2006 Inflationary Adjustment</b>	<b>July 2007 Inflationary Adjustment</b>	<b>July 2008 Inflationary Adjustment</b>
Inpatient hospital	0.00%	2.70% <sup>1</sup>	2.65%	2.65%	3.00%	3.00%
Outpatient hospital	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Home health	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Dental services	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Drugs	7.00%	7.00%	5.50%	1.10% <sup>2</sup>	6.50% <sup>3</sup>	6.50% <sup>3</sup>
Physician services	0.00%	1.83% <sup>1</sup>	2.65%	2.65%	3.00%	3.00%

<sup>1</sup> Effective April 2004.

<sup>2</sup> Due to implementation of Medicare Part D, the inflationary increase for state fiscal year 2006 is not comparable to past years as the patient and medication mix is completely different.

<sup>3</sup> Inflation is based upon federal national health expenditure data.

The following schedule compares the 2003-05 biennium actual expenditures and 2005-07 biennium projected expenditures for medical services to the 2007-09 executive budget recommendation:

	<b>2003-05 Actual Expenditures</b>	<b>2005-07 Projected Expenditures*</b>	<b>Percentage Change From Previous Biennium</b>	<b>2007-09 Executive Budget</b>	<b>Percentage of Total</b>	<b>2007-09 Executive Budget Increase (Decrease) to 2005-07</b>	<b>Percentage Increase (Decrease)</b>
Inpatient hospital	\$77,833,386	\$92,580,648	18.95%	\$97,502,872	25.51%	\$4,922,224	5.32%
Outpatient hospital	42,785,097	45,852,067	7.17%	46,538,333	12.18%	686,266	1.50%
Home health	4,048,089	3,022,701	(25.33%)	3,069,736	0.80%	47,035	1.56%
Premiums	14,750,294	19,377,202	31.37%	23,681,997	6.20%	4,304,795	22.22%
Physicians' services	54,336,514	56,786,026	4.51%	56,372,775	14.75%	(413,251)	(73.00%)
Drugs (net)	93,006,523	57,547,306	(38.13%)	60,837,656	15.92%	3,290,350	5.72%
Durable medical equipment	4,667,592	5,014,679	7.44%	5,272,927	1.38%	258,248	5.15%
Treatment services for children	10,226,559	11,503,498	12.49%	19,917,653	5.21%	8,414,155	73.14%
Rural health clinics	3,768,854	3,904,373	3.60%	3,990,135	1.04%	85,762	2.20%
Indian health services	20,052,589	21,726,695	8.35%	20,815,623	5.45%	(911,072)	(4.19%)
Chiropractic services	382,745	343,224	(10.33%)	353,268	0.09%	10,044	2.93%
Dental	12,661,059	11,935,925	(5.73%)	12,005,428	3.14%	69,503	0.58%
Hospice services	5,859,859	717,234	(87.76%)	721,512	0.19%	4,278	0.60%
Private duty nursing	4,743	8,661	82.61%	11,112	0.00%	2,451	28.30%
Other, excluding Healthy Steps	17,116,513	29,998,799	75.26%	31,140,713	8.14%	1,141,914	3.81%
<b>Total - Excluding intergovernmental transfer</b>	<b>\$361,500,416</b>	<b>\$360,319,038</b>	<b>(33.00%)</b>	<b>\$382,231,740</b>	<b>100.00%</b>	<b>\$21,912,702</b>	<b>6.08%</b>
General fund	\$90,305,924	\$89,558,997	(83.00%)	\$99,271,951	25.97%	\$9,712,954	10.85%
Federal funds	256,465,494	244,473,004	(4.68%)	252,049,579	65.94%	7,576,575	3.10%
Other funds	14,728,998	26,287,037	78.47%	30,910,210	8.09%	4,623,173	17.59%
<b>Total - Excluding intergovernmental transfer</b>	<b>\$361,500,416</b>	<b>\$360,319,038</b>	<b>(33.00%)</b>	<b>\$382,231,740</b>	<b>100.00%</b>	<b>\$21,912,702</b>	<b>6.08%</b>
Intergovernmental transfer program	\$28,318,634	\$0	(100.00%)	\$0		\$0	
<b>Total - Including intergovernmental transfer</b>	<b>\$389,819,050</b>	<b>\$360,319,038</b>	<b>(7.57%)</b>	<b>\$382,231,740</b>		<b>\$21,912,702</b>	<b>6.08%</b>
General fund	\$98,428,736	\$89,558,997	(9.01%)	\$99,271,951	25.97%	\$9,712,954	10.85%
Federal funds	276,661,316	244,473,004	(11.63%)	252,049,579	65.94%	7,576,575	3.10%
Other funds	14,728,998	26,287,037	78.47%	30,910,210	8.09%	4,623,173	17.59%
<b>Total - Including intergovernmental transfer</b>	<b>\$389,819,050</b>	<b>\$360,319,038</b>	<b>(7.57%)</b>	<b>\$382,231,740</b>	<b>100.00%</b>	<b>\$21,912,702</b>	<b>6.08%</b>

\*Based upon actual expenditures incurred through June 2006.

### LONG-TERM CARE SERVICES FUNDING

The 2007-09 executive recommendation for long-term care services totals \$696.8 million. Of this total, \$258.5 million is from the general fund.

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

	<b>2001-03 Actual Expenditures</b>	<b>2003-05 Actual Expenditures</b>	<b>2005-07 Appropriation</b>	<b>2005-07 Projected Expenditures *</b>	<b>2007-09 Executive Budget</b>	<b>2007-09 Increase (Decrease) to 2005-07 Projected</b>
Federal funds	\$214,590,424	\$359,931,845	\$378,413,045	\$383,614,491	\$435,545,744	\$51,931,253
General fund	91,419,711	171,170,485	221,915,185	211,199,926	258,494,777	47,294,851
Other funds	18,965,176	2,865,476	5,064,023	4,433,151	2,720,018	(1,713,133)
<b>Total</b>	<b>\$324,975,311</b>	<b>\$533,967,806</b>	<b>\$605,392,253</b>	<b>\$599,247,568</b>	<b>\$696,760,539</b>	<b>\$97,512,971</b>

\*Based upon actual expenditures incurred through September 2006.

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

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

	<b>Actual</b>		<b>Actual</b>		<b>Recommended</b>	
	<b>July 2003 Inflationary Adjustment</b>	<b>July 2004 Inflationary Adjustment</b>	<b>July 2005 Inflationary Adjustment</b>	<b>July 2006 Inflationary Adjustment</b>	<b>July 2007 Inflationary Adjustment</b>	<b>July 2008 Inflationary Adjustment</b>
Nursing facilities	3.66%	3.66%	2.65%	2.65%	3.00%	3.00%
Basic care	1.20%	1.20%	2.65%	2.65%	3.00%	3.00%
Service payments for elderly and disabled (SPEI)	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Expanded SPED	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Aged and disabled waiver	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Traumatic brain injury waiver	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%
Targeted case management	0.00%	0.00%	2.65%	2.65%	3.00%	3.00%

The following schedule compares 2003-05 expenditures and 2005-07 projected expenditures for long-term care services to the 2007-09 executive budget recommendation:

	<b>2003-05 Actual Expenditures</b>	<b>2005-07 Projected Expenditures*</b>	<b>Percentage Change From Previous Biennium</b>	<b>2007-09 Executive Budget</b>	<b>Percentage of Total</b>	<b>2007-09 Executive Budget Increase (Decrease) to 2005-07</b>	<b>2007-09 Increase (Decrease) to 2005-07 Projected</b>
Nursing home care	\$308,262,033	\$337,357,777	9.44%	\$378,455,376	54.31%	\$41,097,599	12.18%
Basic care assistance	10,892,535	12,105,462	11.14%	14,401,246	2.07%	2,295,784	18.96%
Service payments for elderly and disabled (SPEI)	11,665,339	10,824,113	(7.21%)	9,101,518	1.31%	(1,722,595)	(15.91%)
Expanded SPED	1,041,091	563,265	(45.90%)	667,992	0.10%	104,727	18.59%
Aged and disabled waiver	11,150,411	2,568,749	(76.96%)	5,007,179	0.72%	2,438,430	94.93%
Traumatic brain injury waiver	1,633,486	1,972,671	20.76%	1,748,881	0.25%	(223,790)	(11.34%)
Targeted case management	604,516	821,316	35.86%	892,602	0.13%	71,286	8.68%
Personal care option	367,651	14,008,767	3710.34%	19,357,368	2.78%	5,348,601	38.18%
DD community-based care	188,350,744	219,025,448	16.29%	267,128,377	38.33%	48,102,929	21.96%
<b>Total</b>	<b>\$533,967,806</b>	<b>\$599,247,568</b>	<b>12.23%</b>	<b>\$696,760,539</b>	<b>100.00%</b>	<b>\$97,512,971</b>	<b>16.27%</b>
Federal funds	\$359,931,845	\$383,614,491	6.58%	\$435,545,744	62.51%	\$51,931,253	13.54%
General fund	171,170,485	211,199,926	23.39%	258,494,777	37.10%	47,294,851	22.39%
Other funds	2,865,476	4,433,151	54.71%	2,720,018	0.39%	(1,713,133)	(38.64%)
<b>Total</b>	<b>\$533,967,806</b>	<b>\$599,247,568</b>	<b>12.23%</b>	<b>\$696,760,539</b>	<b>100.00%</b>	<b>\$97,512,971</b>	<b>16.27%</b>

\*Based upon actual expenditures incurred through September 2006.

The following schedule compares the 2007-09 executive recommendation to the 2005-07 biennium original appropriations for individual programs:

	Federal Funds	General Fund	Health Care Trust Fund	"Retained" Funds	County Funds	Total Funds
<b>Nursing home care</b>						
2007-09 executive recommendation	\$242,094,724	\$136,360,652	\$0			\$378,455,376
2005-07 original appropriation	221,468,801	120,807,641	736,598			343,013,040
Increase (decrease)	<u>\$20,625,923</u>	<u>\$15,553,011</u>	<u>(\$736,598)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$35,442,336</u>
<b>Basic care assistance</b>						
2007-09 executive recommendation	\$5,793,512	\$6,323,372		\$2,284,362		\$14,401,246
2005-07 original appropriation	5,484,596	5,374,918	\$158,095	2,284,362		13,301,971
Increase (decrease)	<u>\$308,916</u>	<u>\$948,454</u>	<u>(\$158,095)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,099,275</u>
<b>SPED</b>						
2007-09 executive recommendation	\$19,417	\$8,646,445			\$435,656	\$9,101,518
2005-07 original appropriation	225,720	12,015,332	\$140,431		639,780	13,021,263
Increase (decrease)	<u>(\$206,303)</u>	<u>(\$3,368,887)</u>	<u>(\$140,431)</u>	<u>\$0</u>	<u>(\$204,124)</u>	<u>(\$3,919,745)</u>
<b>Expanded SPED</b>						
2007-09 executive recommendation		\$667,992				\$667,992
2005-07 original appropriation		823,837	\$14,200			838,037
Increase (decrease)	<u>\$0</u>	<u>(\$155,845)</u>	<u>(\$14,200)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$170,045)</u>
<b>Aged and disabled waiver</b>						
2007-09 executive recommendation	\$3,250,104	\$1,757,075				\$5,007,179
2005-07 original appropriation	2,192,688	1,161,726	\$45,489			3,399,903
Increase (decrease)	<u>\$1,057,416</u>	<u>\$595,349</u>	<u>(\$45,489)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,607,276</u>
<b>Traumatic brain injury waiver</b>						
2007-09 executive recommendation	\$1,118,714	\$630,167				\$1,748,881
2005-07 original appropriation	1,847,703	1,008,021	\$9,918			2,865,642
Increase (decrease)	<u>(\$728,989)</u>	<u>(\$377,854)</u>	<u>(\$9,918)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,116,761)</u>
<b>Targeted case management</b>						
2007-09 executive recommendation	\$570,970	\$321,632				\$892,602
2005-07 original appropriation	1,332,438	725,191	\$7,064			2,064,693
Increase (decrease)	<u>(\$761,468)</u>	<u>(\$403,559)</u>	<u>(\$7,064)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,172,091)</u>
<b>Personal care option</b>						
2007-09 executive recommendation	\$12,382,692	\$6,974,676				\$19,357,368
2005-07 original appropriation	10,009,348	5,446,358	\$52,678			15,508,384
Increase (decrease)	<u>\$2,373,344</u>	<u>\$1,528,318</u>	<u>(\$52,678)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,848,984</u>
<b>DD community-based care</b>						
2007-09 executive recommendation	\$170,315,611	\$96,812,766				\$267,128,377
2005-07 original appropriation	135,851,751	74,552,161	\$975,408			211,379,320
Increase (decrease)	<u>\$34,463,860</u>	<u>\$22,260,605</u>	<u>(\$975,408)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$55,749,057</u>
<b>Total - Long-term care programs</b>						
2007-09 executive recommendation	\$435,545,744	\$258,494,777	\$0	\$2,284,362	\$435,656	\$696,760,539
2005-07 original appropriation	378,413,045	221,915,185	2,139,881	2,284,362	639,780	605,392,253
Increase (decrease)	<u>\$57,132,699</u>	<u>\$36,579,592</u>	<u>(\$2,139,881)</u>	<u>\$0</u>	<u>(\$204,124)</u>	<u>\$91,368,286</u>

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

The 2007-09 executive recommendation for the Healthy Steps program includes a total of \$19.7 million, \$5 million of which is from the general fund. Compared to the 2005-07 projected expenditures, the executive budget is recommending an increase of \$4.1 million, \$1.2 million of which is from the general fund.

The executive budget recommends continuing eligibility requirements for the program at 140 percent of poverty based on net income and serving an average caseload of 3,958 children each month of the 2007-09 biennium. In July 2006, 3,791 children were covered by the program. The executive budget includes funding for a monthly premium increase of \$25.45 or 13.99 percent.

The schedule below compares the 2007-09 executive budget recommendation to 2005-07 projected expenditures:

	<b>2001-03 Expenditures</b>	<b>2003-05 Expenditures</b>	<b>2005-07 Projected Expenditures*</b>	<b>2007-09 Executive Budget</b>	<b>2007-09 Executive Budget Increase (Decrease) to 2005-07</b>	<b>2007-09 Increase (Decrease) to 2005-07 Projected</b>
Healthy Steps	\$7,036,901	\$8,569,769	\$15,552,345	\$19,690,305	\$4,137,960	26.61%
General fund	\$1,478,454	\$1,902,113	\$3,744,460	\$4,965,555	\$1,221,095	32.61%
Federal funds	5,558,447	6,647,705	11,807,885	14,724,750	2,916,865	24.70%
Other funds	0	19,951	0	0	0	
<b>Total</b>	<b>\$7,036,901</b>	<b>\$8,569,769</b>	<b>\$15,552,345</b>	<b>\$19,690,305</b>	<b>\$4,137,960</b>	<b>26.61%</b>

\*Based upon actual expenditures incurred through July 2006.

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

<b>Federal Fiscal Year Ending</b>	<b>FMAP</b>	<b>North Dakota Allocation<sup>1</sup></b>
September 30, 1998	79.30%	\$5,041,000
September 30, 1999	78.96%	\$5,017,000
September 30, 2000	79.29%	\$5,656,000
September 30, 2001	78.99%	\$6,576,000
September 30, 2002	78.91%	\$5,333,000
September 30, 2003	77.85%	\$5,437,000
September 30, 2004	77.82%	\$5,437,000
September 30, 2005	77.24%	\$6,384,719
September 30, 2006	76.10%	\$6,346,156
September 30, 2007	75.30%	\$7,738,000
September 30, 2008	74.63%	\$7,738,000
September 30, 2009 estimate	74.86%	\$7,738,000

<sup>1</sup>The federal government allows states two years to spend their annual federal fund allocation.

<b>State Fiscal Year Ending</b>	<b>Monthly Average Children Enrolled</b>	<b>Premium Expenditures</b>	<b>Monthly Average Premium Rates</b>
June 30, 2000	1,168	\$1,321,417	\$108.64
June 30, 2001	2,092	\$2,955,445	\$110.35
June 30, 2002	2,534	\$3,823,196	\$127.17
June 30, 2003	2,099	\$3,213,705	\$127.67
June 30, 2004	2,301	\$4,220,838	\$154.30
June 30, 2005	2,322	\$4,348,931	\$154.78
June 30, 2006	3,278	\$7,156,204	\$181.90
June 30, 2007	3,847 <sup>1</sup>	\$8,396,141 <sup>1</sup>	\$181.90
June 30, 2008	3,928 <sup>1</sup>	\$9,770,521 <sup>1</sup>	\$207.31 executive recommendation
June 30, 2009	3,988 <sup>1</sup>	\$9,919,784 <sup>1</sup>	\$207.31 executive recommendation

<sup>1</sup>This amount is projected.

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

## DEVELOPMENTAL DISABILITIES

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

### DEVELOPMENTAL DISABILITIES PROGRAMS FOR THE 2007-09 BIENNIUM AS RECOMMENDED IN THE GOVERNOR'S BUDGET COMPARED TO THE 1999-2001 THROUGH 2005-07 APPROPRIATIONS

	1999-2001 Biennium Appropriations	2001-03 Biennium Appropriations	2003-05 Biennium Appropriations	2005-07 Biennium Appropriations	2007-09 Executive Budget Recommendation	2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Appropriations
<b>Developmental Center at Grafton</b>						
Total appropriation (excluding capital improvements)	\$39,305,692	\$40,165,023	\$40,023,854	\$41,832,051	\$46,323,907	\$4,491,856
Less estimated income	<u>29,770,472</u>	<u>30,221,013</u>	<u>31,849,828</u>	<u>30,799,576</u>	<u>33,192,582</u>	<u>2,393,006</u>
General fund	<u><u>\$9,535,220</u></u>	<u><u>\$9,944,010</u></u>	<u><u>\$8,174,026</u></u>	<u><u>\$11,032,475</u></u>	<u><u>\$13,131,325</u></u>	<u><u>\$2,098,850</u></u>
<b>Department of Human Services</b>						
DD grants						
Adult day care	\$3,074,184					
Developmental day activity	8,493,238					
Prevocational work activity	9,197,052					
Developmental work activity	172,596					
Day supports		\$20,725,614	\$26,858,543	\$31,024,005	\$38,607,222	\$7,583,217
Transitional community living	8,309,606	10,210,167	11,046,988	11,769,990	13,754,369	1,984,379
Minimally supervised living	4,306,112	5,498,138	6,524,252	9,910,283	15,871,080	5,960,797
Supported living arrangement	1,394,782	1,362,486	1,324,904	655,326	779,765	124,439
Congregate care	2,905,569	2,794,924	3,062,549	3,295,933	3,715,091	419,158
Family subsidy	1,368,653	1,881,548	1,792,256	1,496,194	1,570,816	74,622
Infant development	1,723,065	1,913,403	2,371,965	4,356,827	10,681,373	6,324,546
Family support services - In-home support	5,508,872	4,353,602	5,227,494	7,314,107	8,619,182	1,305,075
Family support services - Short-term family care		390,818	374,817	439,670	779,288	339,618
Family support services - Family care option		737,274	2,639,705	1,504,498	5,640,020	4,135,522
Individual supervised living arrangement	36,927,119	40,214,650	45,039,409	47,130,906	58,020,207	10,889,301
Emergency services	223,528	91,105				
Extended family care	1,165,011	1,356,506				
Room and board	93,617					
Specialized placements	615,695	807,135	838,537	993,153	1,211,468	218,315
Title XIX waived services	1,183,980	1,362,110	1,277,232	1,116,374	998,544	(117,830)
Extended services	4,920,410	4,456,339	4,845,895	4,246,699	4,779,388	532,689
Adult education transition services		270,135	124,432	49,180	122,858	73,678
Self-directed supports - Families				2,570,450	3,751,740	1,181,290
Self-directed supports - Adults				347,771	440,395	92,624
Developmental Center transition funds				50,000		(50,000)
Subtotal	<u>\$91,583,089</u>	<u>\$98,425,954</u>	<u>\$113,348,978</u>	<u>\$128,271,366</u>	<u>\$169,342,806</u>	<u>\$41,071,440</u>

	<b>1999-2001 Biennium Appropriations</b>	<b>2001-03 Biennium Appropriations</b>	<b>2003-05 Biennium Appropriations</b>	<b>2005-07 Biennium Appropriations</b>	<b>2007-09 Executive Budget Recommendation</b>	<b>2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Appropriations</b>
Community ICF care	57,339,600	65,700,412	77,207,149	83,107,954	97,785,571	14,677,617
Total - DD grants	\$148,922,689	\$164,126,366	\$190,556,127	\$211,379,320	\$267,128,377	\$55,749,057
Less estimated income	99,619,970	110,420,996	128,703,919	136,827,159	170,315,611	33,488,452
General fund - DD grants	\$49,302,719	\$53,705,370	\$61,852,208	\$74,552,161	\$96,812,766	\$22,260,605
Total - Vocational rehabilitation - Supported employmen	\$492,030	\$499,457	\$202,198	\$230,089	\$258,709	\$28,620
Less estimated income	371,330	378,757	202,198	230,089	258,709	28,620
General fund	\$120,700	\$120,700	\$0	\$0	\$0	\$0
<b>Additional Department of Human Services</b>						
<b>DD costs</b>						
Central office	\$5,350,954	\$5,085,208	\$4,432,090	\$5,290,006	\$5,794,262	\$504,256
Regional human service centers	11,070,745	11,657,215	11,249,124	12,877,811	11,882,281	(995,530)
Total additional DD costs	\$16,421,699	\$16,742,423	\$15,681,214	\$18,167,817	\$17,676,543	(\$491,274)
Less estimated income	9,083,124	9,479,851	7,736,590	11,175,602	9,523,844	(1,651,758)
General fund - Additional DD costs	\$7,338,575	\$7,262,572	\$7,944,624	\$6,992,215	\$8,152,699	\$1,160,484
<b>Developmentally disabled facility loan funds - Lands and minerals trust fund</b>	\$1,840,956	\$2,261,556	\$3,261,556	\$1,652,538 <sup>1</sup>	\$1,643,060 <sup>1</sup>	(\$9,478)
<b>Protection and Advocacy Project</b>	\$2,284,040	\$2,992,841	\$3,226,255	\$3,720,979	\$4,056,688	\$335,709
Less estimated income	1,507,492	2,186,315	2,443,532	2,908,886	3,142,778	233,892
General fund	\$776,548	\$806,526	\$782,723	\$812,093	\$913,910	\$101,817
Grand total - DD services	\$209,267,106	\$226,787,666	\$252,951,204	\$276,982,794	\$337,087,284	\$60,104,490
Less grand total estimated income	142,193,344	154,948,488	174,197,623	183,593,850	218,076,584	34,482,734
Grand total - General fund - DD services	\$67,073,762	\$71,839,178	\$78,753,581	\$93,388,944	\$119,010,700	\$25,621,756

**NOTE:** The amounts shown for the 1999-2001, 2001-03, 2003-05, and 2005-07 bienniums are the adjusted appropriations.

<sup>1</sup>Beginning in the 2005-07 biennium, the developmentally disabled facility loan fund payments to the common schools trust fund are made pursuant to a continuing appropriation.

Recent inflationary adjustments for DD services compared to inflationary adjustments proposed in the executive budget are listed below:

	<b>Actua</b>	<b>Executive Recommendation</b>
July 1, 2003	0.00%	July 1, 2007 3.00%
July 1, 2004	0.00%	July 1, 2008 3.00%
July 1, 2005	2.65%	
July 1, 2006	2.65%	

**MENTAL HEALTH SERVICES**  
**EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2007-09 BIENNIUM**  
**COMPARED TO THE 1999-2001 THROUGH 2005-07 BIENNIUM LEGISLATIVE APPROPRIATIONS**

	1999-2001 Adjusted Appropriations	2001-03 Adjusted Appropriations	2003-05 Adjusted Appropriations	2005-07 Adjusted Appropriations	2007-09 Executive Budget Recommendation	2007-09 Executive Budget Increase (Decrease) Compared to 2005-07 Adjusted Appropriations
<b>State Hospital</b>						
Traditional services	\$42,713,025	\$43,213,213	\$32,229,564	\$33,970,200	\$40,069,848	\$6,099,648
Secure services			2,443,180	5,459,220	9,487,384	4,028,164
Capital improvements	2,133,967	1,258,778	910,840	1,383,634	7,616,257	6,232,623
Total	\$44,846,992	\$44,471,991	\$35,583,584	\$40,813,054	\$57,173,489	\$16,360,435
Less estimated income	14,364,923	13,879,532	11,715,381	10,856,247	10,438,629	(417,618)
General fund	\$30,482,069	\$30,592,459	\$23,868,203	\$29,956,807	\$46,734,860	\$16,778,053
<b>Department of Human Services</b>						
Central office - Mental health	\$3,608,211	\$2,311,363	\$2,702,553	\$2,493,459	\$2,260,499	(\$232,960)
Central office - Community treatment - Sex offender population					2,774,562	2,774,562
Human service centers - Mental health	32,333,850 <sup>1</sup>	30,025,003 <sup>1</sup>	27,994,663 <sup>1</sup>	28,244,485 <sup>1</sup>	32,119,642 <sup>1</sup>	3,875,157
Total	\$35,942,061	\$32,336,366	\$30,697,216	\$30,737,944	\$37,154,703	\$6,416,759
Less estimated income	22,210,636	18,334,225	17,930,549	16,710,321	15,184,336	(1,525,985)
General fund	\$13,731,425	\$14,002,141	\$12,766,667	\$14,027,623	\$21,970,367	\$7,942,744
Grand total - Mental health services	\$80,789,053	\$76,808,357	\$66,280,800	\$71,550,998	\$94,328,192	\$22,777,194
Less grand total estimated income	36,575,559	32,213,757	29,645,930	27,566,568	25,622,965	(1,943,603)
Grand total - General fund - Mental health	\$44,213,494	\$44,594,600	\$36,634,870	\$43,984,430	\$68,705,227	\$24,720,797

<sup>1</sup>The comparison of funding for human service centers/mental health services is:

	1999-2001 Adjusted Appropriations	2001-03 Adjusted Appropriations	2003-05 Adjusted Appropriations	2005-07 Adjusted Appropriations	2007-09 Executive Budget Recommendation	Increase (Decrease) Compared to 2005-07 Appropriations
General fund	\$12,179,611	\$12,543,591	\$11,690,111	\$13,079,962	\$18,329,828	\$5,249,866
Other funds	20,154,239	17,481,412	16,304,552	15,164,523	13,789,814	(1,374,709)
Total	\$32,333,850	\$30,025,003	\$27,994,663	\$28,244,485	\$32,119,642	\$3,875,157



# CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

## CAPITAL PROJECTS

The executive recommendation includes a total of \$901,942,734 for capital projects. As reflected in the following schedules, the total includes:

- \$267,295,292 for major capital projects.
- \$40,296,722 for extraordinary repairs.
- \$572,475,487 for other projects (including \$2,028,286 in bond payments and \$510,036,190 in other capital payments for the Department of Transportation and \$13,992,714 in bond payments and \$39,491,222 in other capital payments for the State Water Commission).
- \$21,875,233 for bond payments.

The funding sources for these items are:

	General Fund	Special Funds
Major capital projects	\$85,519,065	\$181,776,227
Extraordinary repairs	29,722,017	10,574,705
Bond payments	20,176,522	1,698,711
Other projects	600,000	571,875,487
<b>Total</b>	<b>\$136,017,604</b>	<b>\$765,925,130</b>

## LEASE PAYMENTS

The executive recommendation includes a total of \$20,176,522 from the general fund for 2007-09 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, Job Service North Dakota, Veterans Home, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, North Central Research Center, Central Grasslands Research Center, and Main Research Center.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2007-09 biennium is estimated to be \$22,701,700 based on projected sales, use, and motor vehicle excise tax collections included in the 2007-09 executive budget.

The executive budget recommendation does not include any capital projects funded through bonded indebtedness that affect the bonding limit.

Please see the schedule on **CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES** for additional information.

**MAJOR NEW CAPITAL CONSTRUCTION EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2007-09 BIENNIUM  
COMPARED TO 2005-07 LEGISLATIVE APPROPRIATIONS**

Bill No.	Agency or Institution	Project	2007-09 Executive Budget Recommendations			2005-07 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2003	Attorney General's office (125)	Crime Laboratory building	\$1,242,840					
HB 1003	Bismarck State College (227)	Schafer Hall renovation first floor	515,195	\$27,805				
HB 1003	Lake Region State College (228)	Wind energy project		3,007,600				
HB 1003	Williston State College (229)	Creighton Building addition		1,400,000				
HB 1003	University of North Dakota (230)	Allied Health facility		20,400,000				
		American Indian Center		10,000,000				
		EERC Commercialization Center		5,000,000				
		Earth Systems Science Building		5,000,000				
		Indoor track facility		15,000,000				
		Memorial Union front (north) entrance		4,500,000				
		O'Kelly - Ireland lab	2,200,000					
		SMHS laboratory and administration renovations		9,800,000				
		SMHS Bismarck FPC graduate center		4,500,000				
		Wilkerson dining center (revenue bonds)			\$4,000,000			
HB 1003	North Dakota State University (235)	Dakota Coteau Field School		4,000,000				
		Ellig softball complex		4,500,000				
		Living Learn Residence Hall West/Ceres Hall (revenue bonds)			12,000,000			
		Minard Hall renovation - Phases I and II	5,000,000					
HB 1003	State College of Science (238)	Football stadium and track renovation		1,700,000				
		Parking lot (revenue bonds)			714,000			
		Robertson Hall renovation (revenue bonds)			6,000,000			
		Steamline distribution replacement	1,670,420					
HB 1003	Dickinson State University (239)	Whitney Stadium renovation and addition		8,000,000				
HB 1003	Mayville State University (240)	Northwest Hall rehabilitation		900,000				
HB 1003	Minot State University (241)	Dakota Hall elevator		340,000				
		Dome - Athletic floor replacement		336,400				
		Pioneer Hall elevator		363,000				
		Swain Hall renovation and addition	2,500,000	4,536,150				
HB 1003	Valley City State University (242)	Steamline replacement	2,200,000					
HB 1003	Minot State University - Bottineau (243)	Steamline replacement	239,095	12,905				
HB 1003	North Dakota Forest Service (244)	Storage buildings and outdoor restroom facilities	120,000					
SB 2012	Department of Human Services (325)	Developmental Center infrastructure improvements	947,092	51,108				
		State Hospital infrastructure improvements	3,362,757					
		State Hospital sex offender unit addition	3,100,000					
HB 1014	Bank of North Dakota (471)	Landscaping for new facility		100,000				
HB 1015	Department of Corrections and Rehabilitation (530)	State prison expansion	42,000,000					
		Youth Correctional Center security lighting and video surveillance	170,000					
SB 2016	Adjutant General (540)	Estimated federal construction		15,000,000				
		Total Army School system		26,300,000				
HB 1020	Upper Great Plains Transportation Institute (627)	Center for transportation study		5,500,000				
HB 1020	Branch research centers (628)	Agronomy lab and greenhouse North Central	400,000					
		Headquarters facility parking lot and landscaping		350,000				
		Waste management facility		351,000				

HB 1020 NDSU Main Research Center (640)	Headquarters office building addition and renovations	1,107,750		
	Research greenhouse complex - Phase II	9,000,000		
HB 1009 State Fair (665)	Grandstand	5,000,000	5,000,000	
SB 2018 State Historical Society (701)	Abercrombie Interpretive Center	700,000	200,000	
SB 2017 Game and Fish Department	Land acquisition		100,000	
SB 2019 Parks and Recreation Department (750)	Devils Lake State Park ramp widening		150,000	
	Fort Abraham Lincoln State Park conservation easement	55,000	220,000	
	Fort Stevenson State Park boat ramp		109,760	
	Fort Stevenson State Park campground - Phase II	320,000		
	Federal funding match for construction projects		250,000	
	Lake Sakakawea State Park campground rewire - Phase II	255,000		
	Other fund authority for capital projects		100,000	
	Peace Garden infrastructure upgrade	933,000		
	Peace Garden interpretive center/gardens	1,500,000		
	Pembina Gorge trailhead and trails	160,500		
	State park road repairs	407,916	283,999	
	Turtle River State Park campground water/rewire	200,000		
	Turtle River State Park Trail River crossing	62,500	62,500	
	Turtle River State Park administration building completion	150,000		
HB 1012 Department of Transportation (801)	Land and buildings		1,610,000	
Total 2007-09 executive budget recommendation		<u>\$85,519,065</u> <sup>1</sup>	<u>\$159,062,227</u> <sup>1</sup>	<u>\$22,714,000</u> <sup>1</sup>
Total 2005-07 legislative appropriations			<u>\$1,986,255</u> <sup>2</sup>	<u>\$114,179,575</u> <sup>2</sup>
				<u>\$111,565,748</u> <sup>2</sup>

<sup>1</sup> The executive budget recommendation also includes \$594,350,720 for other projects consisting of:  
\$510,036,190 for contractor payments in the Department of Transportation (all from other funds).  
\$2,028,286 for Department of Transportation bond payments (all from other funds).  
\$39,491,222 for water projects (all from other funds).  
\$13,992,714 for State Water Commission bond payments (all from other funds).  
\$21,875,233 for bond payments (\$20,176,522 from the general fund, \$1,698,711 from other funds).  
\$5,407,075 for ConnectND bond payments from Information Technology Department charges to agencies.  
\$1,520,000 for other projects and payments (\$600,000 from the general fund, \$920,000 from other funds).

<sup>2</sup> Represents the total appropriation for major new capital construction provided by the 2005 Legislative Assembly. Please refer to the Legislative Council's *Analysis of Legislative Changes to the Executive Budget 2005-07 Biennium* for details regarding the 2005-07 appropriations. The 2005 Legislative Assembly provided for \$28,848,248 of bonding, with \$300,000 of special funds made available by the State Historical Society for debt retirement and authorized the State Board of Higher Education to issue \$82,717,500 of revenue bonds.

## EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2007-09 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

<b>Agency or Institution</b>	<b>2007-09 Executive Budget Recommendations</b>		
	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Office of Management and Budget (110)			
Deferred maintenance - Capitol complex	\$2,000,000		\$2,000,000
Heritage Center - Replacement of heat pump and carpet and remodeling	1,000,000		1,000,000
Capitol building repairs and maintenance	560,000	\$675,000	1,235,000
Emergency power to Governor's residence	35,000		35,000
Restoration study		75,000	75,000
Total - Office of Management and Budget	\$3,595,000	\$750,000	\$4,345,000
Information Technology Department (112)			
Division of Independent Study - Thordarson Hall		\$60,000	\$60,000
North Dakota University System (215)			
Deferred maintenance and the development of a master plan for Mayville State University	\$1,000,000		\$1,000,000
Bismarck State College (227)			
Electrical maintenance of vocational technical building	\$57,200		\$57,200
Special assessments	65,000		65,000
Armory bleachers	135,200		135,200
Armory and library maintenance	145,000		145,000
Library floor and ceiling repairs	70,792		70,792
Total - Bismarck State College	\$473,192		\$473,192
Lake Region State College (228)			
Roof replacement	\$56,415		\$56,415
Window replacement	30,000		30,000
Floor replacement	11,280		11,280
Roof replacement	27,909		27,909
Total - Lake Region State College	\$125,604		\$125,604
Williston State College (229)			
Science lab ventilation system	\$50,000		\$50,000
Parking lot repair	63,591		63,591
Tennis court repair and replacement	35,000		35,000
Heating and air conditioning upgrades and repairs	8,607		8,607
Total - Williston State College	\$157,198		\$157,198
University of North Dakota (230)			
Deferred maintenance	\$2,060,282		\$2,060,282
Electrical distribution	433,048		433,048
Mechanical system retrofit	425,000		425,000
Roof replacement	350,000		350,000
Sidewalks/roads	300,000		300,000
Various projects	2,360,545		2,360,545
Total - University of North Dakota	\$5,928,875		\$5,928,875

North Dakota State University (235)		
Deferred maintenance	\$1,529,194	\$1,529,194
Mechanical and electrical upgrade	475,000	475,000
Roofs	475,000	475,000
Window projects	500,000	500,000
Various projects	1,229,967	1,229,967
Total - North Dakota State University	<u>\$4,209,161</u>	<u>\$4,209,161</u>
North Dakota State College of Science (238)		
Special assessments	\$60,500	\$60,500
Heating plant coal and gas boiler repair	44,000	44,000
Bisek Hall - Maintenance	70,587	70,587
Mechanical systems roof replacement	87,863	87,863
Old Main - ADA compliance, remodel basement restroom	25,805	25,805
Student Union chiller system repairs	22,000	22,000
Haverty Hall chiller cooling coils	234,300	234,300
TT2 exhaust system	175,724	175,724
Mechanical systems plumbing classroom remodel	137,500	137,500
Blikre Activities Center replace pool piping and filtration system and exterior fire doors	170,933	170,933
Schuett Hall recreational engines lab relocation	94,207	94,207
Ballweber Hall fire alarm upgrade	63,900	63,900
Patterson maintenance control replace heating piping	39,376	39,376
Mildred Johnson Library replace heating piping	159,750	159,750
Total - North Dakota State University	<u>\$1,386,445</u>	<u>\$1,386,445</u>
Dickinson State University (239)		
Tuck-pointing, caulking, and re-siding	\$233,934	\$233,934
HVAC and electrical service upgrades	221,909	221,909
Wienbergen Hall floor resurfacing	80,000	80,000
Fuel tank installation	30,000	30,000
Campus network upgrades	120,000	120,000
Stickney Hall upgrades	332,920	332,920
Total - Dickinson State University	<u>\$1,018,763</u>	<u>\$1,018,763</u>
Mayville State University (240)		
Special assessments	\$98,000	\$98,000
Powerhouse tuck-point and rewindow	62,800	62,800
Classroom building ADA upgrades	60,100	60,100
Main building theater emergency lights	18,100	18,100
Campus curbcuts and signage	56,900	56,900
Old gym fire alarms	22,300	22,300
Campus lighting and surfacing	72,438	72,438
Main building enclose stairs and fire alarms	297,200	297,200
Library classroom and science fire alarms	101,400	101,400
Science building basement exit and vent	41,700	41,700
Science building - Greenhouse rewindow	82,300	82,300
Building steam meters	33,692	33,692
Total - Mayville State University	<u>\$946,930</u>	<u>\$946,930</u>

Minot State University (241)		
Six underground fuel storage tanks	\$208,725	\$208,725
Window replacement	447,700	447,700
Reroof the administration building	64,130	64,130
Replace HVAC system in administration building	216,590	216,590
Upgrade fire alarms	131,164	131,164
Door signage and hardware	201,795	201,795
Campus networking	156,695	156,695
ADA compliance remodels	25,945	25,945
Total - Minot State University	<u>\$1,452,744</u>	<u>\$1,452,744</u>
Valley City State University (242)		
Special assessments	\$40,000	\$40,000
Emergency electrical service	46,800	46,800
Sidewalk and street repair	60,000	60,000
Steam valve replacement	86,528	86,528
Tuck-pointing	120,000	120,000
Classroom and office renovation	85,334	85,334
Pool filtration system	88,400	88,400
Paint smoke stack	62,400	62,400
Steam valve replacement	44,304	44,304
Sidewalk and street repair	50,760	50,760
Classroom and office renovation	111,709	111,709
Total - Valley City State University	<u>\$796,235</u>	<u>\$796,235</u>
Minot State University - Bottineau (243)		
Miscellaneous repair projects	\$40,000	\$40,000
Boiler plant repairs	20,000	20,000
Paving projects	19,725	19,725
Thatcher Hall floor coverings	30,000	30,000
Greenhouse repairs	21,934	21,934
Additional greenhouse repairs	22,791	22,791
Central heating plant air handling	4,252	4,252
Total - Minot State University - Bottineau	<u>\$158,702</u>	<u>\$158,702</u>
Forest Service (244)		
State forest recreation areas repairs	\$25,500	\$25,500
Field office repairs	21,972	21,972
Towner Nursery greenhouse improvements	6,000	6,000
State forest recreation areas improvements	6,732	6,732
Total - Forest Service	<u>\$60,204</u>	<u>\$60,204</u>
School for the Deaf (252)		
Roof repair	\$40,000	\$40,000
Roads and parking lot repair	10,000	10,000
Other deferred maintenance issues	100,000	100,000
Total - School for the Deaf	<u>\$150,000</u>	<u>\$150,000</u>

North Dakota Vision Services - School for the Blind (253)			
Carpet replacement for the west wing of the building	\$34,000	\$10,000	\$44,000
Window replacement for the south wing of the building	49,600		49,600
Sidewalk repairs		6,000	6,000
Ceiling tile replacements for gymnasium	6,000		6,000
Driveway extension	30,000		30,000
	<hr/>		<hr/>
Total - North Dakota Vision Services - School for the Blind	\$119,600	\$16,000	\$135,600
State Department of Health (301)			
Repairs for laboratory building		\$228,841	\$228,841
Veterans Home (313)			
Lift station pumps		\$8,000	\$8,000
Replacement tile and carpeting		23,200	23,200
		<hr/>	<hr/>
Total - Veterans Home		\$31,200	\$31,200
Department of Human Services (325)			
State Hospital	\$1,153,500		\$1,153,500
State Hospital and the Developmental Center deferred maintenance	780,000		780,000
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Total - Department of Human Services	\$1,933,500		\$1,933,500
Industrial Commission (405)			
Replace roof and update interior on core and sample library	\$230,000		\$230,000
Aeronautics Commission (412)			
Reconstruction of runway at the International Peace Garden		\$734,000	\$734,000
Department of Corrections and Rehabilitation (530)			
State Penitentiary standby generator overhaul	\$300,000		\$300,000
State Penitentiary ADA compliance, ramp, elevator	385,000		385,000
State Penitentiary network and surveillance upgrade	80,000		80,000
State Penitentiary water service replacement	78,000		78,000
State Penitentiary perimeter security surveillance	80,000		80,000
State Penitentiary other repairs and maintenance	173,850		173,850
Roughrider Industries roof replacement	45,000		45,000
James River Correctional Center kitchen and administration building roofs	85,000		85,000
James River Correctional Center fire suppression - Administration building, kitchen, and laundry	75,000		75,000
James River Correctional Center other repairs and maintenance	436,075		436,075
Missouri River Correctional Center repairs and maintenance	42,200		42,200
Youth Correctional Center roof replacements	329,689		329,689
Youth Correctional Center repairs, maintenance, and upgrades	183,266		183,266
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Total - Department of Corrections and Rehabilitation	\$2,293,080		\$2,293,080
Adjutant General (540)			
Maintenance and repair at state supported facilities	\$625,000		\$625,000
Extraordinary repairs (federally funded)		\$4,000,000	4,000,000
	<hr/>	<hr/>	<hr/>
Total - Adjutant General	\$625,000	\$4,000,000	\$4,625,000

State Seed Department (616)			
Miscellaneous building repairs and maintenance		\$100,000	\$100,000
NDSU Main Research Center (640)			
Deferred maintenance	\$100,000		\$100,000
Landscaping	170,465		170,465
Greenhouse repairs	20,000		20,000
General repairs and maintenance	550,000		550,000
Total - Main Research Center	<u>\$840,465</u>		<u>\$840,465</u>
State Historical Society (701)			
Deferred maintenance	\$100,000		\$100,000
Infrastructure/extraordinary repairs	251,319		251,319
Fort Totten building repairs	250,000	\$250,000	500,000
East storage, Lincoln storage, and airport storage	57,500		57,500
Double Ditch trail	30,000	120,000	150,000
Development and creation of exhibits	220,000		220,000
Total - State Historical Society	<u>\$908,819</u>	<u>\$370,000</u>	<u>\$1,278,819</u>
Game and Fish Department (720)			
Facility extraordinary repairs		\$441,241	\$441,241
Dickinson office addition		225,000	225,000
Wildlife management area improvements (\$150,000 federal funds)		225,000	225,000
Fishing area projects (\$500,000 federal funds)		738,000	738,000
Total - Game and Fish Department		<u>\$1,629,241</u>	<u>\$1,629,241</u>
Parks and Recreation Department (750)			
Lewis and Clark State Park boat ramp repairs	\$80,000		\$80,000
Fort Ransom State Park campground upgrade	83,000		83,000
Repairs and maintenance at various state parks	1,149,500		1,149,500
Total - Parks and Recreation Department	<u>\$1,312,500</u>		<u>\$1,312,500</u>
Department of Transportation (801)			
Miscellaneous district improvements		\$167,000	\$167,000
Asbestos abatement		2,488,423	2,488,423
Total - Department of Transportation		<u>\$2,655,423</u>	<u>\$2,655,423</u>
Total 2007-09 executive budget recommendation - Extraordinary repairs	<u>\$29,722,017</u>	<u>\$10,574,705</u>	<u>\$40,296,722</u>



## CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
1985 Legislative Assembly approved: Developmental Center renovations (\$3,900,000) State Penitentiary Phase II construction (\$7,500,000) State Hospital renovations (\$3,400,000)	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds) - Used to refinance 1991 Series A and 1992 Series A - The 1991 Series A issue was used to refund the 1986 Series A (2011)	\$17,275,000	\$11,340,000	\$2,938,111	\$2,779,014	\$2,076,403	\$6,880,000	\$4,595,000	\$2,695,000
1991 Legislative Assembly approved: Department of Human Services - Southeast Human Service Center (\$2,475,000)									
1989 Legislative Assembly approved: North Dakota State University computer center (\$5,375,000) University of North Dakota United Hospital north unit (\$1,720,000) State College of Science agricultural mechanics building (\$2,916,000) University of North Dakota Abbott Hall addition (\$3,300,000)	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds) - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C (2010)	28,808,000	15,145,000 <sup>1</sup>	5,435,723	5,425,052	5,970,019	11,305,000	6,865,000	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
Minot State University library (\$7,728,000)									
State Board of Higher Education selected handicapped access projects (\$1,600,000)									
State Penitentiary Phase III construction (\$5,000,000)									
Veterans Home construction and remodeling (\$1,169,000)									
1993 Legislative Assembly approved:									
North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061)	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 <sup>2</sup>	10,665,000	2,050,924	1,978,206	2,395,499	9,350,000	7,995,000	6,150,000
Minot State University - Memorial Library renovation (\$2,550,000)									
Job Service North Dakota - Grand Forks office building (\$1,735,000)									
Adjutant General - Grand Forks Armory (\$375,000)									
Youth Correctional Center - Building demolition and asbestos removal (\$250,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
1995 Legislative Assembly approved: Bismarck State College Science and Mathematics Center (\$8,060,000) University of North Dakota Abbott Hall renovations (\$2,371,769) North Dakota State University emission control renovations on power plant (\$2,145,000) Dickinson State University Klinefelter Hall renovations (\$2,750,000)	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds) (2017)	15,326,769 <sup>3</sup>	16,425,000	2,541,755	2,588,850	2,888,382	13,890,000	12,215,000	10,145,000
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)	2006 Series A North Dakota Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020)	10,782,500 <sup>4,6</sup>	9,750,000	1,997,291	1,946,407	1,991,800	10,460,000	9,750,000	8,430,000
1999 Legislative Assembly approved: North Dakota State University - Animal facility (\$2,207,500)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
Youth Correctional Center - Pine Cottage (\$1,475,000)									
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 <sup>5</sup>	3,400,000	778,222	742,679	743,035	1,685,000	1,020,000	0
1999 Legislative Assembly approved: Williston State College - Health and Wellness Center (\$3,000,000)	2006 Series B North Dakota Building Authority revenue refunding bonds (4.15% 16 year bonds) - Used to refund a portion of the 2001 Series A North Dakota Building Authority revenue bonds (2022)	10,850,000 <sup>7</sup>	9,770,000	1,115,296	2,013,543	2,007,831	12,505,000	11,930,000	10,855,000
2001 Legislative Assembly approved: Minot State University - Old Main renovation (\$7,850,000)	Remaining 2001 Series A North Dakota Building Authority revenue bonds (4.13% to 4.35%) (2010)								
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000)	2002 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds) (2022)	5,002,000 <sup>8</sup>	6,035,000	509,158	639,298	991,176	5,920,000	5,480,000	5,250,000
Job Service North Dakota - Bismarck service delivery office (\$2,302,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
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 <sup>9</sup>	13,080,000 <sup>10</sup>	0	1,741,306	1,977,399	13,080,000	12,070,000	10,930,000
2005 Legislative Assembly approved: Office of Management and Budget - Fire suppression system (\$3,155,000) Attorney General's office - Crime Laboratory 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)	28,848,248	37,955,000 <sup>11</sup>	0	0	1,449,307	37,955,000	37,955,000	37,955,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
North Dakota State College of Science - Electrical distribution (\$736,000)									
Dickinson State College - 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)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2005	Outstanding Principal Balance June 30, 2007	Outstanding Principal Balance June 30, 2009
				2003-05 Actual Payments	2005-07 Estimated Payments	2007-09 Estimated Payments			
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									
Total		\$144,870,815	\$133,565,000	\$17,366,480	\$19,854,355	\$22,490,851	\$123,030,000	\$109,875,000	\$92,410,000
Breakdown of payments									
General fund				\$15,071,188 <sup>12</sup>	\$17,510,011 <sup>12</sup>	\$20,072,543			
Agency contributions				2,295,292	2,344,344	2,418,308			
Total				\$17,366,480	\$19,854,355	\$22,490,851			

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

Institution	Type of Facility	Total Contributions	Contributions Made Through the 2005-07 Biennium	Remaining Contributions
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,287,625	\$55,375 (Biennial contributions are \$55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	268,750	31,250 (Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	796,875	28,125 (Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,734,250	197,750 (Biennial contributions are \$197,750)
Total		\$4,400,000	\$4,087,500	\$312,500

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

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

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

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

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

Institution/Agency	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)
<b>Total</b>		<b>\$2,206,769</b>	<b>\$2,206,769</b>	<b>\$0 (Biennial contributions were \$353,334)</b>

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

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

<sup>5</sup>In addition to the \$3 million appropriated from bond proceeds for the University of North Dakota renovation to the Ed James Wing of the medical school building, Senate Bill No. 2003 also appropriated any available funds received from federal, public, or private sources.

<sup>6</sup>House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and a health and wellness center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

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

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

<sup>7</sup>House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million 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 \$900,000 by the end of the 2005-07 biennium, with \$600,000 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. Minot State University will have paid \$1,047,250 by the end of the 2005-07 biennium with \$1,251,750 remaining.

<sup>8</sup>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 spend 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.

<sup>9</sup>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 for with 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.



<sup>10</sup>The 2005-07 biennium payment on this bond issue is \$1,741,306. 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 Building Authority did not issue bonds for these projects because the State Historical Society did not have adequate funding for the debt service.

<sup>11</sup>Senate Bill No. 2023 (2005) included 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 project costs associated with the construction of the Historical Society projects. The Historical Society's \$33,333 biennial payments (nine payments) begin with the 2007-09 biennium.

This bond issuance also included funding for the 2005-07 biennium state facility energy improvement capital projects in the amount of \$2,331,554. Bonds sold to finance the projects under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings. The debt service and principal balance for these energy conservation projects are not included in this schedule.

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

### SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected 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 August 2006 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	\$19,854,355	\$2,344,344	\$17,510,011	\$19,587,060	\$2,077,049
2007-09	\$22,490,851*	\$2,418,308	\$20,072,543	\$22,701,700	\$2,629,158
2009-11	\$20,166,681*	\$1,864,985	\$18,301,696	\$23,609,768	\$5,308,072
2011-13	\$18,598,669*	\$1,561,471	\$17,037,198	\$24,554,159	\$7,516,961
2013-15	\$17,303,579*	\$989,546	\$16,314,033	\$25,536,325	\$9,222,292

\*The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. The 1998 Series C and 2003A 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.

# STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

## SALARY INCREASE

The executive budget recommendation provides funding for state employee salary increases equal to an average of 4 percent of salaries effective July 1, 2007, and 4 percent effective July 1, 2008. The minimum increase for each year is \$75 per month. Salary increases must be based on merit and equity and are not to be given across the board. Employees whose documented performance levels do not meet standards are not eligible for any salary increase. Specific language regarding the salary increases is included in Section 13 of Senate Bill No. 2015, the appropriation bill for the Office of Management and Budget.

## SPECIAL MARKET EQUITY ADJUSTMENTS

The 2005-07 executive budget recommendation includes a \$10 million statewide compensation plan line item in Senate Bill No. 2015, the appropriation bill for the Office of Management and Budget, to be used for market equity compensation adjustments for **classified state employees**. Of the \$10 million, \$5 million is from the general fund and \$5 million from special funds.

## HIGHER EDUCATION

The executive budget recommendation authorizes, in Section 13 of House Bill No. 1003, the State Board of Higher Education to adjust full-time equivalent (FTE) positions as needed, subject to the availability of funds, for institutions under its control. The State Board of Higher Education is to report any adjustments to the Office of Management and Budget prior to the submission of the 2007-09 budget request.

The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases. The increases are to be provided from the total funding recommended for the University System. The University System has indicated employees will receive a 5 percent increase the first year of the biennium and a 5 percent increase for the second year of the biennium.

## ELECTED AND APPOINTED OFFICIALS

The executive budget recommendation provides funding for elected and appointed officials' salary increases equal to 4 percent of salaries effective July 1, 2007, and 4 percent effective July 1, 2008. Specific language regarding the salary increases is included in Section 13 of Senate Bill No. 2015, the appropriation bill for the Office of Management and Budget and the statutory changes necessary are included in the respective elected officials' appropriation bills.

## JUDICIAL BRANCH

The judicial branch budget request includes funding to provide district court judges' salary increases of approximately 6 percent for the first year of the biennium and 7 percent for the second year of the biennium. Salary increases for Supreme Court judges are 6 percent the first year of the biennium and 7 percent the second year of the biennium. Salary increases for other employees of the judicial branch are included at the same level as provided for other state employees, or an average of 4 percent of salaries effective July 1, 2007, and 4 percent of salaries effective July 1, 2008, with the \$75 per month minimum. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

## HEALTH INSURANCE

The executive budget recommendation continues funding for the cost of health insurance premiums for state employees. The executive budget provides \$658.08 per month for employee health insurance (an increase of \$104.14, or 18.8 percent, compared to the 2005-07 premium). At the premium level recommended, the 2007-09 biennium plan requires employees to pay higher copayments and deductibles for services as compared to the 2005-07 biennium plan. A recent history of monthly health insurance premiums provided for each employee is listed below:

1995-97	\$265
1997-99	\$301
1999-2001	\$350
2001-03	\$409
2003-05	\$489
2005-07	\$554
2007-09 executive recommendation	\$658

## EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program (EAP) remains at \$1.42 per month.

## RETIREE HEALTH CREDIT

The executive budget recommendation provides for an increase in the monthly retiree health credit from \$4.50 per year of credited service to \$5 per year of credited service and pays for the increase by increasing the retiree health credit employer contribution by .15 percent, from 1 to 1.15 percent of payroll, resulting in the total monthly retirement contribution increasing from 9.12 percent to 9.27 percent. The estimated cost of increasing employer contributions by .15 percent for a biennium for state agencies and higher education institutions is \$980,000, of which \$354,000 is from the general fund.

Senate Bill No. 2050 provides the statutory changes related to this recommendation.

### TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2007-09 executive budget. The executive budget recommendation does not provide higher education institutions specific funding for salary or health insurance increases.

	General Fund	Special Funds	Total
Salary increase - 4% July 2007 and 4% July 2008 (\$75 per month minimum)	\$23,372,817	\$22,505,911	\$45,878,728
Health insurance premium increase	9,115,817	12,346,031	21,461,848
Retiree health credit increase from 1 to 1.15 percent and reduction in National Guard retirement contribution from 13.33 to 11.65 percent	352,237	477,053	829,290
Equity adjustment - State classified employee salary pool in the Office of Management and Budget	5,000,000	5,000,000	10,000,000
Equity adjustment - Attorney General's office attorneys, BCI agents and Crime Laboratory scientists	643,079	10,921	654,000
Equity adjustment - Office of Administrative Hearings administrative law judges		120,528	120,528
Base salary adjustment - Governor's office increase of base salary of a policy analyst	22,000		22,000
Equity adjustment - Insurance Department for boiler inspectors, attorneys, chief financial examiner, and directors of examining and licensing divisions		172,236	172,236
Equity adjustment - Retirement and Investment Office		65,301	65,301
Equity adjustment - Public Employees Retirement System		202,760	202,760
Classification adjustments - Department of Financial Institutions		155,696	155,696
Classification adjustments - Department of Corrections and Rehabilitation	748,234		748,234
<b>Total</b>	<b>\$39,254,184</b>	<b>\$41,056,437</b>	<b>\$80,310,621</b>

### FULL-TIME EQUIVALENT POSITIONS

The executive budget recommendation for the 2007-09 biennium includes a total of 10,809.83 FTE positions, 177.73 FTE positions more than the 2005-07 authorized level. This includes a reduction of 59.83 higher education FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund. The net increase, excluding the higher education positions, is 237.56 FTE positions. The recommendation includes the addition of 297.06 new FTE positions and the deletion of 59.50 FTE positions. The cost of the 297.06 new FTE positions totals \$30,356,630 for the 2007-09 biennium, including salary and health insurance increases. Of this amount, \$15,203,669 is from the general fund. Funding reductions relating to the 59.50 deleted positions totals \$5,138,779 for the 2007-09 biennium. Of this amount, \$448,498 is from the general fund.

**ANALYSIS OF NEW FULL-TIME EQUIVALENT (FTE) POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS  
RECOMMENDED IN THE 2007-09 EXECUTIVE BUDGET**

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
<b>GENERAL GOVERNMENT</b>							
18.00	18.00	0.00	<b>101 - Governor's Office</b>				18.00
27.00	27.00	0.00	<b>108 - Secretary of State</b>				27.00
131.50	132.50	1.00	<b>110 - Office of Management and Budget</b>				133.50
			Adds:				
			1.00 FTE administrative assistant I	\$63,048		\$63,048	
			<u>1.00</u>	<u>\$63,048</u>	<u>\$0</u>	<u>\$63,048</u>	
265.20	312.20	47.00	<b>112 - Information Technology Department</b>				305.20
			Adds:				
			1.00 FTE senior programmer analyst		\$156,432	\$156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE data base design analyst III		156,432	156,432	
			1.00 FTE technical support specialist II		148,014	148,014	
			1.00 FTE technical support specialist II		148,014	148,014	
			1.00 FTE programmer		99,920	99,920	
			1.00 FTE programmer analyst II		150,820	150,820	
			1.00 FTE senior programmer analyst		162,044	162,044	
			1.00 FTE senior programmer analyst		162,044	162,044	
			0.50 FTE technical support specialist II		74,007	74,007	
			1.00 FTE technical support specialist III		156,432	156,432	
			1.00 FTE technical support specialist II		148,014	148,014	
			1.00 FTE information systems security analyst		136,788	136,788	
			1.00 FTE technical support specialist II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE technical support specialist III		156,432	156,432	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General	Special	Total	
				Fund	Funds		
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			0.50 FTE technical support specialist II		74,007	74,007	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE telecommunications analyst III		148,014	148,014	
			1.00 FTE telecommunications technician II		108,728	108,728	
			1.00 FTE customer technical support specialist III		122,758	122,758	
			1.00 FTE telecommunications analyst III		148,014	148,014	
			1.00 FTE administrative assistant II		89,476	89,476	
			1.00 FTE computer and network specialist II		122,758	122,758	
			1.00 FTE computer and network specialist III		148,014	148,014	
			1.00 FTE computer and network specialist III		148,014	148,014	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE senior programmer analyst		156,432	156,432	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst II		148,014	148,014	
			1.00 FTE programmer analyst I	94,390		94,390	
			1.00 FTE senior programmer analyst	167,526		167,526	
			Deletes:				
			(1.00) FTE telecommunications analyst II	(127,326)		(127,326)	
			<u>47.00</u>	<u>\$134,590</u>	<u>\$6,766,542</u>	<u>\$6,901,132</u>	
55.00	54.80	(0.20)	<b>117 - State Auditor</b>				56.80
			Deletes:				
			(0.20) Office manager	(\$23,305)		(\$23,305)	
			<u>(0.20)</u>	<u>(\$23,305)</u>	<u>\$0</u>	<u>(\$23,305)</u>	
6.00	6.00	0.00	<b>120 - State Treasurer</b>				7.00
185.30	181.30	(4.00)	<b>125 - Attorney General</b>				185.30
			Deletes:				
			(1.00) FTE finance and administration position	(\$83,354)		(\$83,354)	
			(1.00) FTE information technology position	(121,622)		(121,622)	
			<u>(2.00) FTE national criminal history improvement project positions</u>	<u></u>	<u>(\$151,452)</u>	<u>(151,452)</u>	
			<u>(4.00)</u>	<u>(\$204,976)</u>	<u>(\$151,452)</u>	<u>(\$356,428)</u>	
133.00	133.00	0.00	<b>127 - Tax Department</b>				133.00
8.00	8.00	0.00	<b>140 - Office of Administrative Hearings</b>				8.00

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
33.00	33.00	0.00	<b>160 - Legislative Council</b>				33.00
332.00	343.00	11.00	<b>180 - Judicial Branch</b>				343.00
			Adds:				
			0.50 director of finance	\$74,802		\$74,802	
			0.50 referee for district courts	72,045		72,045	
			1.00 law clerk in the northwest district	124,484		124,484	
			1.00 juvenile officer in the South Central District	126,717		126,717	
			2.00 Rolette County clerks (opting to be state employed pursuant to NDCC Chapter 27-05.2)	222,677		222,677	
			2.00 mediation pilot project support positions	179,720		179,720	
			4.00 mediation pilot project mediators	629,148		629,148	
			<u>11.00</u>	<u>\$1,429,593</u>	<u>\$0</u>	<u>\$1,429,593</u>	
6.00	29.00	23.00	<b>188 - Commission on Legal Council for Indigents</b>				29.00 <sup>2</sup>
			Adds:				
			1.00 administrative assistant	\$81,137		\$81,137	
			1.00 administrative assistant	88,878		88,878	
			1.00 attorney II	178,870		178,870	
			1.00 attorney II	158,565		158,565	
			1.00 attorney II	154,491		154,491	
			1.00 attorney II	143,653		143,653	
			1.00 attorney II	178,870		178,870	
			1.00 paralegal	104,299		104,299	
			1.00 attorney II	177,588		177,588	
			1.00 attorney II	156,869		156,869	
			1.00 attorney II	152,848		152,848	
			1.00 paralegal	103,256		103,256	
			1.00 administrative assistant	88,313		88,313	
			10.00 positions for two new public defender offices <sup>2</sup>			0	
			<u>23.00</u>	<u>\$1,767,637</u>	<u>\$0</u>	<u>\$1,767,637</u>	
17.00	17.00	0.00	<b>190 - Retirement and Investment Office</b>				17.00
29.00	33.00	4.00	<b>192 - Public Employees Retirement System</b>				33.00
			Adds:				
			1.00 FTE account budget specialist		\$84,034	\$84,034	
			1.00 FTE account technician II		67,564	67,564	
			1.00 FTE administrative assistant I		62,844	62,844	
			1.00 FTE administrative assistant I		62,844	62,844	
			<u>4.00</u>	<u>\$0</u>	<u>\$277,286</u>	<u>\$277,286</u>	
<u>1,246.00</u>	<u>1,327.80</u>	<u>81.80</u>	<b>TOTAL GENERAL GOVERNMENT</b>	<u>\$3,166,587</u>	<u>\$6,892,376</u>	<u>\$10,058,963</u>	<u>1,328.80</u>

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
92.75	98.25	5.50	<b>OTHER EDUCATION</b>				
			<b>201 - Department of Public Instruction</b>				98.25
			Adds:				
			1.00 FTE research analyst III	\$99,932		\$99,932	
			1.00 FTE education program administrator III		\$117,250	117,250	
			1.00 FTE assistant director primary/secondary education programs		127,369	127,369	
			1.00 FTE education program administrator III		117,250	117,250	
			0.50 FTE administrative assistant I		42,271	42,271	
			1.00 FTE education information process analyst		127,369	127,369	
			<u>5.50</u>	<u>\$99,932</u>	<u>\$531,509</u>	<u>\$631,441</u>	
18.75	18.75	0.00	<b>226 - Land Department</b>				18.75
28.75	29.75	1.00	<b>250 - State Library</b>				28.75
			Adds:				
			<u>1.00</u> FTE librarian II	<u>\$87,932</u>	<u>\$0</u>	<u>\$87,932</u>	
49.19	48.44	(0.75)	<b>252 - School for the Deaf</b>				48.44
			Deletes:				
			<u>(0.75)</u> FTE faculty	<u>(\$92,891)</u>	<u>\$0</u>	<u>(\$92,891)</u>	
26.95	27.00	0.05	<b>253 - North Dakota Vision Services - School for the Blind</b>				27.00
			Adds:				
			<u>0.05</u> FTE position				
27.50	27.50	0.00	<b>270 - State Board for Career and Technical Education</b>				25.50
			Transfers:				
			1.00 FTE administrative assistant II from Job Service North Dakota (was federal funds)	\$76,402		\$76,402	
			1.00 FTE vocational technical education program director/supervisor from Job Service North Dakota (was federal funds)	131,388		131,388	
			Deletes:				
			(1.00) FTE administrative assistant II		(\$81,688)	(81,688)	
			<u>(1.00)</u> FTE vocational technical education program director/supervisor		<u>(142,356)</u>	<u>(142,356)</u>	
			<u>0.00</u>	<u>\$207,790</u>	<u>(\$224,044)</u>	<u>(\$16,254)</u>	
<u>243.89</u>	<u>249.69</u>	<u>5.80</u>	<b>TOTAL OTHER EDUCATION</b>	<u>\$302,763</u>	<u>\$307,465</u>	<u>\$610,228</u>	<u>246.69</u>
			<b>HEALTH AND WELFARE</b>				
311.50	331.50	20.00	<b>301 - State Department of Health</b>				333.50
			Adds:				
			1.00 FTE accounting budget specialist (administrative support)		\$114,570	\$114,570	
			0.50 FTE human resource assistant (administrative support)		56,517	56,517	
			1.00 FTE education technology program coordinator (administrative support)		105,640	105,640	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General	Special	Total	
				Fund	Funds		
			1.00 FTE traffic assessment analyst (health resources)		101,175	101,175	
			1.00 FTE comprehensive cancer coordinator (community health)		104,868	104,868	
			1.00 FTE comprehensive cancer clerical (community health)		72,687	72,687	
			1.00 FTE suicide program administrator (community health)		105,820	105,820	
			1.00 FTE family health clerical (community health)		71,941	71,941	
			1.00 FTE federal tobacco program coordinator (community health)		96,917	96,917	
			1.00 FTE youth tobacco coordinator (community health)		100,522	100,522	
			2.00 FTE positions to manage immunization orders (medical services)	\$185,792		185,792	
			1.00 FTE Office of Minority Health administrator (special populations)		133,203	133,203	
			0.50 FTE Office of Minority Health clerical (special populations)		46,261	46,261	
			Transfers:				
			8.00 FTE from the Department of Human Services for children health services	331,425	484,689	816,114	
			Deletes:				
			(1.00) FTE state injury position		(98,082)	(98,082)	
			<u>20.00</u>	<u>\$517,217</u>	<u>\$1,496,728</u>	<u>\$2,013,945</u>	
90.97	90.97	0.00	<b>313 - Veterans Home</b>				90.97
3.00	4.00	1.00	<b>316 - Indian Affairs Commission</b>				4.00
			Adds:				
			1.00 FTE education program coordinator	\$102,570		\$102,570	
			<u>1.00</u>	<u>\$102,570</u>	<u>\$0</u>	<u>\$102,570</u>	
6.00	6.00	0.00	<b>321 - Department of Veterans Affairs</b>				7.00
341.40 <sup>3</sup>	332.40	(9.00)	<b>325 - Department of Human Services - Central office</b>				334.40
			Transfers:				
			(8.00) FTE to the State Department of Health for children's special health services	(\$306,863)	(\$427,755)	(\$734,618)	
			Deletes:				
			(1.00) FTE in economic assistance policy not requested by the agency			0	
			<u>(9.00)</u>	<u>(\$306,863)</u>	<u>(\$427,755)</u>	<u>(\$734,618)</u>	
449.54 <sup>3</sup>	449.54	0.00	<b>Department of Human Services - Developmental Center</b>				463.04
427.01 <sup>3</sup>	465.01	38.00	<b>Department of Human Services - State Hospital</b>				495.51
			Adds:				
			19.00 FTE secure services unit positions approved by the Emergency Commission	\$1,384,445	\$27,593	\$1,412,038	
			1.00 FTE security position in the secure services unit	98,102	2,053	100,155	
			1.00 FTE vocational training position in the secure services unit	69,028	1,445	70,473	
			2.00 FTE senior resident positions in the secure services unit	150,404		150,404	
			<u>15.00</u> FTE mental health care specialists in the secure services unit	<u>952,500</u>		<u>952,500</u>	
			<u>38.00</u>	<u>\$2,654,479</u>	<u>\$31,091</u>	<u>\$2,685,570</u>	



2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
829.48 <sup>3</sup>	838.73	9.25	<b>Department of Human Services - Human Service Centers</b>				873.73
			Adds:				
			1.00 FTE addiction counselor at North Central to enhance drug court activities	\$64,227	\$25,027	\$89,254	
			1.00 FTE human service aide II at Lake Region (previously a temporary position)	23,286		23,286	
			1.00 FTE SMI case manager at Northeast	60,357	21,239	81,596	
			1.00 FTE addiction counselor at Northeast to enhance drug court activities	57,560	38,374	95,934	
			3.00 FTE SMI case managers at Southeast (previously temporary positions)	76,620	178,776	255,396	
			1.00 FTE addiction counselor for the Off Main program at Southeast	88,411	9,823	98,234	
			1.00 FTE addiction counselor at Southeast to enhance drug court activities	94,070	4,164	98,234	
			1.00 FTE sexual abuse therapist at Southeast for treating adolescent sex offenders	89,900	9,990	99,890	
			1.00 FTE addiction counselor at West Central to enhance drug court activities	81,642	18,360	100,002	
			Deletes:				
			(1.15) FTE infant development positions privatized at Northeast				
			(0.60) FTE infant development position privatized at South Central				
			<u>9.25</u>	<u>\$636,073</u>	<u>\$305,753</u>	<u>\$941,826</u>	
<u>2,047.43</u>	<u>2,085.68</u>	<u>38.25</u>	<u>38.25</u> Department of Human Services subtotal	<u>\$2,983,689</u>	<u>(\$90,911)</u>	<u>\$2,892,778</u>	<u>2,166.68</u>
25.50	27.50	2.00	<b>360 - Protection and Advocacy Project</b>				27.50
			Adds:				
			1.00 FTE disability advocate		\$95,950	\$95,950	
			1.00 FTE disability advocate		95,950	95,950	
			<u>2.00</u>	<u>\$0</u>	<u>\$191,900</u>	<u>\$191,900</u>	
355.80	308.00	(47.80)	<b>380 - Job Service North Dakota</b>				308.00
			Transfers:				
			(1.00) FTE Job Service program administrator III to State Board for Career and Technical Education		(\$143,614)	(\$143,614)	
			(1.00) FTE administrative assistant I to State Board for Career and Technical Education		(71,432)	(71,432)	
			Deletes:				
			(1.00) FTE research analyst II to State Board for Career and Technical Education		(99,344)	(99,344)	
			(1.00) FTE customer service specialist		(100,952)	(100,952)	
			(1.00) FTE customer service specialist		(100,366)	(100,366)	
			(1.00) FTE customer service senior consultant		(116,956)	(116,956)	
			(0.50) FTE administrative assistant II		(36,996)	(36,996)	
			(1.00) FTE administrative assistant II		(77,610)	(77,610)	
			(1.00) FTE customer service consultant		(104,176)	(104,176)	
			(1.00) FTE customer service representative		(71,668)	(71,668)	
			(1.00) FTE customer service senior consultant		(102,912)	(102,912)	
			(0.50) FTE customer service consultant		(49,322)	(49,322)	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General	Special	Total	
				Fund	Funds		
			(0.50) FTE customer service specialist		(48,414)	(48,414)	
			(0.50) FTE customer service manager		(74,024)	(74,024)	
			(0.50) FTE administrative assistant III		(47,080)	(47,080)	
			(0.39) FTE office assistant II		(16,404)	(16,404)	
			(0.50) FTE office assistant III		(35,800)	(35,800)	
			(0.50) FTE customer service representative		(39,682)	(39,682)	
			(0.50) FTE customer service specialist		(29,758)	(29,758)	
			(0.24) FTE custodian		(10,364)	(10,364)	
			(0.95) FTE customer service consultant		(85,618)	(85,618)	
			(1.00) FTE customer service consultant		(95,882)	(95,882)	
			(1.00) FTE customer service consultant		(90,920)	(90,920)	
			(1.00) FTE customer service representative		(64,408)	(64,408)	
			(1.00) FTE customer service representative		(71,668)	(71,668)	
			(1.00) FTE customer service representative		(66,258)	(66,258)	
			(1.00) FTE customer service consultant		(88,344)	(88,344)	
			(1.00) FTE customer service representative		(70,238)	(70,238)	
			(1.00) FTE customer service specialist		(88,988)	(88,988)	
			(1.00) FTE customer service specialist		(76,038)	(76,038)	
			(0.50) FTE customer service representative		(27,476)	(27,476)	
			(1.00) FTE customer service consultant		(87,446)	(87,446)	
			(1.00) FTE customer service specialist		(83,300)	(83,300)	
			(1.00) FTE customer service consultant		(81,476)	(81,476)	
			(1.00) FTE customer service representative		(62,026)	(62,026)	
			(1.00) FTE customer service representative		(78,196)	(78,196)	
			(1.00) FTE customer service specialist		(85,148)	(85,148)	
			(0.46) FTE custodian		(17,438)	(17,438)	
			(1.00) FTE customer service specialist		(78,226)	(78,226)	
			(1.00) FTE customer service specialist		(78,226)	(78,226)	
			(1.00) FTE office assistant III		(55,728)	(55,728)	
			(1.00) FTE administrative officer I		(108,688)	(108,688)	
			(1.00) FTE Job Service program administrator III		(138,282)	(138,282)	
			(1.00) FTE research analyst III		(99,776)	(99,776)	
			(1.00) FTE administrative assistant II		(79,290)	(79,290)	
			(1.00) FTE information technology manager		(161,374)	(161,374)	
			(1.00) FTE programmer analyst I		(95,404)	(95,404)	
			(0.38) FTE programmer analyst I		(37,844)	(37,844)	
			(0.75) FTE account budget specialist III		(87,194)	(87,194)	
			(1.00) FTE administrative assistant II		(67,352)	(67,352)	
			(1.00) FTE human resource officer I		(97,702)	(97,702)	
			(1.00) FTE administrative staff officer III		(106,840)	(106,840)	
			(1.00) FTE office assistant III		(74,750)	(74,750)	
			(0.50) FTE administrative assistant I		(45,264)	(45,264)	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
			(0.50) FTE office assistant I		(32,946)	(32,946)	
			(0.50) FTE customer service consultant		(52,786)	(52,786)	
			(0.38) FTE account technician I		(23,033)	(23,033)	
			(0.25) FTE data processing coordinator I		(16,860)	(16,860)	
			<u>(47.80)</u>	<u>\$0</u>	<u>(\$4,235,307)</u>	<u>(\$4,235,307)</u>	
<u>2,840.20</u>	<u>2,853.65</u>	<u>13.45</u>	<b>TOTAL HEALTH AND WELFARE</b>	<u>\$3,603,476</u>	<u>(\$2,637,590)</u>	<u>\$965,886</u>	<u>2,937.65</u>
			<b>REGULATORY</b>				
46.50	46.50	0.00	<b>401 - Insurance Department</b>				46.50
51.37	55.37	4.00	<b>405 - Industrial Commission</b>				55.37
			Adds:				
			1.00 FTE geologist III	\$144,320		\$144,320	
			1.00 FTE petroleum engineer I	95,164		95,164	
			1.00 FTE petroleum engineer II	109,726		109,726	
			1.00 FTE engineering technician IV	102,358		102,358	
			<u>4.00</u>	<u>\$451,568</u>	<u>\$0</u>	<u>\$451,568</u>	
11.00	11.00	0.00	<b>406 - Labor Commissioner</b>				11.00
41.00	42.00	1.00	<b>408 - Public Service Commission</b>				42.00
			Adds:				
			1.00 FTE data processing coordinator position	\$131,388	\$0	\$131,388	
6.00	6.00	0.00	<b>412 - Aeronautics Commission</b>				6.00
27.00	27.00	0.00	<b>413 - Department of Financial Institutions</b>				27.00
9.00	9.00	0.00	<b>414 - Securities Department</b>				9.00
178.50	176.50	(2.00)	<b>471 - Bank of North Dakota</b>				176.50
			Deletes:				
			(2.00) FTE information technology positions		(\$196,442)	(\$196,442)	
			<u>(2.00)</u>	<u>\$0</u>	<u>(\$196,442)</u>	<u>(\$196,442)</u>	
43.00	43.00	0.00	<b>473 - Housing Finance Agency</b>				43.00
127.00	131.00	4.00	<b>475 - Mill and Elevator Association</b>				131.00
			Adds:				
			1.00 FTE classification pending		\$92,105	\$92,105	
			1.00 FTE classification pending		92,105	92,105	
			1.00 FTE classification pending		92,105	92,105	
			1.00 FTE classification pending		76,406	76,406	
			<u>4.00</u>	<u>\$0</u>	<u>\$352,721</u>	<u>\$352,721</u>	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
223.14	223.14	0.00	<b>485 - Workforce Safety and Insurance</b>				238.14
<u>763.51</u>	<u>770.51</u>	<u>7.00</u>	<b>TOTAL REGULATORY</b>	<u>\$582,956</u>	<u>\$156,279</u>	<u>\$739,235</u>	<u>785.51</u>
			<b>PUBLIC SAFETY</b>				
186.00	197.00	11.00	<b>504 - Highway Patrol</b>				202.00
			Adds:				
			2.00 FTE trooper positions without funding to allow additional recruits to be trained				
			3.00 FTE Capitol security civilian positions (previously temporary positions)	\$160,688	\$59,434	\$220,122	
			2.00 FTE Capitol security trooper positions	159,482	58,986	218,468	
			4.00 FTE trooper positions	318,963	117,973	436,936	
			<u>11.00</u>	<u>\$639,133</u>	<u>\$236,393</u>	<u>\$875,526</u>	
54.00	0.00	(54.00)	<b>512 - Department of Emergency Services</b>				59.00
			Transfers:				
			<u>(54.00)</u> FTE positions to the Adjutant General	<u>(\$3,355,927)</u>	<u>(\$2,713,969)</u>	<u>(\$6,069,896)</u>	
677.28	706.79	29.51	<b>530 - Department of Corrections and Rehabilitation</b>				823.48
			Adds:				
			1.00 FTE security officer I	\$70,688		\$70,688	
			1.00 FTE juvenile institutional residence specialist	80,960		80,960	
			1.00 FTE juvenile institutional residence specialist	80,960		80,960	
			1.00 FTE juvenile institutional residence specialist	80,960		80,960	
			1.00 FTE juvenile institutional residence specialist	80,960		80,960	
			1.00 FTE parole and probation officer	115,744		115,744	
			1.00 FTE parole and probation officer	115,744		115,744	
			1.00 FTE parole and probation officer	115,744		115,744	
			1.00 FTE parole and probation officer	57,872		57,872	
			1.00 FTE parole and probation officer	115,744		115,744	
			1.00 FTE parole and probation officer	57,872		57,872	
			1.00 FTE community corrections agent	91,892		91,892	
			1.00 FTE parole and probation officer	129,776		129,776	
			1.00 FTE parole and probation officer	129,776		129,776	
			1.00 FTE parole and probation officer	129,776		129,776	
			0.20 FTE classification pending	28,778		28,778	
			1.00 FTE registered nurse II	112,042		112,042	
			1.00 FTE office assistant III	70,876		70,876	
			1.00 FTE administrative assistant I	61,904		61,904	
			0.25 FTE administrative assistant I	19,623		19,623	
			0.75 FTE chaplain	88,134		88,134	
			0.25 FTE instructor	22,874		22,874	
			0.42 FTE classification pending	60,434		60,434	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General	Special	Total	
				Fund	Funds		
			0.52 FTE account technician II	36,913		36,913	
			0.26 FTE account technician I	13,703		13,703	
			1.00 FTE chaplain	117,512		117,512	
			1.00 FTE correctional officer III	102,724		102,724	
			1.00 FTE correctional officer III	102,724		102,724	
			1.00 FTE correctional officer III	102,724		102,724	
			1.00 FTE correctional officer III	102,724		102,724	
			1.00 FTE correctional officer III	102,724		102,724	
			0.27 FTE classification pending	38,850		38,850	
			1.00 FTE business manager	112,042		112,042	
			0.33 FTE account technician II	23,425		23,425	
			0.17 FTE account technician I	8,696		8,696	
			0.50 FTE office assistant I	38,712		38,712	
			0.25 FTE chaplain	29,378		29,378	
			0.11 FTE classification pending	15,828		15,828	
			0.15 FTE account technician II	10,648		10,648	
			0.08 FTE account technician I	3,953		3,953	
			<u>29.51</u>	<u>\$2,882,413</u>	<u>\$0</u>	<u>\$2,882,413</u>	
139.00	232.00	93.00	<b>540 - Adjutant General</b>				176.00
			Adds:				
			1.00 FTE other not classified protection service work		\$104,230	\$104,230	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
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			1.00 FTE other not classified protection service work		95,324	95,324	
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			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
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			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE other not classified protection service work		95,324	95,324	
			1.00 FTE social worker III	\$127,938		127,938	
			1.00 FTE social worker III	127,938		127,938	
			1.00 FTE grants officer	122,466		122,466	
			1.00 FTE public information officer	111,998		111,998	
			Transfers:				
			54.00 FTE positions from the Department of Emergency Services	3,355,927	2,713,969	6,069,896	
			93.00	\$3,846,267	\$6,068,121	\$9,914,388	
1,056.28	1,135.79	79.51	<b>TOTAL PUBLIC SAFETY</b>	\$4,011,886	\$3,590,545	\$7,602,431	1,260.48
			<b>AGRICULTURE AND ECONOMIC DEVELOPMENT</b>				
62.00	73.00	11.00	<b>601 - Commerce Department</b>				64.00
			Adds:				
			1.00 FTE workforce developer administrator	\$145,026		\$145,026	
			9.00 FTE workforce developer regional positions	986,443		986,443	
			1.00 FTE business developer	137,758		137,758	
			11.00	\$1,269,227	\$0	\$1,269,227	
61.00	67.00	6.00	<b>602 - Agriculture Department</b>				69.50
			Adds:				
			1.00 FTE agriculture program specialist II	\$55,191	\$50,945	\$106,136	
			1.00 FTE agriculture program specialist I	43,518	40,170	83,688	
			1.00 FTE agriculture program specialist I	43,518	40,170	83,688	
			1.00 FTE agriculture program specialist I	43,518	40,170	83,688	
			1.00 FTE veterinarian I	100,508	47,298	147,806	
			1.00 FTE agriculture program inspector	41,329	38,149	79,478	
			6.00	\$327,582	\$256,902	\$584,484	
30.00	30.00	0.00	<b>616 - Seed Department</b>				30.00

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
41.40 <sup>4</sup>	43.40	2.00	<b>627 - Upper Great Plains Transportation Institute</b>				43.40
			<u>2.00</u> FTE positions for Agriculture and Rural Business Logistics Center	<u>\$0</u>	<u>\$329,930</u>	<u>\$329,930</u>	
87.26 <sup>4</sup>	95.26	8.00	<b>628 - Branch research centers</b>				104.36
			Adds:				
			7.00 FTE additional support staff positions	\$480,768		\$480,768	
			<u>1.00</u> FTE assistant breeder/agronomist position (North Central)	<u>152,500</u>		<u>152,500</u>	
			<u>8.00</u>	<u>\$633,268</u>	<u>\$0</u>	<u>\$633,268</u>	
256.86 <sup>4</sup>	257.86	1.00	<b>630 - NDSU Extension Service</b>				272.31
			Adds:				
			<u>1.00</u> FTE bioproducts research position	<u>\$203,148</u>	<u>\$0</u>	<u>\$203,148</u>	
10.20 <sup>4</sup>	11.20	1.00	<b>638 - Northern Crops Institute</b>				11.20
			Adds:				
			<u>1.00</u> FTE technical processing staff position	<u>\$102,608</u>	<u>\$0</u>	<u>\$102,608</u>	
345.08 <sup>4</sup>	348.08	3.00	<b>640 - Main Research Center</b>				354.78
			Adds:				
			2.00 FTE engineering faculty and bioproducts research positions	\$303,148		\$303,148	
			<u>1.00</u> FTE faculty position for the pulse program	<u>202,500</u>		<u>202,500</u>	
			<u>3.00</u>	<u>\$505,648</u>	<u>\$0</u>	<u>\$505,648</u>	
3.00	3.00	0.00	<b>649 - Agronomy Seed Farm</b>				3.00
2.00	2.00	0.00	<b>670 - North Dakota Racing Commission</b>				3.00
<u>898.80</u>	<u>930.80</u>	<u>32.00</u>	<b>TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT</b>	<u>\$3,041,481</u>	<u>\$586,832</u>	<u>\$3,628,313</u>	<u>955.55</u>
			<b>NATURAL RESOURCES AND HIGHWAYS</b>				
57.00	60.00	3.00	<b>701 - State Historical Society</b>				67.50
			Adds:				
			1.00 FTE museum specialist II	\$110,270		\$110,270	
			1.00 FTE museum specialist II	103,760		103,760	
			<u>1.00</u> FTE geographic information systems specialist II	<u>64,344</u>	<u>\$42,896</u>	<u>107,240</u>	
			<u>3.00</u>	<u>\$278,374</u>	<u>\$42,896</u>	<u>\$321,270</u>	
5.00	5.00	0.00	<b>709 - Council on the Arts</b>				5.00
152.00	155.00	3.00	<b>720 - Game and Fish Department</b>				155.00
			Adds:				
			1.00 FTE wildlife technician I		\$74,502	\$74,502	
			1.00 FTE district game warden II		101,124	101,124	
			<u>1.00</u> FTE biologist I		<u>93,724</u>	<u>93,724</u>	
			<u>3.00</u>	<u>\$0</u>	<u>\$269,350</u>	<u>\$269,350</u>	

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
46.50	50.50	4.00	<b>750 - Department of Parks and Recreation</b>				50.50
			Adds:				
			1.00 FTE park manager I		\$101,024	\$101,024	
			1.00 FTE maintenance supervisor II		81,382	81,382	
			1.00 FTE maintenance supervisor II		81,382	81,382	
			1.00 FTE maintenance supervisor II		81,382	81,382	
			<u>4.00</u>	<u>\$0</u>	<u>\$345,170</u>	<u>\$345,170</u>	
84.00	84.00	0.00	<b>770 - State Water Commission</b>				85.00
1,044.50	1,052.50	8.00	<b>801 - Department of Transportation</b>				1,052.50
			Adds:				
			4.00 FTE equipment operators hired in 2005-07 under Section 4 of 2005 SB 2012		\$309,185	\$309,185	
			3.00 FTE engineering positions hired in 2005-07 under Section 4 of 2005 SB 2012		328,490	328,490	
			1.00 FTE safe routes to schools supervisor approved by the Emergency Commission in 2005-07 from federal funds		113,570	113,570	
			<u>8.00</u>	<u>\$0</u>	<u>\$751,245</u>	<u>\$751,245</u>	
<u>1,389.00</u>	<u>1,407.00</u>	<u>18.00</u>	<b>TOTAL NATURAL RESOURCES AND HIGHWAYS</b>	<u>\$278,374</u>	<u>\$1,408,661</u>	<u>\$1,687,035</u>	<u>1,415.50</u>
			<b>SUMMARY TOTALS</b>				
1,246.00	1,327.80	81.80	General Government	\$3,166,587	\$6,892,376	\$10,058,963	1,328.80
243.89	249.69	5.80	Other Education	302,763	307,465	610,228	246.69
2,840.20	2,853.65	13.45	Health and Welfare	3,603,476	(2,637,590)	965,886	2,937.65
763.51	770.51	7.00	Regulatory	582,956	156,279	739,235	785.51
1,056.28	1,135.79	79.51	Public Safety	4,011,886	3,590,545	7,602,431	1,260.48
898.80	930.80	32.00	Agriculture and Economic Development	3,041,481	586,832	3,628,313	955.55
1,389.00	1,407.00	18.00	Natural Resources and Highways	278,374	1,408,661	1,687,035	1,415.50
<u>8,437.68</u>	<u>8,675.24</u>	<u>237.56</u>	<b>TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)</b>	<u>\$14,987,523</u>	<u>\$10,304,568</u>	<u>\$25,292,091</u>	<u>8,930.18</u>
			<b>HIGHER EDUCATION</b>				
20.00	21.00	1.00	<b>215 - North Dakota University System office</b>				21.00
			Adds:				
			<u>1.00</u> FTE College Technical Education Council executive director				
115.15	105.38	(9.77)	<b>227 - Bismarck State College</b>				105.38
			Deletes:				
			<u>(9.77)</u> FTE positions to adjust the number of positions to the level supported by general fund				
36.21	30.49	(5.72)	<b>228 - Lake Region State College</b>				30.49
			Deletes:				
			<u>(5.72)</u> FTE positions to adjust the number of positions to the level supported by general fund				



2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
44.98	38.80	(6.18)	<b>229 - Williston State College</b> Deletes: <u>(6.18)</u> FTE positions to adjust the number of positions to the level supported by general fund				38.80
623.76	637.24	13.48	<b>230 - University of North Dakota</b> Adds: <u>13.48</u> FTE positions to adjust the number of positions to the level supported by general fund				637.24
178.56	155.74	(22.82)	<b>232 - University of North Dakota School of Medicine and Health Sciences</b> Deletes: <u>(22.82)</u> FTE positions to adjust the number of positions to the level supported by general fund				155.74
483.99	498.12	14.13	<b>235 - North Dakota State University</b> Adds: <u>14.13</u> FTE positions to adjust the number of positions to the level supported by general fund				498.12
179.88	156.77	(23.11)	<b>238 - State College of Science</b> Deletes: <u>(23.11)</u> FTE positions to adjust the number of positions to the level supported by general fund				156.77
108.98	121.60	12.62	<b>239 - Dickinson State University</b> Adds: <u>12.62</u> FTE positions to adjust the number of positions to the level supported by general fund				121.60
66.80	55.89	(10.91)	<b>240 - Mayville State University</b> Deletes: <u>(10.91)</u> FTE positions to adjust the number of positions to the level supported by general fund				55.89
198.82	184.83	(13.99)	<b>241 - Minot State University</b> Deletes: <u>(13.99)</u> FTE positions to adjust the number of positions to the level supported by general fund				184.83
90.57	78.15	(12.42)	<b>242 - Valley City State University</b> Deletes: <u>(12.42)</u> FTE positions to adjust the number of positions to the level supported by general fund				78.15
34.32	31.11	(3.21)	<b>243 - Minot State University - Bottineau</b> Deletes: <u>(3.21)</u> FTE positions to adjust the number of positions to the level supported by general fund				31.11

2005-07 FTE Positions	Executive Recommendation 2007-09 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Deleted by Executive Budget Due to New or Deleted Positions			2007-09 FTE Positions in Agency Budget Request <sup>1</sup>
				General Fund	Special Funds	Total	
12.40	19.47	7.07	<b>244 - Forest Service</b> Adds: 1.50 FTE positions to support forest initiative 5.57 FTE positions to adjust the number of positions to the level supported by the general fund <u>7.07</u>				19.47
<u>2,194.42</u>	<u>2,134.59</u>	<u>(59.83)</u>	<b>TOTAL HIGHER EDUCATION</b>	\$0	\$0	\$0	<u>2,134.59</u>
<u>10,632.10</u>	<u>10,809.83</u>	<u>177.73</u> <sup>5</sup>	<b>TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)</b>	<u>\$14,987,523</u>	<u>\$10,304,568</u>	<u>\$25,292,091</u>	<u>11,064.77</u>

## ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increase Provided or Proposed	Annual Inflation*
1973	5%	6.2%
1974	4%	11.0%
1975	5% (in addition to an 11.9% salary adjustment)	9.1%
1976	5%	5.7%
1977	5%	6.5%
1978	5%	7.6%
1979	6.5%	11.3%
1980	6.5%	13.5%
1981	9% (in addition to a 10% salary adjustment)	10.3%
1982	8% (reduced by Governor's budget allotments)	6.2%
1983	2% contribution to retirement	3.2%
1984	2% contribution to retirement	4.3%
1985	9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees	3.5%
1986	4% with a minimum of \$50 per month; the Governor deferred this increase for agencies under his control to January 1, 1987	1.9%
1987	0%	3.7%
1988	0%	4.1%
1989	11.4% higher education faculty at UND and NDSU; 9.5% higher education faculty at other four-year universities; 7.3% higher education faculty at two-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees	4.8%
1990	7% higher education faculty at four-year universities, 5% higher education faculty at two-year colleges, 0% all other state employees	5.4%
1991	4% with a minimum of \$50 per month	4.2%
1992	\$40 per month	3.0%
1993	\$60 per month	3.0%
1994	3% (to the extent available from agency savings)	2.6%
1995	2%	2.8%
1996	3% (includes 1% for salary inequity correction and merit increases)	2.9%
1997	3% (includes 1.5% for salary inequity correction and merit increases)	2.3%
1998	3% (includes 1.5% for salary inequity correction and merit increases; in addition, the University System received a \$3.2 million pool of funds for the 1997-99 biennium to address salary compression, market, and equity problems)	1.5%
1999	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.2%
2000	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity. An additional 1% may be provided to the extent the increase can be paid with existing agency resources.	3.4%

Year	General Salary Increase Provided or Proposed	Annual Inflation*
2001 <sup>1</sup>	3% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	2.8%
2002 <sup>1</sup>	2% with a minimum of \$35 per month - Increases over \$35 are to be based on merit and equity	1.6%
2003	Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase can be provided from pooled savings realized from the eliminated full-time equivalent (FTE) positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided must be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The judicial branch eliminated four vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 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 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 executive branch and the judicial branch did not eliminate positions to receive salary increases on January 1, 2005.	2.7%
2005	4%	3.4%
2006	4%	3.5% (projected)
2007 <sup>2</sup>	Recommended - 4% with a minimum of \$75 per month (salary increases are to be based on merit and equity and are not to be given across the board)	2.4% (projected)
2008 <sup>2</sup>	Recommended - 4% with a minimum of \$75 per month (salary increases are to be based on merit and equity and are not to be given across the board)	2.1% (projected)

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

<sup>1</sup>In addition, the 2001 Legislative Assembly provided:

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

<sup>2</sup>In addition, the 2007-09 executive budget recommends:

\$10 million, \$5 million of which is from the general fund and \$5 million of special funds for market equity salary adjustments based on market data for classified employees. Employees furthest from market are to receive the largest increase.

## ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2007-09 biennium contains funding to provide salary increases of 4 percent effective July 1, 2007, and 4 percent effective July 1, 2008, for elected officials, except that judges are provided a 6 percent salary increase the first year and 7 percent the second year. The statutory changes necessary to adjust elected officials' salaries as recommended are included in the appropriation bills for the respective elected officials. The schedules below show for each elected official the salary authorized by the 2005 Legislative Assembly and the salary being proposed in the executive budget.

State Official	Statutory Annual Salary Authorized by 2005 Legislative Assembly			Proposed Annual Salary Included in the 2007-09 Executive Budget Recommendation	
	Continuation of Increase Effective July 1, 2002	Effective July 1, 2005	Effective July 1, 2006	Effective July 1, 2007	Effective July 1, 2008
Governor	\$87,216	\$88,926 <sup>1</sup>	\$92,483 <sup>1</sup>	\$96,183	\$100,031
Lieutenant Governor	\$67,708	\$69,035 <sup>1</sup>	\$71,797 <sup>1</sup>	\$74,668	\$77,655
Secretary of State	\$68,018	\$70,739	\$73,568	\$76,511	\$79,571
Attorney General	\$74,668	\$77,655	\$80,761	\$83,991	\$87,351
Superintendent of Public Instruction	\$77,434	\$80,531	\$83,753	\$87,103	\$90,587
Tax Commissioner	\$73,821	\$76,774	\$79,845	\$83,039	\$86,360
Insurance Commissioner	\$68,018	\$70,739	\$73,568	\$76,511	\$79,571
Public Service Commissioners (3)	\$69,874	\$72,669	\$75,576	\$78,599	\$81,743
Agriculture Commissioner	\$69,874	\$72,669	\$75,576	\$78,599	\$81,743
State Auditor	\$68,018	\$70,739	\$73,568	\$76,511	\$79,571
State Treasurer	\$64,233	\$66,802	\$69,474	\$72,253	\$75,143

<sup>1</sup>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 budget as submitted by the judicial branch contains the funding needed to provide salary increases of approximately 6 percent for the first year of the biennium and 7 percent for the second year of the biennium for judges and justices.

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

	Statutory Annual Salary Authorized by 2005 Legislative Assembly			Proposed Annual Salary Included in the 2007-09 Judicial Branch Budget Request	
	Continuation of Increase Effective July 1, 2002	Effective July 1, 2005	Effective July 1, 2006	Effective July 1, 2007	Effective July 1, 2008
Supreme Court Chief Justice	\$102,021	\$106,102	\$110,346	\$116,966	\$125,154
Other Supreme Court justices	\$99,122	\$103,087	\$107,210	\$113,642	\$121,597
District court presiding judges	\$93,343	\$97,077	\$100,960	\$107,017	\$114,508
Other district court judges	\$90,671	\$94,298	\$98,070	\$103,954	\$111,230

**ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$99,472,631		\$200,000,000
Add estimated revenues				
Transfer from general fund - June 30, 2007	\$100,527,369 <sup>1</sup>			
Investment income	0 <sup>2</sup>			
Total estimated revenues		100,527,369		
Total available		\$200,000,000		\$200,000,000
Less estimated expenditures and transfers				
None				
Total estimated expenditures and transfers		0		0
Estimated ending balance		\$200,000,000		\$200,000,000

<sup>1</sup>The executive budget recommends increasing the maximum balance in the budget stabilization fund from 5 percent of the general fund appropriations provided by the most recently adjourned Legislative Assembly to \$200 million (Sections 14 and 15 of 2007 Senate Bill No. 2015) effective with the close at the 2005-07 biennium.

<sup>2</sup>Interest earned on the fund is deposited in the general fund because the balance in the fund is at the maximum allowed under North Dakota Century Code Section 54-27.2-01.

**FUND HISTORY**

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 currently 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 HEALTH CARE TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$20,134,411		\$1,830,102
Add estimated revenues				
Investment earnings	\$1,086,596		\$109,806	
Loan repayments - Principal and interest	834,095		805,531	
Total estimated revenues		1,920,691		915,337
Total available		\$22,055,102		\$2,745,439
Less estimated expenditures and transfers				
State Department of Health quick-response unit pilot project (2005 SB 2004; 2007 HB 1004)	\$125,000		\$125,000	
Department of Human Services inflationary increases and developmental disabilities services (2005 HB 1012)	3,200,000			
Transfer to the general fund (2005 HB 1445)	16,900,000			
Total estimated expenditures and transfers		20,225,000		125,000
Estimated ending balance		\$1,830,102		\$2,620,439

**FUND HISTORY**

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 was 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 were made based on the average amount Medicare rates exceeded 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 were available for these payments and required a state match. Payments were made to the two government nursing facilities and were 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 was returned to its source, and the federal funds were 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 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$6,820,579		\$9,752,183
Add estimated revenues				
Production royalties	\$6,514,182		\$5,329,785	
Mineral leases	247,315		206,680	
Oil and gas bonuses	2,975,918		143,868	
Investment earnings	1,028,375		1,129,968	
Loan repayments from facilities providing services to the developmentally disabled (1983 SB 2020; 1985 SB 2249)	1,057,178		1,129,730	
Total estimated revenues		11,822,968		7,940,031
Total available		\$18,643,547		\$17,692,214
Less estimated expenditures and transfers				
Payments to common schools trust fund - Developmentally disabled loan fund Nos. 2 and 3 (2005 SB 2013 - Continuing appropriation)	\$1,652,538 <sup>1</sup>		\$1,643,060 <sup>1</sup>	
Industrial Commission - Oil and Gas Division contingency (2005 SB 2014)	225,000 <sup>2</sup>			
Transfer to the general fund (2005 HB 1015; 2007 SB 2015)	6,800,000		15,000,000	
Administrative costs/other fees	213,826		226,848	
Total estimated expenditures and transfers		8,891,364		16,869,908
Estimated ending balance		\$9,752,183		\$822,306

<sup>1</sup>Payments to common schools trust fund - North Dakota Century Code Section 15-08.1-09 provides an annual continuing appropriation from the lands and minerals trust fund of the amount necessary to make payments of principal and interest to the common schools trust fund for loans made to developmentally disabled loan fund Nos. 2 and 3.

<sup>2</sup>Industrial Commission - Oil and Gas Division contingency - Senate Bill No. 2014 (2005) provides a \$225,000 contingency appropriation from the lands and minerals trust fund to the Oil and Gas Division for the purpose of hiring, upon Emergency Commission approval, up to two full-time equivalent positions if the average drilling rig count exceeds 30 active rigs for each month in any consecutive three-month period. The Emergency Commission approved a transfer of \$142,000 at its March 2, 2006, meeting and a transfer of \$83,000 at its November 27, 2006, meeting.

**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 PERMANENT OIL TAX TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$50,369,096		\$128,294,681
Add estimated revenues				
Oil and gas production tax and oil extraction tax collections	<b>\$158,543,405*</b>		<b>\$167,036,607*</b>	
Total estimated revenues		158,543,405 <sup>1</sup>		167,036,607 <sup>2</sup>
Total available		\$208,912,501		\$295,331,288
Less estimated expenditures and transfers				
Transfer to the general fund (Section 32 of 2005 HB 1015)	\$55,300,000			
Parks and Recreation Department - International Music Camp grant for International Arts Center (2005 SB 2228)	350,000			
Office of Management and Budget - Repayment of loans for centers of excellence (Section 12 of 2005 SB 2018)	16,000,000			
Office of Management and Budget - Repayment of additional loans for centers of excellence (2007 SB 2015)	5,300,000 <sup>3</sup>			
Department of Human Services - Medicaid management information system project (Section 8 of 2005 HB 1012)	3,667,820			
Property tax relief			\$116,700,000 <sup>4</sup>	
Total estimated expenditures and transfers		80,617,820		116,700,000
Estimated ending balance		\$128,294,681		\$178,631,288

**\*NOTE: Based on preliminary review, it appears the executive forecast may be overstating the counties' share of oil and gas production tax collections and understating the state's share. We have asked the Office of Management and Budget and the Tax Department to review the projection.**

<sup>1</sup>Estimated revenues - 2005-07 - The December 2006 revised revenue forecast for the 2005-07 biennium projects state oil and gas production tax and oil extraction tax revenues to exceed \$71 million by \$158.5 million; therefore, \$158.5 million is projected to be transferred to the permanent oil tax trust fund during the biennium.

<sup>2</sup>Estimated revenues - 2007-09 - The December 2006 executive budget revenue forecast for the 2007-09 biennium projects state oil and gas production tax and oil extraction tax revenues to exceed \$71 million by \$167 million; therefore, \$167 million is projected to be transferred to the permanent oil tax trust fund during the biennium.

<sup>3</sup>Office of Management and Budget - Borrowing authority contingency - Section 13 of Senate Bill No. 2018 (2005) provides a \$5 million contingency appropriation from Bank of North Dakota loan proceeds for the purpose, upon Emergency Commission and Budget Section approval, of providing funding for centers of excellence. The Office of Management and Budget is to request funding from the 60th Legislative Assembly to repay the loans from proceeds in the permanent oil tax trust fund, which is requested in the amount of \$5.3 million in Senate Bill No. 2015.

<sup>4</sup>Property tax relief - The executive budget recommends a continuing appropriation of \$116.7 million from the permanent oil tax trust fund for property tax relief.

### **FUND HISTORY**

North Dakota Century Code Section 57-51.1-07.2 (1997 Senate Bill No. 2366) establishes a permanent oil tax trust fund and provides that all revenues deposited in the general fund during a 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 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.

**ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$36,743,173		\$26,723,173
Add estimated revenues				
Oil extraction tax collections	\$25,850,000		\$41,005,500	
Repayments and reimbursements	2,223,000		2,395,000	
Investment earnings/miscellaneous	1,607,000		760,600	
Total estimated revenues		29,680,000 <sup>1</sup>		44,161,100
Total available		\$66,423,173		\$70,884,273
Less estimated expenditures and transfers				
State Water Commission - Grants and administration	\$39,700,000 <sup>2</sup>		\$69,352,698 <sup>3</sup>	
Total estimated expenditures and transfers		39,700,000		69,352,698
Estimated ending balance		\$26,723,173		\$1,531,575

**FUND HISTORY**

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 general fund.

<sup>1</sup>Estimated revenues - 2005-07 - The estimated revenues for the 2005-07 biennium reflect actual revenues through September 30, 2006, and estimated revenues for the remainder of the biennium. The current estimate of revenues for the biennium is **\$10,400,467 more than the estimate of \$19,279,533** made at the close of the 2005 legislative session. The increase is attributable to the following changes:

Increase in oil extraction tax collections	\$9,414,444
Increase in repayments for previously funded water projects	218,000
Increase in investment income	768,023
	<u>          </u>
Net increase from revenue amount previously estimated for 2005-07	\$10,400,467

<sup>2</sup>Section 4 of House Bill No. 1021 (2005) provided \$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. The State Water Commission estimates 2005-07 biennium expenditures from the resources trust fund to be \$39.7 million.

<sup>3</sup>Section 4 of Senate Bill No. 2020 (2007) provides \$69,352,698, or any additional amount that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission.

**ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 4/10 of 1%)		83,736,994 <sup>1</sup>		91,744,000
Total available		\$83,736,994		\$91,744,000
Less estimated expenditures				
Payments to political subdivisions				
County share (53.7%)	\$44,966,766		\$49,266,528	
City share (46.3%)	38,770,228		42,477,472	
Total estimated expenditures and transfers		83,736,994		91,744,000
Estimated ending balance		\$0		\$0

**NOTE:** The amounts shown reflect the revised 2005-07 revenue forecast (December 2006) and the executive budget revenue forecast for the 2007-09 biennium.

<sup>1</sup>A total of \$78,336,470 was anticipated to be in the fund for the 2005-07 biennium based on the forecast at the close of the 2005 Legislative Assembly.

**FUND HISTORY**

North Dakota Century Code (NDCC) Section 57-39.2-26.1 provided, prior to January 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:

<b>Population Category</b>			
<b>Counties</b>	<b>Percentage</b>	<b>Cities (Based on Population)</b>	<b>Percentage</b>
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%
<b>Total</b>	<b>100.00%</b>		<b>100.0%</b>

**ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium <sup>1</sup>		2007-09 Biennium <sup>1</sup>	
Beginning balance		\$28,026,050		\$21,963,550
Add estimated revenues				
Fund earnings (net)	\$3,200,000 <sup>2</sup>		\$1,900,000 <sup>2</sup>	
Total available		\$31,226,050		\$23,863,550
Less estimated expenditures and transfers				
Transfer to the general fund	\$9,000,000 <sup>3</sup>		\$3,100,000 <sup>5</sup>	
Funding for veterinary medicine program	262,500 <sup>4</sup>		317,460 <sup>6</sup>	
Total estimated expenditures and transfers		9,262,500		3,417,460
Estimated ending balance		\$21,963,550		\$20,446,090

<sup>1</sup>This analysis reflects the estimated revenues, expenditures, and ending balance for the 1979 bond resolution only.

<sup>2</sup>The projected income is based on interest rates as of December 1, 2006, and the trust's ability to continue to receive a return of 9.5 percent on a smaller portion of the student loans held by the trust. As of January 31, 2006, the trust is no longer able to recycle student loans and receive the return of 9.5 percent; therefore, the trust's portfolio of "9.5 percent earning loans" will continue to shrink as students consolidate or repay their loans.

<sup>3</sup>The 2005 Legislative Assembly provided for a transfer of \$9 million from the student loan trust fund to the general fund.

<sup>4</sup>House Bill No. 1397 (2005) provides the State Board of Higher Education a \$262,500 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 medicine 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.

<sup>5</sup>The 2007-09 executive budget recommends transferring \$3.1 million from the student loan trust fund to the general fund. The \$3.1 million is the projected income for both the 1979 and the 1996 student loan trust resolutions; however, the transfer to the general fund is only being made from the 1979 resolution.

<sup>6</sup>The 2007-09 executive budget recommends a \$317,460 appropriation from the student loan trust fund for continuing the Kansas State University veterinary medicine program.

**FUND HISTORY**

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

The student loan trust fund does not make loans to students or service 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 to \$10 million. As of December 1, 2006, the Bank has not informed the trust if it will be seeking a transfer for any losses the Bank may have incurred from investments made in North Dakota alternative and venture capital investments and early-stage capital funds.

After all bonds in the 1979 and 1996 general bond resolutions 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 1979 general bond resolution for a purpose other than those stated in the general bond resolution, the administrators of the student loan trust fund must receive a certification from the trustee of the bond (Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. In order to use assets held under the 1996 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 issuer, 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 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$21,414,069 <sup>1</sup>		\$0	
Projected tobacco settlement revenues	21,823,464		70,002,902	
Total estimated revenues		43,237,533 <sup>2</sup>		70,002,902 <sup>2</sup>
Total available		\$43,237,533 <sup>3</sup>		\$70,002,902 <sup>3</sup>
Less estimated expenditures and transfers				
Transfers to the community health trust fund (10%)	\$4,323,753		\$7,000,290	
Transfers to the common schools trust fund (45%)	19,456,890		31,501,306	
Transfers to the water development trust fund (45%)	19,456,890		31,501,306	
Total estimated expenditures and transfers		43,237,533		70,002,902
Estimated ending balance		\$0		\$0

<sup>1</sup>For the 2005-07 biennium, the state has received three tobacco settlement payments totaling \$21,414,069 as of November 30, 2006. The state has received total tobacco settlement collections of \$174,261,226.

<sup>2</sup>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.

<sup>3</sup>The tobacco settlement proceeds for the 2005-07 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 \$8,033,681 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.

In addition, two major tobacco companies reduced their total 2006 payment to North Dakota by approximately \$2.7 million. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total estimated revenues of \$43,237,533 do not include the \$2.7 million withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the remaining estimated tobacco settlement revenues for the 2005-07 and 2007-09 bienniums by 5 percent or \$1,148,603 for 2005-07 and \$3,684,363 for 2007-09. 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 and legal challenges are:



Biennium	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	43,237,533
2007-09	82,231,080	70,002,903
2009-11	82,231,080	73,687,266
2011-17 (\$82,231,080/\$73,687,266 per biennium)	246,693,240	221,061,798
2017-25 (\$58,591,490/\$52,503,832 per biennium)	234,365,960	210,015,328
Total	\$866,801,136	\$770,851,985

**NOTE:** Additional annual tobacco settlement funds are anticipated to be received beginning in 2008 through 2017 based on each state's contribution to litigation or resolution of state tobacco lawsuits. The anticipated increase in annual payments is reflected in the above table.

#### 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 within 30 days of its deposit in the fund:

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

**ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$4,502,525		\$1,961,922
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$2,141,407 <sup>1</sup>			
Projected remaining transfers from the tobacco settlement trust fund	2,182,346		\$7,000,290	
Total estimated revenues		4,323,753 <sup>2</sup>		7,000,290 <sup>2</sup>
Total available		\$8,826,278		\$8,962,212
Less estimated expenditures and transfers				
State Department of Health (2005 SB 2004; 2007 HB 1004)				
Tobacco prevention and control	\$4,700,000 <sup>3</sup>		\$4,700,000 <sup>3</sup>	
Dentists' loan program	420,000 <sup>4</sup>		380,000 <sup>4</sup>	
Community health grant program	495,000 <sup>5</sup>		360,000 <sup>5</sup>	
Tobacco "quit line"	884,000 <sup>6</sup>		1,069,000 <sup>6</sup>	
Tobacco cessation coordinator and operating expenses	111,000 <sup>7</sup>		142,075 <sup>7</sup>	
Physician loan repayment program			75,000 <sup>8</sup>	
Youth tobacco coordinator position and campaign			554,208 <sup>9</sup>	
Department of Human Services				
Breast and cervical cancer assistance (2005 HB 1012; 2007 SB 2012)	254,356 <sup>10</sup>		213,904 <sup>10</sup>	
Total estimated expenditures and transfers		6,864,356		7,494,187
Estimated ending balance		\$1,961,922		\$1,468,025

<sup>1</sup>For the 2005-07 biennium, three transfers totaling \$2,141,407 have been made from the tobacco settlement trust fund as of November 30, 2006. Total transfers of \$17,426,124 have been made from the tobacco settlement trust fund to the community health trust fund.

<sup>2</sup>Revenues - Interest earned on the community health trust fund is deposited in the state general fund. The tobacco settlement revenues for the community health trust fund were estimated to be \$5,127,121 for the 2005-07 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$803,368 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.

In addition, two major tobacco companies reduced their total 2006 payment to North Dakota by approximately \$2.7 million, of which \$270,000 would have been deposited in the community health trust fund. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect the full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total estimated revenues of \$4,323,753 do not include the \$270,000 withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced remaining estimated tobacco settlement revenues for the 2005-07 and 2007-09 bienniums by 5 percent. The community health trust fund share of the 5 percent reduction represents \$114,860 for 2005-07 and \$368,436 for 2007-09. 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 and legal challenges 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	5,363,637
2003-05	5,127,121	4,631,001
2005-07	5,127,121	4,323,753
2007-09	8,223,108	7,000,290
2009-11	8,223,108	7,368,727
2011-17 (\$8,223,108/\$7,368,727 per biennium)	24,669,324	22,106,181
2017-25 (\$5,859,149/\$5,250,383 per biennium)	23,436,596	21,001,532
Total	\$86,680,113	\$77,085,199

<sup>3</sup>North Dakota Century Code (NDCC) Section 54-27-25 provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage. The executive budget recommendation provides an appropriation of \$4.7 million, the same as the 2005-07 biennium appropriation, to the State Department of Health for tobacco prevention and control programs.

<sup>4</sup>The dentists' loan repayment program, which is administered by the State Health Council, was established in 2001 Senate Bill No. 2276 (NDCC Chapter 43-28.1). 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 dental loan repayment program is to provide the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. Dentists accepted into the program per biennium include:

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
2005-07 biennium (4 to date)	Fargo Community Health Center Bismarck (serving special populations) Mott Minot

<sup>5</sup>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 Community Health Grant Program Advisory Committee is to advise the State Department of Health regarding the community health grant program. The 2005 Legislative Assembly authorized \$495,000 for tobacco cessation grants (\$395,000) and the Community Health Grant Program Advisory Committee (\$100,000). 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 executive budget recommends \$360,000 for city and county cessation programs (\$260,000) and the Community Health Grant Program Advisory Committee (\$100,000).

<sup>6</sup>The 2003 Legislative Assembly authorized the establishment of a telephone tobacco "quit line." The 2005 Legislative Assembly appropriated \$884,000 to operate the "quit line" for the 2005-07 biennium. The executive budget recommendation increases the funding for the "quit line" to \$1,069,000 to provide nicotine replacement therapy and cessation counseling.

<sup>7</sup>The Legislative Assembly authorized one full-time equivalent tobacco prevention coordinator position and related funding for salaries and wages (\$95,666) and operating expenses (\$15,334). The executive budget recommendation includes funding for salaries (\$117,101) and operating expenses (\$22,296) for the position. In addition, \$2,678 for operating costs is included in this amount to balance the department's total authorization from the community health trust fund.

<sup>8</sup>North Dakota Century Code Chapter 43-17.2 provides for the state-community matching physician loan repayment program. A qualifying physician may receive up to \$22,500 per year for up to two years for a total of \$45,000. Section 43-12.2-01 provides for midlevel practitioners to receive up to \$2,500 per year for up to four years for a total of \$10,000. Communities must contribute an amount at least equal to the amount of the state contribution for the physicians and midlevel practitioners. The total funding for this program is \$75,000 from the general fund and \$75,000 from the community health trust fund.

<sup>9</sup>The executive budget recommendation includes funding for a youth tobacco prevention coordinator (\$100,522) and operating expenses (\$453,686) to coordinate a mass media education campaign including curricula, teacher training, and comprehensive school tobacco use policies.

<sup>10</sup>The executive budget recommends an appropriation of \$213,904, a decrease of \$40,452 from the 2005-07 biennium appropriation of \$254,356, to the Department of Human Services for providing the state matching funds for 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 within 30 days of its deposit in the fund as follows:

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

**ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS  
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium		2007-09 Biennium	
Beginning balance		\$13,200,239		\$9,634,846
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$9,636,331 <sup>1</sup>		\$0	
Projected remaining transfers from tobacco settlement trust fund	9,820,559		31,501,306	
Total estimated revenues		19,456,890 <sup>2</sup>		31,501,306 <sup>2</sup>
Total available		\$32,657,129		\$41,136,152
Less estimated expenditures and transfers				
State Water Commission (2005 HB 1021)				
Water projects	\$4,108,925 <sup>3</sup>		\$26,063,285 <sup>5</sup>	
Bond payments	9,777,033 <sup>3</sup>		13,992,714 <sup>5</sup>	
Administrative expenses	9,116,325 <sup>3</sup>			
North Dakota Legislative Assembly Legislators' Forum dues	20,000 <sup>4</sup>		0	
Total estimated expenditures and transfers		23,022,283		40,055,999
Estimated ending balance		\$9,634,846		\$1,080,153

<sup>1</sup>For the 2005-07 biennium, three transfers totaling \$9,636,331 have been made from the tobacco settlement trust fund as of November 30, 2006. Total transfers of \$78,417,551 have been made from the tobacco settlement trust fund to the water development trust fund.

<sup>2</sup>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 2005-07 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$3,615,156 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.

In addition, two major tobacco companies reduced their total 2006 payment to North Dakota by approximately \$2.7 million, of which \$1,215,000 would have been deposited in the water development trust fund. The tobacco companies are contending that the master settlement agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office has filed a lawsuit against the tobacco companies to collect full payment. The tobacco companies have set aside the additional payment until the dispute is resolved. The total estimated revenues of \$19,456,890 do not include the \$1,215,000 withheld by tobacco companies. Due to the uncertainty of the lawsuit, the Office of Management and Budget has further reduced the remaining estimated tobacco settlement revenues for the 2005-07 and 2007-09 bienniums by 5 percent. The water development trust fund share of the 5 percent reduction represents \$516,871 for 2005-07 and \$1,657,963 for 2007-09. 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 and legal challenges 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	19,456,890
2007-09	37,003,986	31,501,306
2009-11	37,003,986	33,159,270
20011-17 (\$37,003,986/\$33,159,270 per biennium)	111,011,958	99,477,810
2017-25 (\$26,366,170/\$23,626,724 per biennium)	105,464,680	94,506,896
Total	\$390,060,509	\$346,883,392

<sup>3</sup>Section 5 of House Bill No. 1021 (2005) provides \$29,963,873, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission.

The total bond payments, including anticipated principal and interest payments on the \$60 million bond issuance (2005) and the \$27.5 million bond issuance (2000), is estimated to be \$9,777,033 for the 2005-07 biennium. The Legislative Assembly also authorized, in House Bill No. 1021, the State Water Commission to issue up to \$7 million in bonds during the 2005-07 biennium. However, the State Water Commission is estimating that sufficient funding will be available for water projects in the water development trust fund and resources trust fund without the additional bond issuance.

The Legislative Assembly appropriated \$9,116,325 from the water development trust fund for administrative expenses of the State Water Commission. The State Water Commission is estimating that approximately \$4.1 million from the water development trust fund will be used for water projects during the 2005-07 biennium.

<sup>4</sup>Section 37 of House Bill No. 1015 (2005) appropriates \$20,000 from the water development trust fund to the North Dakota Legislative Assembly for paying North Dakota's contribution to the Legislators' Forum for Manitoba, Minnesota, North Dakota, and South Dakota for the 2005-07 biennium.

<sup>5</sup>Section 5 of Senate Bill No. 2020 (2007) provides \$40,055,999, or any additional amount that becomes available, from the water development trust fund for the purpose of defraying the expenses of the State Water Commission.

Total 2007-09 biennium bond payments will be \$13,992,714. The remaining balance of approximately \$26.1 million will be available for State Water Commission projects.

#### 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 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.