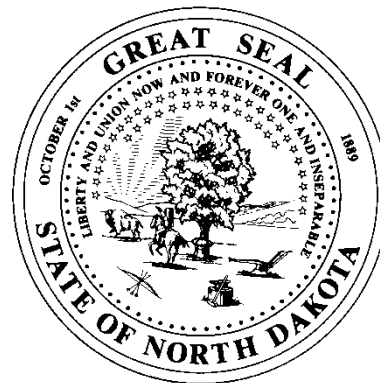


66TH LEGISLATIVE ASSEMBLY

STATE BUDGET ACTIONS

FOR THE 2019-21 BIENNIUM

(Including Supplemental and Statistical Information Regarding the State Budget)



**LEGISLATIVE COUNCIL
STATE CAPITOL
BISMARCK, NORTH DAKOTA
JUNE 2019**

This report contains information on actions by the 2019 Legislative Assembly affecting the state budget, including the 2019 Legislative Assembly's changes to base budget levels for the July 1, 2019, through June 30, 2021, biennium (2019-21). The 2019-21 biennium appropriations for state agencies and institutions are also compared to 2017-19 biennium appropriations.

In preparing this analysis, the Legislative Council staff reviewed 2019 appropriation acts, the "purposes of amendments" contained in the House and Senate journals, and other available fiscal records.

Also included are selected special funds analyses, an analysis of full-time equivalent (FTE) positions, graphs and other information regarding general fund revenues and appropriations, and information regarding historic comparisons of state spending.

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EXECUTIVE SUMMARY

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2019	\$65,000,000 ¹
Add estimated 2019-21 general fund revenues and transfers	4,822,959,640
Total resources available	\$4,887,959,640
Less 2019-21 general fund appropriations	4,843,563,166
Estimated general fund balance - June 30, 2021	\$44,396,474 ²

¹This amount reflects \$115,560,181 of 2017-19 biennium supplemental and deficiency appropriations, and \$54,102,873 of estimated 2017-19 unspent general fund appropriation authority.

²In addition, the budget stabilization fund is projected to have a June 30, 2021, balance of \$483,883,648.

TOTAL APPROPRIATIONS SUMMARY

	2017-19 Legislative Appropriations	Increase (Decrease)	2019-21 Legislative Appropriations
General fund	\$4,425,822,822	\$417,740,344	\$4,843,563,166
Estimated income	9,253,832,882	593,201,689	9,847,034,571
Total all funds	\$13,679,655,704	\$1,010,942,033	\$14,690,597,737

2019-21 GENERAL FUND REVENUES

- The 2019 legislative revenue forecast reflects **general fund revenues** of \$4,888 million, an increase of \$159 million, or 3.4 percent, compared to the revised 2017-19 biennium revenues.
- Since the estimated June 30, 2019, general fund balance exceeds \$65 million, an estimated \$285 million will be **transferred from the general fund to the budget stabilization fund** at the end of the 2017-19 biennium.
- Major areas of **tax and fee revenue change** (as compared to the revised revenue forecast for the 2017-19 biennium) include:
 - Sales and use tax collections increasing by \$95.99 million, or 5.4 percent.
 - Individual income tax collections increasing by \$35.49 million, or 4.6 percent.
 - Corporate income tax collections decreasing by \$47.64 million, or 26.5 percent.
 - Insurance premium tax collections decreasing by \$37.38 million, or 33.9 percent.
- Legislative action estimated to have a **major impact on tax and fee revenues** includes:
 - House Bill No. 1053 provides an income tax deduction for military retirement pay resulting in a decrease of \$3 million.

- House Bill No. 1174 provides an income tax deduction for the taxable portion of Social Security benefits for eligible taxpayers resulting in a decrease of \$7.3 million.
 - House Bill No. 1106 provides an insurance premium tax credit for the payment of an assessment related to the invisible reinsurance pool resulting in a decrease of \$31.7 million.
 - Senate Bill No. 2010 increases the payments to fire departments and the North Dakota Firefighter's Association resulting in a decrease of \$3.75 million in deposits in the general fund.
 - Senate Bill No. 2011 deposits fees and penalties collected by the Securities Department in a special fund rather than the general fund resulting in a decrease of \$2.59 million.
- Legislative action estimated to have a **major impact on transfers and other sources of revenue to the general fund** includes:
 - House Bill No. 1014 transfers \$140 million from Bank of North Dakota profits to the general fund.
 - Senate Bill No. 2015 transfers \$764.4 million from the strategic investment and improvements fund (SIIF) to the general fund and transfers \$8.6 million from the tax relief fund to the general fund.
 - Senate Bill No. 2224 transfers any remaining balance in the Research North Dakota fund to the general fund, which is estimated to be \$581,000.

2019-21 OIL AND GAS TAX REVENUES

- Oil prices** are anticipated to average \$48.50 per barrel in the 1st year and \$48 per barrel in the 2nd year of the 2019-21 biennium. The average oil price in April 2019 was \$58.31 per barrel based on the average of the Flint Hills Resources price (\$52.74) and the West Texas Intermediate price (\$63.88).
- Oil production** is anticipated to increase from 1.4 million barrels per day in the 1st year to 1.44 million barrels per day in the 2nd year of the 2019-21 biennium. Average production in March 2019 was 1.39 million barrels per day.
- The 2019 legislative revenue forecast reflects **oil and gas tax revenue** totaling \$4,851 million, an increase of \$332 million, or 7.3 percent, compared to the revised 2017-19 biennium revenues.
- Legislative action estimated to have a **major impact on oil and gas tax revenues** includes:
 - House Bill No. 1066 ("operation prairie dog") changes the allocations to hub cities and hub city school districts and provides allocations to three new infrastructure funds.

- b. Senate Bill No. 2312 changes the provisions for revenue sharing between the state and Three Affiliated Tribes of the Fort Berthold Reservation, increasing the revenue to the tribes.
- c. Senate Bill No. 2362 changes the method of allocating oil extraction tax revenue, increasing the allocations to the common schools trust fund, the foundation aid stabilization fund, and the resources trust fund.

2019-21 GENERAL FUND APPROPRIATIONS

- 1. Provided general fund appropriations of \$4,840 million, \$417.7 million, or 9.4 percent, more than the 2017-19 legislative appropriations.
- 2. Major general fund appropriations changes relate to:
 - a. Department of Public Instruction - \$285.8 million.
 - b. Department of Human Services - \$123.4 million.
 - c. Department of Corrections and Rehabilitation - \$15.3 million.
 - d. Department of Career and Technical Education - \$10.5 million.
 - e. Information Technology Department - \$8.0 million.
 - f. Housing Finance Agency - \$7.5 million.
 - g. Department of Transportation - (\$10.5 million).
 - h. Governor - (\$14.5 million).
 - i. Higher education - (\$18.9 million).
 - j. Department of Commerce - (\$19.9 million).

2019-21 SPECIAL FUNDS APPROPRIATIONS

- 1. Provided special funds (estimated income) appropriations of \$9,850 million, \$593.2 million, or 6.4 percent more than the 2017-19 legislative appropriations.
- 2. Major special funds appropriations increases include:
 - a. Higher education - \$279.4 million.
 - b. State Water Commission - \$246.0 million.
 - c. Department of Transportation - \$191.7 million.
 - d. Information Technology Department - \$96.5 million.
 - e. Department of Human Services - \$70.3 million.
 - f. Department of Environmental Quality - \$46.2 million.
 - g. Aeronautics Commission - \$38.8 million.
 - h. State Department of Health - (\$34.1 million).
 - i. Adjutant General - (\$79.6 million).
 - j. Department of Public Instruction - (\$80.0 million).
 - k. Department of Trust Lands - (\$228.0 million).

2019-21 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

- 1. Projected ongoing general fund revenues of \$4,050 million for the 2019-21 biennium, a decrease of \$44.3 million, or 1.1 percent, from the estimated ongoing general fund revenues of \$4,090 million for the 2017-19 biennium.
- 2. Provided \$4,794,924,098 of ongoing general fund appropriations and \$48,639,068 of one-time general fund appropriations for the 2019-21 biennium.
- 3. Retained an estimated \$528.3 million at the end of the 2019-21 biennium, including \$44.4 million in the general fund and \$483.9 million in the budget stabilization fund.

HIGHER EDUCATION

- 1. Increased ongoing **general fund** support by \$35.4 million and decreased one-time general fund support by \$54.3 million as follows:

	2017-19 Legislative Appropriations ¹	2019-21 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$613,242,154	\$648,667,805	\$35,425,651	5.8%
One-time general fund appropriations	66,196,476	11,850,000	(54,346,476)	(82.1%)
Total	\$679,438,630	\$660,517,805	(\$18,920,825)	(2.8%)

¹Amounts for the 2017-19 biennium have been adjusted to reflect supplemental appropriations approved by the 2019 Legislative Assembly.

- 2. Increased appropriations from special funds by \$279,410,839, or 13.6 percent. The increase relates primarily to increases in funding for capital projects and compensation adjustments.
- 3. Decreased the authorized number of **full-time equivalent (FTE) positions** from 6,767.76 to 6,609.87, a decrease of 157.89. The 157.89 FTE positions were removed pursuant to Section 21 of 2017 Senate Bill No. 2003, which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control.
- 4. Increased campus **base funding formula distributions** from the general fund by \$30 million for credit-hour adjustments and employee salary and health insurance increases.
- 5. Provided funding of \$10.7 million from the general fund for **student residency positions** at the University of North Dakota School of Medicine and Health Sciences.
- 6. Added one-time funding of \$9.4 million from the general fund for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. An additional \$250,000 of one-time funding from the general fund is included under the education incentive programs line item for

University of North Dakota School of Law matching grants. For every \$2 of private funds donated to an institution, a match of \$1 is to be provided from the fund.

ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$2,181,702,429, of which \$1,690,938,429 is from the general fund, \$113,000,000 is from the foundation aid stabilization fund, and \$377,764,000 is from the state tuition fund, for state school aid, **including integrated formula payments, transportation aid, special education, and one-time grants for rapid enrollment growth**. This level of funding represents an increase of \$165,798,266, including increases in funding of \$281,581,171 from the general fund and \$72,217,095 from the state tuition fund offset by a decrease in funding from the foundation aid stabilization fund of \$188,000,000, from the 2017-19 legislative appropriation of \$2,015,904,163.
 - a. In 2013 the Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students, and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. For the 2019-21 biennium, the **integrated payment rates** are increased 2 percent each year of the biennium to provide \$9,839 during the 1st year of the biennium and \$10,036 during the 2nd year of the biennium. The Legislative Assembly provided funding for **integrated formula payments** totaling \$2,098,202,429, of which \$1,610,438,429 is from the general fund, \$110,000,000 is from the foundation aid stabilization fund, and \$377,764,000 is from the state tuition fund. This level of funding represents an increase of \$162,998,266, including a decrease in funding of \$185,000,000 from the foundation aid stabilization fund and increases in funding of \$275,781,171 from the general fund and \$72,217,095 from the state tuition fund, from the 2017-19 biennium appropriation for integrated formula payments of \$1,935,204,163.
 - b. The Legislative Assembly provided **transportation aid** totaling \$56.5 million from the general fund, an increase of \$1.1 million from transportation aid funding of \$55.4 million provided during the 2017-19 biennium.
 - c. The Legislative Assembly provided \$24 million from the general fund for **special education contracts**, an increase of \$4.7 million from special education contract funding of \$19.3 million provided during the 2017-19 biennium.
 - d. The Legislative Assembly provided \$3 million of one-time funding from the foundation aid stabilization fund for **rapid enrollment grants**, \$3 million less than the one-time 2017-19 legislative appropriation from the foundation aid stabilization fund.
2. Transferred the **teacher shortage loan forgiveness program** from the University System to the Department of Public Instruction, including a transfer of \$2.1 million of general fund authority from the University System budget to the Department of Public Instruction budget.
3. Added funding from the general fund for a **Pre K-12 Education Vision Steering Committee** (\$300,000) and an **Education Coordination Council** (\$189,000, including a .50 FTE position).
4. Provided funding from the general fund for the following grants:
 - a. **Adult education grants** - \$4.4 million (increase of \$1.3 million from the 2017-19 biennium).
 - b. **School food services** - \$1.38 million (the same as the 2017-19 biennium).
 - c. **Free breakfast program** - \$200,000 (the same as the 2017-19 biennium).
 - d. **Flexible program grant pool** - \$1.5 million for a flexible program grant pool, including continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiative, transportation efficiency, and programs for leveraging the senior year and leadership (decrease of \$30,000 from the 2017-19 biennium).
 - e. **Leadership professional development** - \$200,000 (increase of \$200,000 from the 2017-19 biennium).
 - f. **National writing projects** - \$50,000 (increase of \$30,000 from the 2017-19 biennium).
 - g. **North Dakota Museum of Art** - \$360,000 (increase of \$10,000 from the 2017-19 biennium).
 - h. **North Central Council for Educational Media Services** - \$238,000 (the same as the 2017-19 biennium).
 - i. **Teacher, principal, and instructional coach mentoring program** - \$2,125,764 (increase of \$75,764 from the 2017-19 biennium).
 - j. **"We the People" program** - \$50,000 (increase of \$40,000 from the 2017-19 biennium).
 - k. **Cultural heritage grants** - \$40,000 (increase of \$40,000 from the 2017-19 biennium).
5. Removed funding from the general fund for the Global Bridges (Atlantik-Brucke) exchange program and the North Dakota young entrepreneur education program.

6. Provided funding from the general fund for **national board certification** - \$108,000 (decrease of \$12,000 from the 2017-19 biennium legislative appropriation).
7. Provided \$5.5 million from the general fund for **PowerSchool** in a separate line item of the Department of Public Instruction's appropriation, the same as the 2017-19 biennium legislative appropriation.
8. Provided \$800,000 of one-time funding from the foundation aid stabilization fund for **music grants** to school districts.
9. Provided \$1.2 million of one-time funding from the foundation aid stabilization fund for a rewrite of the Department of Public Instruction's **school district data collection system**.
10. Provided \$200,000 of one-time funding from the general fund to rewrite the **state school aid formula computer program**.

HUMAN SERVICES

1. Provided total general fund appropriations for the Department of Human Services of \$1,462.7 million, \$123.8 million, or 9.2 percent, more than the \$1,339.2 million appropriated for the 2017-19 biennium.
2. Added \$64.6 million, of which \$30.2 million is from the general fund, for a 2 percent provider inflationary increase the 1st year of the 2019-21 biennium and a 2.5 percent provider inflationary increase the 2nd year of the biennium.
3. Provided \$20.3 million from the general fund to replace a reduction in federal funds for **Medicaid Expansion** due to a declining federal matching percentage. The schedule below presents the federal matching percentage for Medicaid Expansion.

Calendar Year	Percentage of Medicaid Expansion Paid by Federal Government
2016	100%
2017	95%
2018	94%
2019	93%
After 2019	90%

4. Anticipated the regular federal medical assistance percentage rate increasing from 50 percent to 50.05 percent for federal fiscal year 2020 and to 52.66 percent for federal fiscal year 2021. The changes are estimated to reduce the state share of affected programs by \$25.7 million.
5. Provided \$56.5 million, of which \$51.1 million is from the general fund for **cost, caseload, utilization, rate, and other changes** in programs authorized by the 2019 Legislative Assembly.
6. Provided funding of \$173.7 million from the tax relief fund for a **county social and human services program**.

7. Replaced funding from the general fund with funding from the **tobacco prevention and control trust fund** (\$6 million) and from the **community health trust fund** (\$32.4 million).
8. Provided one-time funding from federal funds and the strategic investment and improvements fund for a **child welfare technology project** (\$1.25 million), for a **Medicaid management information system technology stack upgrade** (\$7.1 million), and for supporting the Self-Service Portal and Consolidated Eligibility System (\$5.4 million).

CAPITAL CONSTRUCTION

1. Provided a total of \$1,820 million for the following capital projects:
 - a. \$434 million for major capital projects.
 - b. \$33.1 million for extraordinary repairs.
 - c. \$10.7 million for bond payments.
 - d. \$815.1 million for transportation-related projects.
 - e. \$528.4 million for water projects.
 - f. \$1.8 million for other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$750,000	\$433,215,100
Extraordinary repairs	17,062,569	16,006,236
Bond payments	9,019,765	1,689,328
Transportation-related projects	0	815,075,283
Water projects	0	528,348,902
Other projects	378,338	2,378,368
Total	\$27,210,672	\$1,796,713,217

2. The Legislative Assembly in Senate Bill No. 2297 authorized \$100 million of capital projects to be funded through bonded indebtedness that affect the bonding limit, as reflected in the following schedule:

	Bonding Proceeds
North Dakota State University (NDSU) - Dunbar Hall	\$40,000,000
Valley City State University - Communications and Fine Arts Building project	30,000,000
NDSU - Agriculture products development center	20,000,000
University of North Dakota - Gamble Hall project	6,000,000
Dickinson State University - Pulver Hall	4,000,000
Total	\$100,000,000

3. Senate Bill No. 2297 also provided 2017-19 biennium supplemental appropriations totaling \$49.9 million from the general fund for higher education capital projects as follows:

	General Fund
Bismarck State College - Nursing building	\$8,900,000
Dakota College at Bottineau - Dining hall and other projects	1,000,000
Lake Region State College - Precision agriculture center	1,000,000
NDSU - Agriculture products development center	20,000,000
NDSU - Dunbar Hall	8,000,000
University of North Dakota - Gamble Hall	9,000,000
Valley City State University - Communications and Fine Arts Building	2,000,000
Total - 2017-19 biennium	\$49,900,000

STATE EMPLOYEES

1. Provided **salary increases** for classified and nonclassified employees during the 2019-21 biennium of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020.
2. Continued funding for the full cost of **health insurance** premiums for state employees at \$1,426.74 per month, an increase of \$185.91, or 15 percent, compared to the 2017-19 biennium premium of \$1,240.83 per month. Funding of \$69.2 million, of which \$29.2 million is from the general fund, is added for the health insurance premium increase.
3. Authorized a total of 15,805.77 FTE positions, a decrease of 41.61 FTE positions from the 2017-19 authorized level of 15,847.38. Of the 15,805.77 authorized FTE positions, 6,609.87 are higher education FTE positions and 9,195.90 are FTE positions in other state agencies. Of the 41.61 FTE decrease, 157.89 higher education FTE positions were removed and 116.28 FTE positions were added in other state agencies.
4. Approved for selected agencies, a shared services **unification of information technology** resources and personnel, including the transfer of 96 information technology FTE positions from the Department of Trust Lands, Department of Human Services, Adjutant General - Department of Emergency Services, Parks and Recreation Department, and Department of Transportation to the Information Technology Department.

CORRECTIONS

1. Provided a total general fund appropriation for the Department of Corrections and Rehabilitation of \$229.7 million, \$15.3 million, or 7.2 percent more than the \$214.3 million appropriation for the 2017-19 biennium.
2. Provided an ongoing general fund appropriation for the Department of Corrections and Rehabilitation of \$228.3 million, \$14.0 million, or

6.5 percent more than the \$214.3 million appropriated for the 2017-19 biennium.

3. Added 54.5 **new FTE positions**, including 20 FTE correctional officer positions converted from temporary positions, 27.5 FTE positions to operate the Tompkins Rehabilitation and Corrections Center rather than the Department of Human Services, and 7 FTE positions for a pretrial services pilot program in three judicial districts.
4. Provided \$20.2 million for **contract housing and programming**.
5. Provided \$11.9 million from the general fund for **female inmate contract housing** (Dakota Women's Correctional and Rehabilitation Center).
6. Provided \$3.9 million from the general fund to contract with the State Hospital for up to 30 addiction treatment beds.

INFORMATION TECHNOLOGY

1. Provided \$226.57 million, of which \$13.72 million is from the general fund and \$212.85 million is from other funds, for **state agency information technology projects** for the 2019-21 biennium. Of the \$212.85 million of other funds, \$35.7 million is from SIIF and \$1.2 million is from the foundation aid stabilization fund.
2. Provided one-time funding of \$11.2 million, of which \$8.2 million is from SIIF and \$3 million is from federal funds for voting system replacement and e-poll book implementation projects. Including \$800,000 of ongoing funding from the Secretary of State's general services operating fund, total funding for the projects is \$12 million.
3. Provided one-time funding of \$120 million, of which \$80 million is from a Bank of North Dakota line of credit, \$20 million is from Bank of North Dakota profits, and \$20 million is from SIIF, to the Information Technology Department for the **statewide interoperable radio network (SIRN)** project. Including ongoing funding of \$12.33 million provided from the SIRN fund, total funding for SIRN is \$132.33 million for the 2019-21 biennium.
4. Provided one-time funding of \$11.4 million from the general fund and \$4 million from SIIF for **cybersecurity** tool set modernization for the Information Technology Department. Including \$2.3 million from the general fund for 8 cybersecurity FTE positions in the department, total funding for cybersecurity is \$17.7 million for the 2019-21 biennium.
5. Provided one-time funding of \$9 million to the Retirement and Investment Office for a Teachers' Fund for Retirement pension administration system modernization project.
6. Provided one-time funding of \$7.1 million, of which \$5.3 million is from federal funds and \$1.8 million is from SIIF, to the Department of Human Services for a Medicaid management information system technical stack upgrade.

7. Provided one-time funding of \$7 million to Workforce Safety and Insurance for releases 7, 8, 9, and 10 of the claims and policy system replacement project.
8. Provided one-time funding of \$22.5 million from the highway fund to the Department of Transportation for a **driver's license system rewrite project**.
9. Transferred the **Center for Distance Education** from the Information Technology Department to the Department of Career and Technical Education.
10. Eliminated the **Educational Technology Council**.
11. Provided \$17.58 million for the unemployment insurance computer modernization project for Job Service North Dakota, of which \$11.1 million is from federal Reed Act funding and \$6.48 million is from federal funds for operating expenses.

ECONOMIC DEVELOPMENT

1. Provided \$1.6 million from the general fund for the North Dakota Trade Office, a decrease of \$400,000 from the 2017-19 biennium appropriation of \$2.0 million.
2. Provided funding of \$4 million for the **Agricultural Products Utilization Commission (APUC)** in the Agriculture Commissioner's office, of which \$239,583 is from the general fund, \$1.76 million is from the APUC fund, and \$2 million is from profits of the Bank of North Dakota. Funding for APUC was \$3.15 million in the Department of Commerce for the 2017-19 biennium, all from the APUC fund.
3. Provided funding of \$8.8 million, of which \$8.3 million is from the general fund, for **North Dakota tourism** operating expenses, an increase of \$1 million from the 2017-19 biennium.
4. Provided \$5 million for the **unmanned aircraft systems (UAS)** program, of which \$1 million is ongoing federal funding for grants, \$1 million is ongoing funding from donations or other private sources for grants, and \$2.25 million is one-time funding from the general fund for operating expenses of the UAS test site. Total funding provided for the 2017-19 biennium was \$2 million.
5. Provided \$28 million from the general fund as a 2017-19 biennium supplemental appropriation for a **beyond visual line of sight UAS** program.
6. Provided one-time funding of \$3 million from the general fund for **enhanced use lease grants**. Total funding provided for the 2017-19 biennium was \$3 million.
7. Provided \$2.95 million, of which \$740,956 is ongoing funding from the general fund, \$207,511 is ongoing funding from the economic

development fund, and \$2 million is one-time funding from SIIF, for entrepreneurship grants and vouchers, also known as **Innovate ND**.

8. Provided \$855,000 from the general fund to the Department of Commerce for Operation Intern, a program providing matching funds to help expand the number of internships, work experience, and apprenticeship positions with North Dakota employers. This appropriation is a \$95,000 decrease from the 2017-19 biennium appropriation of \$950,000.
9. Provided \$1.5 million from the general fund for **homeless shelter grants** in the Department of Commerce, an increase of \$1.2 million from the 2017-19 biennium.
10. Provided one-time funding of \$1 million from SIIF for a Census 2020 program for marketing and advocating to transient and low-population county individuals in the 2020 census.
11. Provided one-time funding of \$500,000 for a nonresident nurse employment recruitment program, which requires the Department of Commerce to provide up to \$4,000 in incentives for each nonresident licensed nurse who signs a written agreement to work at least 4 years in a North Dakota licensed health care facility.
12. Provided one-time funding of \$500,000 from the general fund to the Department of Commerce for providing workforce grants to tribally controlled community colleges in North Dakota. Funding of \$500,000 from the student loan trust fund was provided for the 2017-19 biennium.
13. Provided \$2 million from the general fund for **workforce training** in the Department of Career and Technical Education, the same as the 2017-19 biennium.
14. Provided \$1,894,249 from the general fund for adult farm management grants in the Department of Career and Technical Education, a decrease of \$250,000 from the 2017-19 biennium.

INFRASTRUCTURE

1. Provided \$819.7 million, of which \$702.9 million is from federal funds and \$116.8 million is from state and local matching funds, for **road projects**.
2. Provided \$45.8 million, including funding from the general fund (\$500,000), the Aeronautics Commission fund (\$5.3 million), the airport infrastructure fund (\$20 million), and SIIF (\$20 million) for **airport grants**.
3. Provided \$874.5 million for **water projects** from various sources, including a Bank of North Dakota line of credit (\$75 million), the resources trust fund (\$778.5 million), and the water development trust fund (\$21 million).
4. Provided infrastructure funding through House Bill No. 1066, also known as "operation prairie dog." See the **AID TO POLITICAL SUBDIVISIONS** section for detail.

AID TO POLITICAL SUBDIVISIONS

1. House Bill No. 1066 "operation prairie dog" changes the definition of a "hub city" to include only cities located in a county that has oil and gas gross production tax or oil extraction tax revenue collections and changes the allocation of the state's share of oil and gas taxes, to provide for new allocations to the following funds, which provide funding for eligible political subdivisions:
 - a. Municipal infrastructure fund (\$115 million);
 - b. County and township infrastructure fund (\$115 million); and
 - c. Airport infrastructure fund to provide grants for airports (\$20 million).
2. Senate Bill No. 2010 provides for a \$3,753,944 increase for fire department payments to provide a total of \$17,989,505 for the 2019-21 biennium.
3. Senate Bill No. 2016 provides an \$8.1 million 2017-19 biennium supplemental appropriation from the state disaster relief fund for distributions to townships in non-oil-producing counties for the maintenance and improvement of township roads and bridges.
4. Other major aid to political subdivisions increases compared to the 2017-19 biennium, include the following:
 - a. Grants to airports from SIIF (\$20 million);
 - b. Economic assistance and social services pilot program (\$47.6 million); and
 - c. State school aid (\$163 million).

5. In total, the Legislative Assembly provided \$3.95 billion in state assistance to political subdivisions including schools, a \$.43 billion or 12.2 percent increase compared to the \$3.52 billion provided during the 2017-19 biennium. See the schedule beginning on page M-29 for additional detail.

MILITARY-RELATED PROGRAMS

1. Provided \$210,916 from the general fund for rental payments and project costs for **city-owned armories**.
2. Provided \$4,782,072 from the general fund for the National Guard **tuition assistance program**.
3. Provided \$1,051,168 from the general fund for the **reintegration program** to support National Guard members and their families.
4. Provided an exemption to allow the carryover of unexpended appropriations for the **veterans' bonus program** into the 2019-21 biennium.

MAJOR SPECIAL FUND BALANCES

	Estimated June 30, 2021, Balance
Legacy fund	\$7,150,914,963
Tax relief fund	\$200,000,000
Strategic investment and improvements fund (unreserved)	\$706,285,049
Budget stabilization fund	\$483,883,648
Foundation aid stabilization fund (unreserved)	\$227,665,921

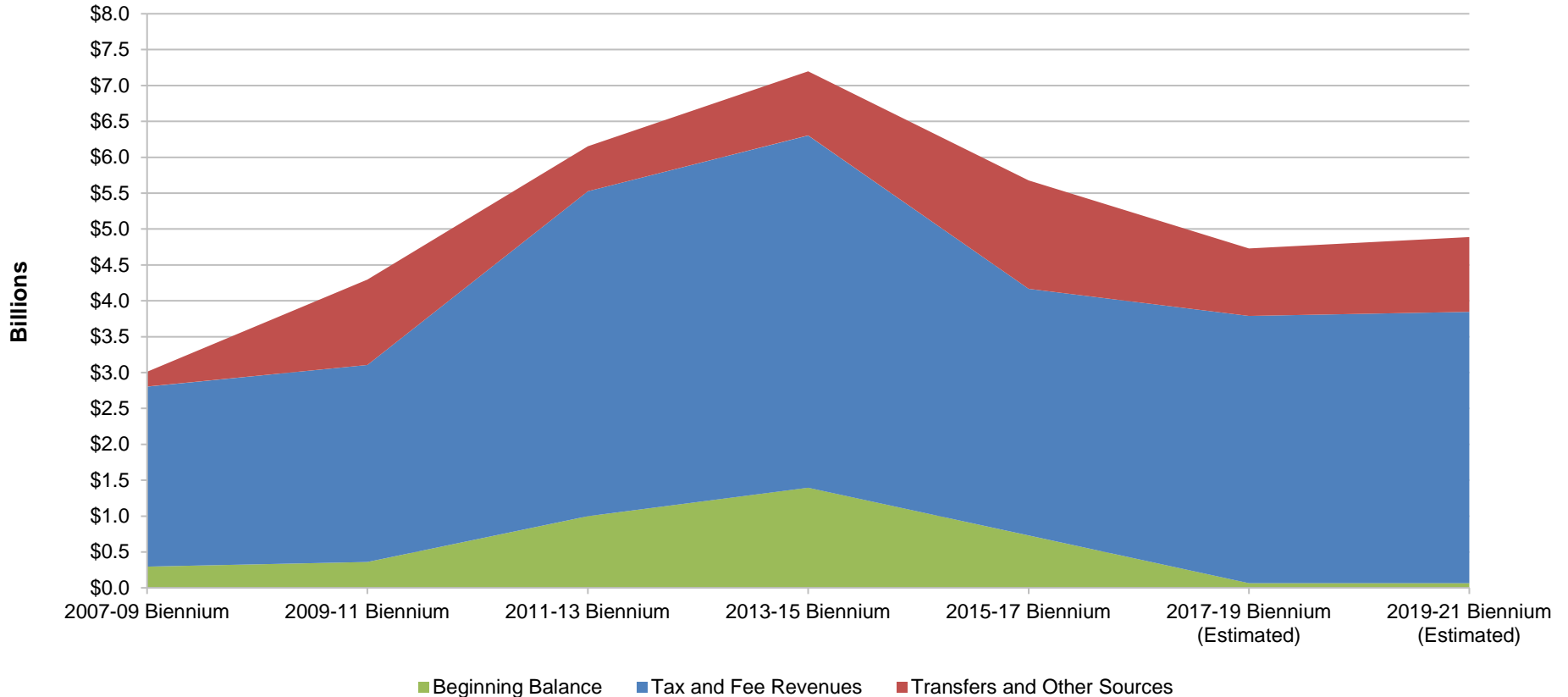
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GENERAL FUND REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the 2019 legislative revenue forecast, total 2019-21 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers, are estimated to be \$4,887.96 million, which is \$159.15 million, or 3.4 percent, more than total 2017-19 biennium estimated revenues of \$4,728.81 million.



	Actual					Estimated	
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium
Beginning balance	\$295,541,176	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000
Tax and fee revenues	2,509,657,137	2,742,612,281	4,530,367,522	4,906,838,449	3,437,604,096	3,723,782,356	3,781,742,616
Transfers and other sources	205,606,243	1,190,082,508	625,487,038	894,959,058	1,511,601,317	940,022,572	1,041,217,024
Total	\$3,010,804,556	\$4,294,538,303	\$6,152,687,271	\$7,197,856,693	\$5,678,734,802	\$4,728,804,928	\$4,887,959,640

GENERAL FUND BEGINNING BALANCE

Based on final legislative action, the July 1, 2019, estimated beginning balance is \$65 million, the same as the January 2019 base revenue forecast and the March 2019 revised revenue forecast. Pursuant to North Dakota Century Code Chapter 54-27.2, any amount in the general fund at the end of a biennium in excess

of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The June 30, 2019, estimated balance of the budget stabilization fund is less than the 15 percent limit. As a result, any remaining amount exceeding \$65 million will be transferred from the general fund to the budget stabilization fund at the end of the 2019-21 biennium. Based on final legislative action, the estimated transfer from the general fund to the budget stabilization fund is \$285,084,979.

The schedule below provides information on other legislative action relating to the July 1, 2019, beginning general fund balance and affecting the transfer to the budget stabilization fund.

Bill No.	Description	Amount
HB 1003	Provides 2017-19 biennium supplemental appropriations to Williston State College for institution operations (\$491,850), to Dickinson State University for document digitization (\$550,000), and to the State Board of Higher Education for workforce initiatives (\$2,700,000)	(\$3,741,850)
HB 1012	Provides a 2017-19 biennium supplemental appropriation to the Department of Transportation for road maintenance	(13,000,000)
HB 1015	Provides an exemption to the Department of Corrections and Rehabilitation to continue 2017-19 funding in the 2019-21 biennium for a community behavioral health program	(2,150,000)
HB 1018	Provides 2017-19 biennium supplemental appropriations to the Department of Commerce for a beyond visual line of sight unmanned aircraft system program (\$28,000,000) and North Dakota gorge preservation grants (\$750,000)	(28,750,000)
HB 1020	Provides a 2017-19 biennium supplemental appropriation to the North Dakota State University Extension Service for website and digital upgrades	(345,000)
HB 1461	Provides an exemption to the Department of Public Instruction to continue 2017-19 funding in the 2019-21 biennium for a dyslexia screening pilot program	(250,000)
SB 2001	Transfers \$15 million from the general fund to the Theodore Roosevelt presidential library and museum endowment fund during the 2017-19 biennium	(15,000,000)
SB 2006	Provides a deficiency appropriation to the Tax Commissioner for the homestead and disabled veterans' tax credit programs	(590,000)
SB 2013	Uses unexpended 2017-19 biennium state school aid funding for special education grants (\$4,000,000) and provides an exemption to the Department of Public Instruction to continue 2017-19 funding in the 2019-21 biennium for advanced placement programs (\$600,000)	(4,600,000)
SB 2024	Provides deficiency appropriations to various state agencies to address budgetary shortfalls	(4,233,331)
SB 2297	Provides 2017-19 biennium supplemental appropriations to various institutions of higher education for capital projects	(49,900,000)
Total		(\$122,560,181)

GENERAL FUND TAX AND FEE REVENUES

Based on final legislative action, **2019-21 biennium estimated general fund tax and fee revenues total \$3,781.74 million**, which reflects an increase of \$77.06 million compared to the January 2019 base revenue forecast and an increase of \$51.54 million compared to the March 2019 revised revenue forecast. The January 2019 base revenue forecast reflects 2019-21 biennium estimated tax and fee revenues of \$3,704.68 million. The March 2019 revised revenue forecast increased the 2019-21 biennium estimated tax and fee revenues by \$25.52 million, from \$3,704.68 million to \$3,730.2 million.

Based on the March 2019 revised revenue forecast and final legislative action, 2017-19 biennium estimated general fund tax and fee revenues total \$3,723.78 million. Compared to the 2017-19 biennium revised estimated general fund tax and fee revenues, 2019-21 biennium estimated general fund tax and fee revenues of \$3,781.74 million reflect an increase of \$57.96 million, or 1.6 percent.

Major areas of 2019-21 biennium **tax and fee revenue change** compared to the 2017-19 biennium revised revenue forecast include:

- Sales and use tax collections are estimated to **increase** by \$95.99 million, or 5.4 percent.
- Individual income tax collections are estimated to **increase** by \$35.49 million, or 4.6 percent.
- Corporate income taxes are estimated to **decrease** by \$47.64 million, or 26.5 percent.
- Insurance premium tax collections are estimated to **decrease** by \$37.38 million, or 33.9 percent.

The 2019 Legislative Assembly approved the following bills, which are estimated to have a major impact on tax and fee revenues:

Individual income tax collections

- House Bill No. 1053 provides an income tax deduction for military retirement pay resulting in an estimated **decrease of \$3 million** in tax collections.
- House Bill No. 1174 provides an income tax deduction for the taxable portion of Social Security benefits for eligible taxpayers resulting in an estimated **decrease of \$7.3 million** in tax collections.

Oil and gas tax collections

- House Bill No. 1066 changes the allocation of oil and gas tax collections resulting in an **increase of \$100 million** in allocations to the general fund, from \$300 million under current law to \$400 million.

Insurance premium tax collections

- House Bill No. 1106 provides an insurance premium tax credit for the payment of an assessment related to the invisible reinsurance pool resulting in a **decrease of \$31.7 million** in collections.
- Senate Bill No. 2010 increases the payments to fire departments and the North Dakota Firefighter's Association resulting in a **decrease of \$3.75 million** in deposits in the general fund.

Departmental collections

- Senate Bill No. 2011 deposits fees and penalties collected by the Securities Department in a special fund rather than the general fund resulting in a **decrease of \$2.59 million** in departmental collections.
- House Bill No. 1194 deposits 40 percent of any cost-savings resulting from tribal care coordination agreements in the general fund resulting in an estimated **increase of \$2.95 million** in departmental collections.

Other bills approved by the 2019 Legislative Assembly with an estimated fiscal impact on general fund tax and fee revenues include the following:

Bill No.	Description	Estimated Impact
HB 1004	Departmental collections - Increases the fees for vital records and transfers the excess revenue to the general fund	\$312,000
HB 1040	Individual and corporate income tax collections - Provides up to \$1 million of income tax credits per year related to manufacturing and automation	(\$2,000,000)
HB 1097	Sales and use tax collections - Repeals Sunday closing laws allowing businesses to open on Sunday mornings	Cannot be determined
HB 1111	Individual and corporate income tax collections - Provides an alternate method for calculating an income tax credit for research expenses	(\$700,000)
HB 1205	Sales and use tax collections - Provides exemptions for the construction of a fertilizer plant or a qualifying natural gas processing plant	Cannot be determined
HB 1292	Motor vehicle excise tax collections - Allows for certain reductions to the purchase price of a vehicle resulting in a decrease in collections	(\$155,200)
HB 1384	Individual income tax collections - Expands a credit for donations to any qualified North Dakota nonprofit private school	Cannot be determined
HB 1406	Corporate income tax collections - Expands a credit for hiring an individual who is developmentally disabled	Cannot be determined
HB 1475	Individual income tax collections - Provides a credit if an employer includes higher education expenses reimbursements in taxable wages	Cannot be determined
SB 2003	Gaming tax collections - Provides for a transfer to a gaming technology fund reducing the deposits in the general fund	(\$400,000)
SB 2009	Departmental collections - Increases the fees for licenses associated with grain warehouses and grain buyers	\$43,600
SB 2162	Gaming tax collections - Increase the limit of prizes that may be awarded by charitable organizations without requiring a state license	(\$88,800)
SB 2165	Sales and use tax collections - Provides an exemption for the purchase of a qualified replacement watercraft	Cannot be determined
SB 2192	Departmental collections - Allows the Tax Department to collect fees for administering a county lodging tax	Cannot be determined
SB 2257	Alcohol and tobacco tax collections - Authorizes state-tribal agreements related to alcohol and tobacco taxes	Cannot be determined
SB 2258	Sales and use tax collections - Authorizes state-tribal agreements related to sales and use taxes	Cannot be determined
SB 2331	Wind generation tax collections - Distributes 33 percent of the wind generation tax to the general fund	Cannot be determined
SB 2338	Sales and use tax collections - Changes the definition of a retailer increasing collections from remote sellers	Cannot be determined

TRANSFERS AND OTHER SOURCES OF REVENUE TO THE GENERAL FUND

Based on final legislative action, **2019-21 biennium transfers and other sources of revenue to the general fund total \$1,041.22 million**, which reflects an increase of \$572.83 million compared to the January 2019 base revenue forecast and an increase of \$772.83 million compared to the March 2019 revised revenue forecast. The January 2019 base revenue forecast reflects 2019-21 biennium estimated transfers and other sources of revenues to the general fund totaling \$468.39 million. The March 2019 revised revenue forecast decreased the 2019-21 biennium estimated transfers and other sources of revenue by \$200 million, from \$468.39 million to \$268.39 million.

Major legislative action affecting the 2019-21 biennium transfers and other sources of revenue to the general fund includes:

- The 2019 legislative revenue forecast reflects a transfer of \$100 million of legacy fund earnings to the general fund at the end of the 2019-21 biennium.
- **House Bill No. 1014** transfers \$140 million from Bank of North Dakota profits to the general fund.
- **Senate Bill No. 2015** transfers \$764.4 million from the strategic investment and improvements fund to the general fund and transfers \$8.6 million from the tax relief fund to the general fund.
- **Senate Bill No. 2224** transfers any remaining balance in the Research North Dakota fund to the general fund, which is estimated to be \$581,000.

COMPARISON OF ONGOING AND ONE-TIME GENERAL FUND REVENUES 2019-21 Biennium

Based on final legislative action, 2019-21 biennium estimated general fund revenue totals \$4,887.96 million, including ongoing general fund revenue of \$4,049.38 million and one-time general fund revenue of \$838.58 million.

Ongoing general fund revenues for the 2019-21 biennium include general fund tax and fee revenues (\$3,781.74 million), the transfer of Bank of North Dakota profits (\$140 million), the transfer of 50 percent of the Mill and Elevator Association's profits (\$13.4 million), the transfer from the lottery (\$12.25 million), the transfer from the gas tax administration (\$1.99 million), and the transfer of legacy fund earnings (\$100 million).

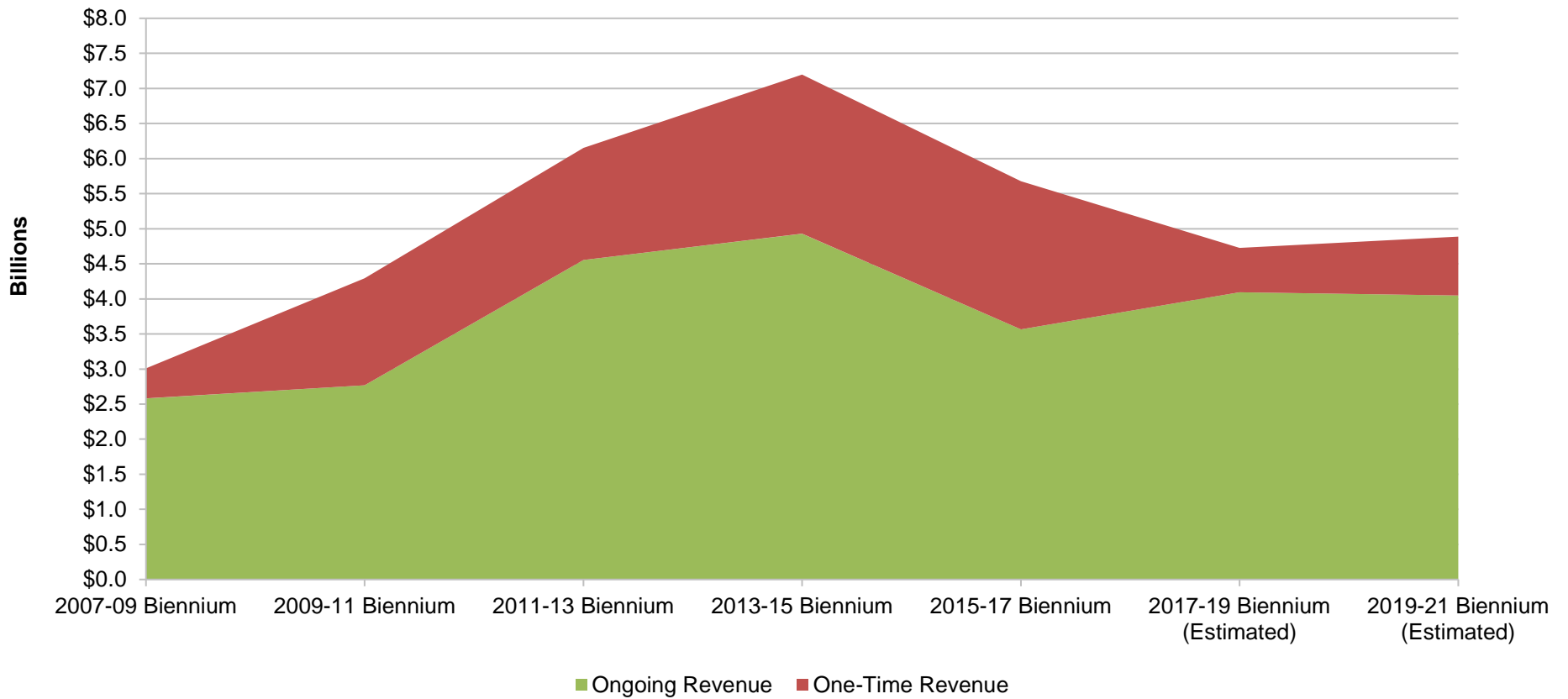
One-time general fund revenues for the 2019-21 biennium include the beginning balance (\$65 million), the transfer from the strategic investment and improvements fund (\$764.4 million), the transfer from the tax relief fund (\$8.6 million), and the transfer from the Research North Dakota fund (\$.58 million).

2017-19 Biennium

Based on the March 2019 revised revenue forecast, 2017-19 biennium estimated general fund revenue totals \$4,728.8 million, including ongoing general fund revenue of \$4,093.64 million and one-time general fund revenue of \$635.16 million.

Ongoing general fund revenues for the 2017-19 biennium include general fund tax and fee revenues (\$3,623.78 million), the transfer of Bank of North Dakota profits (\$140 million), the transfer of 50 percent of the Mill and Elevator Association's profits (\$13.25 million), the transfer from the lottery (\$14.6 million), the transfer from the gas tax administration (\$2.01 million), and the transfer of legacy fund earnings (\$300 million).

One-time general fund revenues for the 2017-19 biennium include the beginning balance (\$65 million), \$100 million of the \$400 million of oil and gas tax collections, the additional transfer of 25 percent of the Mill and Elevator Association's profits (\$6.62 million), the transfer from the strategic investment and improvements fund (\$248 million), the transfer from the tax relief fund (\$183 million), the transfer from the Research North Dakota fund (\$4 million), the transfer from the insurance tax distribution fund (\$480,000), political subdivision oil and gas tax distributions deposited in the general fund (\$2.88 million), Western Area Water Supply Authority debt refinancing (\$25 million), and other transfers (\$180,000).



	Actual					Estimated	
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium
Ongoing revenue	\$2,581,986,193	\$2,768,202,549	\$4,555,601,444	\$4,928,733,009	\$3,564,466,088	\$4,093,646,984	\$4,049,378,640
One-time revenues	428,818,363	1,526,335,754	1,597,085,827	2,269,123,684	2,114,268,714	635,157,944	838,581,000
Total	\$3,010,804,556	\$4,294,538,303	\$6,152,687,271	\$7,197,856,693	\$5,678,734,802	\$4,728,804,928	\$4,887,959,640

GENERAL FUND REVENUES FROM THE 2013-15 BIENNIUM TO THE 2019-21 BIENNIUM

General Fund Revenue Source	Actual		Estimated		2019-21 Biennium Increase (Decrease) Compared to the 2017-19 Biennium	
	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium ¹	2019-21 Biennium ²	Amount	Percentage
Beginning balance	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$0	0.0%
Tax and fee revenues						
Sales and use tax	\$2,478,246,782	\$1,717,867,835	\$1,772,276,206	\$1,868,262,000	\$95,985,794	5.4%
Motor vehicle excise tax	277,152,752	221,784,455	239,980,388	249,951,800	9,971,412	4.2%
Individual income tax	1,050,062,577 ³	666,659,667 ³	767,812,657 ³	803,305,000 ³	35,492,343	4.6%
Corporate income tax	435,243,053 ⁴	166,806,391 ⁴	179,908,244 ⁴	132,268,000 ⁴	(47,640,244)	(26.5%)
Oil and gas taxes	300,000,000 ⁵	300,000,000 ⁵	400,000,000 ⁵	400,000,000 ⁵	0	0.0%
Coal conversion tax	40,767,149	43,669,236	43,219,227	41,438,000	(1,781,227)	(4.1%)
Cigarette and tobacco tax	60,262,693	56,398,692	51,852,548	47,838,000	(4,014,548)	(7.7%)
Wholesale liquor tax	18,704,869	17,897,487	17,951,575	18,703,000	751,425	4.2%
Gaming tax	7,195,937	6,722,715	7,228,321	7,511,200	282,879	3.9%
Insurance premium tax	92,526,177	110,725,700	110,325,897	72,944,050	(37,381,847)	(33.9%)
Financial institutions/Business privilege tax	(4,985,620) ⁶	1,309,357 ⁶	0 ⁶	0 ⁶	0	N/A
Departmental collections	83,270,753	83,175,546	84,883,438	91,521,566	6,638,128	7.8%
Interest income	27,042,938	15,547,723	9,471,168	10,000,000	528,832	5.6%
Mineral leasing fees	41,348,389	29,039,292	38,872,687	38,000,000	(872,687)	(2.2%)
Total tax and fee revenues	\$4,906,838,449	\$3,437,604,096	\$3,723,782,356	\$3,781,742,616	\$57,960,260	1.6%
Transfers and other sources						
Transfer - Bank of North Dakota profits	\$0	\$100,000,000 ⁷	\$140,000,000 ⁷	\$140,000,000 ⁷	\$0	0.0%
Transfer - Mill and Elevator Association profits	6,817,200 ⁸	9,051,496 ⁸	19,872,762 ⁸	13,400,000 ⁸	(6,472,762)	(32.6%)
Transfer - Lottery	13,300,000	15,780,000	14,600,000	12,245,000	(2,355,000)	(16.1%)
Transfer - Gas tax administration	1,777,360	2,030,496	2,016,120	1,991,024	(25,096)	(1.2%)
Transfer - Legacy fund	0	0	300,000,000 ⁹	100,000,000 ⁹	(200,000,000)	(66.7%)
Transfer - Strategic investment and improvements fund	520,000,000 ¹⁰	155,000,000 ¹⁰	248,000,000 ¹⁰	764,400,000 ¹⁰	516,400,000	208.2%
Transfer - Tax relief fund	341,790,000	657,000,000	183,000,000	8,600,000	(174,400,000)	(95.3%)
Transfer - Budget stabilization fund	11,060,345	572,485,454	0	0	0	N/A
Transfer - Research North Dakota fund	0	0	4,000,000 ¹¹	581,000 ¹¹	(3,419,000)	(85.5%)
Transfer - Insurance tax distribution fund	0	0	475,000 ¹²	0	(475,000)	(100.0%)
Transfer - Other	214,153	253,871	183,690	0	(183,690)	(100.0%)
Other - Political subdivision oil tax distributions	0	0	2,875,000 ¹³	0	(2,875,000)	(100.0%)
Other - Western Area Water Supply Authority loan refinance	0	0	25,000,000 ¹⁴	0	(25,000,000)	(100.0%)
Total transfers and other sources	\$894,959,058	\$1,511,601,317	\$940,022,572	\$1,041,217,024	\$101,194,452	10.8%
Total general fund revenues	\$7,197,856,693	\$5,678,734,802	\$4,728,804,928	\$4,887,959,640	\$159,154,712	3.4%

¹ These amounts reflect the revised 2017-19 revenue forecast (March 2019).

² These amounts reflect the legislative forecast for the 2019-21 biennium.

³ The amount shown for the 2013-15 biennium reflects income tax rate reductions of 19.3 percent as provided in Senate Bill No. 2156 (2013), an estimated reduction of \$200 million, and housing incentive fund tax credits as provided in House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013), an estimated reduction of \$10 million. The amount shown for the 2015-17 biennium includes estimated reductions of \$87 million relating to income tax rate reductions of 9.9 percent as provided in Senate Bill No. 2349 (2015) and \$15 million relating to housing incentive fund tax credits as provided in House Bill No. 1014 (2015). The 2017-19 biennium does not include any major reductions to individual income tax collections. The amount shown for the 2019-21 biennium includes an estimated reduction of \$7.3 million for an income tax deduction for the taxable portion of Social Security benefits for eligible individuals.

⁴ The amount shown for the 2013-15 biennium reflects income tax rate reductions of 11.9 percent as provided in Senate Bill No. 2156 (2013), an estimated reduction of \$50 million, and housing incentive fund tax credits as provided in House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013), an estimated reduction of \$10 million. The amount shown for the 2015-17 biennium includes estimated reductions of \$21 million relating to income tax rate reductions of 4.9 percent as provided in Senate Bill No. 2349 (2015); \$15 million relating to the phase in of the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015); and \$15 million relating to housing incentive fund tax credits as provided in House Bill No. 1014 (2015). The amount shown for the 2017-19 biennium includes an estimated reduction of \$50 million relating to the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015). The 2019-21 biennium does not include any major reductions to corporate income tax collections.

⁵ The 2011 Legislative Assembly created North Dakota Century Code Section 57-51.1-07.5 to designate the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. For the 2011-13 biennium through the 2015-17 biennium, the designations included allocations totaling \$300 million to the general fund. The 2017 Legislative Assembly amended the section to provide \$400 million of allocations to the general fund for the 2017-19 biennium. The 2019 Legislative Assembly continued the \$400 million of allocations for the 2019-21 biennium and future bienniums.

The amounts shown for the oil and gas tax collections for the 2017-19 and 2019-21 bienniums reflect the 2019 legislative revenue forecast. The state's share of oil and gas tax collections are estimated to total \$1,423 million for the 2017-19 biennium, including \$400 million of allocations to the general fund. The state's share of oil and gas tax collections are estimated to be \$1,453 million for the 2019-21 biennium, including \$400 million of allocations to the general fund. The flowchart in the "2019-21 Biennium Oil and Gas Tax Revenue Allocation Flowchart" section of this report provides more detailed information on the allocation of oil and gas tax revenue.

⁶ Senate Bill No. 2325 (2013) repealed the business privilege tax and requires financial institutions to file corporate income tax returns. This bill is anticipated to reduce business privilege tax collections by \$7.3 million and increase corporate income tax collections by \$22.5 million during the 2013-15 biennium. Prior period adjustments resulted in refunds in the 2013-15 biennium and collections in the 2015-17 biennium.

⁷ Senate Bill No. 2379, approved by the Legislative Assembly during the August 2016 special session and amended in House Bill No. 1015 (2017), provides for a transfer of \$100 million from Bank of North Dakota profits to the general fund for the 2015-17 biennium. Senate Bill No. 2014 (2017) provides for a transfer of \$140 million from Bank profits to the general fund for the 2017-19 biennium. House Bill No. 1014 (2019) provides for a transfer of \$140 million from Bank profits to the general fund for the 2019-21 biennium.

⁸ The 2009 Legislative Assembly repealed the \$5 million transfer from the Mill and Elevator Association for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The 2013 Legislative Assembly provided that the transfer from the Mill and Elevator for the 2013-15 biennium be 50 percent of mill profits or \$6,817,200, whichever is less. The amount shown for the 2015-17 biennium reflects the changes approved by the 2015 Legislative Assembly, which provides for a transfer of 50 percent of the profits without limitation. Senate Bill No. 2014 (2017) increases the transfer from 50 to 75 percent only for the 2017-19 biennium. The amount shown for the 2019-21 biennium reflects a transfer of 50 percent of the profits.

⁹ Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. House Bill No. 1015 (2017) identifies \$200 million of estimated earnings for budget status reporting purposes for the 2017-19 biennium, but the 2019 Legislative Assembly revised the estimate to \$300 million. The 2019 Legislative Assembly recognized legacy fund earnings of \$100 million for budgeting purposes to be deposited in the general fund at the end of the 2019-21 biennium.

¹⁰ Transfers from the strategic investment and improvements fund to the general fund include--\$520 million in House Bill No. 1015 (2013) for the 2013-15 biennium, \$155 million in House Bill No. 1024 (2017) for the 2015-17 biennium, \$248 million in House Bill No. 1015 (2017) for the 2017-19 biennium, and \$764.4 million in Senate Bill No. 2015 (2019) for the 2019-21 biennium.

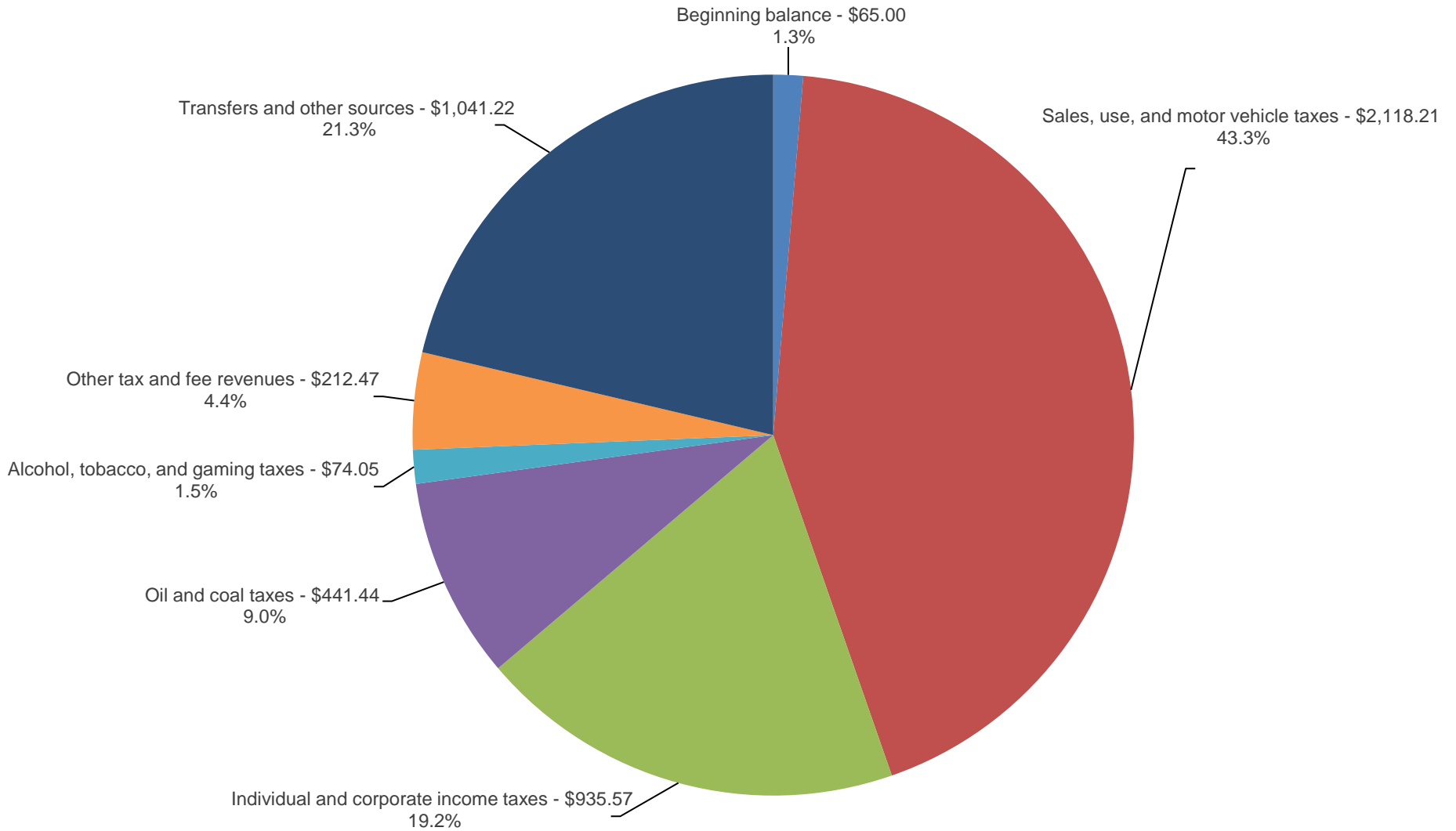
¹¹ Senate Bill No. 2018 (2017) transfers \$4 million from the Research North Dakota fund to the general fund for the 2017-19 biennium. Senate Bill No. 2224 (2019) transfers the remaining balance in the Research North Dakota fund to the general fund at the end of the 2019-21 biennium, which is estimated to total \$581,000.

¹² House Bill No. 1010 (2017) provides for an estimated transfer of \$475,000 from the insurance tax distribution fund to the general fund for the 2017-19 biennium.

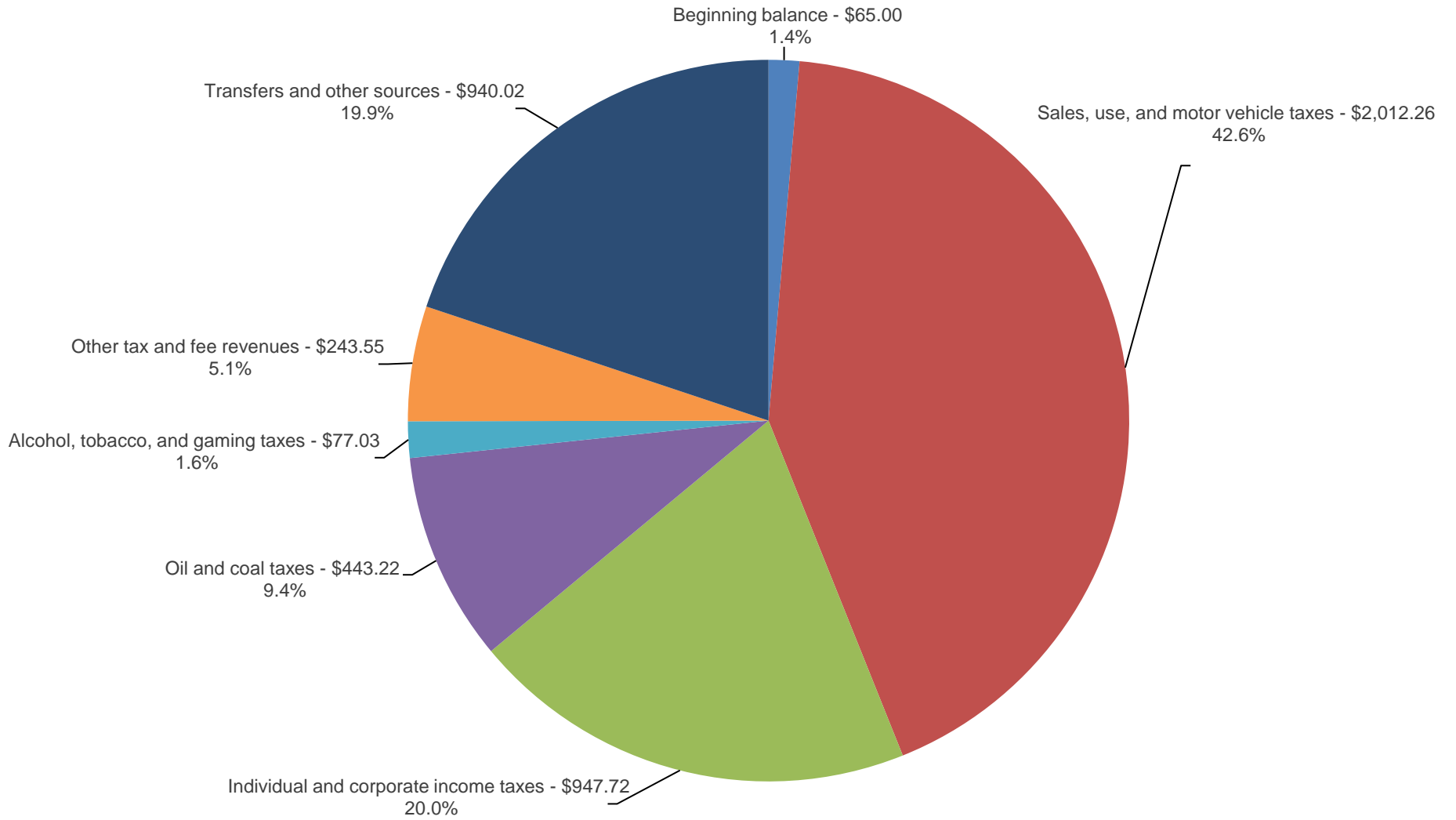
¹³ Senate Bill No. 2003 (2017) requires the State Treasurer to withhold a portion of the oil and gas tax allocations to Dickinson and Stark County and to deposit the withholdings in the general fund.

¹⁴ House Bill No. 1020 (2017) authorizes the refinancing of Western Area Water Supply Authority debt to repay a loan from the general fund.

2019-21 BIENNIUM GENERAL FUND REVENUES
Total 2019-21 Estimated General Fund Revenues - \$4,887,959,640
(Amounts Shown in Millions)



2017-19 BIENNIUM GENERAL FUND REVENUES
Total 2017-19 Estimated General Fund Revenues - \$4,728,804,928
(Amounts Shown in Millions)



SUPPLEMENTAL AND DEFICIENCY APPROPRIATIONS FOR THE 2017-19 BIENNIUM

Bill No.	Description	General Fund	Other Funds	Total
HB 1003	Supplemental appropriations for various institutions as follows: Williston State College - \$491,850 for institution operations	\$491,850		\$491,850
	Dickinson State University - \$550,000 for digitization of documents at the Theodore Roosevelt Center	550,000		550,000
	State Board of Higher Education - \$2,700,000 for campus workforce initiatives, including \$1,000,000 for the Bismarck State College polytechnic transition, \$1,000,000 for the Dickinson State University dual-mission transition, and \$700,000 for Williston State College	2,700,000		2,700,000
HB 1012	Department of Transportation - \$13 million for road maintenance	13,000,000		13,000,000
HB 1018	Department of Commerce - \$28,000,000 for a beyond visual line of sight unmanned aircraft system program and \$750,000 for North Dakota gorge preservation grants	28,750,000		28,750,000
HB 1020	North Dakota State University Extension Service - \$345,000 for website and digital upgrades	345,000		345,000
SB 2001	Governor - Transfers \$15 million from the general fund to the Theodore Roosevelt presidential library and museum endowment fund	15,000,000		15,000,000
SB 2006	Tax Commissioner - \$590,000 for the homestead tax credit program and the disabled veterans' tax credit program	590,000		590,000
SB 2016	State Treasurer - \$8.1 million from the state disaster relief fund for distributions to non-oil-producing townships		\$8,100,000	8,100,000
SB 2024	Deficiency appropriations for various state agencies as follows: Office of Management and Budget - \$441,110 for lawsuit expenses	441,100		441,100
	Attorney General - \$50,000 from the general fund for prosecution witness fees and \$855,910 from federal funds for laboratory equipment	50,000	855,910	905,910
	Tax Department - \$1,320,000 for the homestead tax credit program (\$1,170,000) and the disabled veterans' tax credit program (\$150,000)	1,320,000		1,320,000
	Industrial Commission - \$269,408 for litigation expenses	269,408		269,408
	Bank of North Dakota - \$1 million to repay the interest on a loan associated with the state's share of disaster costs related to the Dakota Access Pipeline protests	1,000,000		1,000,000
	Adjutant General - \$887,823 from the general fund to repay a loan associated with the state's share of disaster costs related to flooding in the spring of 2017 and \$1,586,061 from the environment and rangeland protection fund to repay a loan associated with an emergency hay transportation program	887,823	1,586,061	2,473,884
	State Historical Society - \$265,000 for litigation expenses	265,000		265,000
SB 2293	Game and Fish Department - \$467,100 for administering the aquatic nuisance species education, inspection, and monitoring programs		467,100	467,100
SB 2297	Supplemental appropriations for various institutions as follows: Bismarck State College - \$8.9 million for the Nursing Building	8,900,000		8,900,000
	Dakota College at Bottineau - \$1 million for a dining hall and other projects	1,000,000		1,000,000
	Lake Region State College - \$1 million for a precision agriculture project	1,000,000		1,000,000
	North Dakota State University - \$20 million for an agriculture products development center	20,000,000		20,000,000
	North Dakota State University - \$8 million for the Dunbar Hall project	8,000,000		8,000,000
	University of North Dakota - \$9 million for the Gamble Hall project	9,000,000		9,000,000
	Valley City State University - \$2 million for the Communications and Fine Arts Building project	2,000,000		2,000,000
Total supplemental and deficiency appropriations for the 2017-19 biennium		\$115,560,181	\$11,009,071	\$126,569,252

OTHER FUNDS MAJOR TAX AND FEE CHANGES

SUMMARY

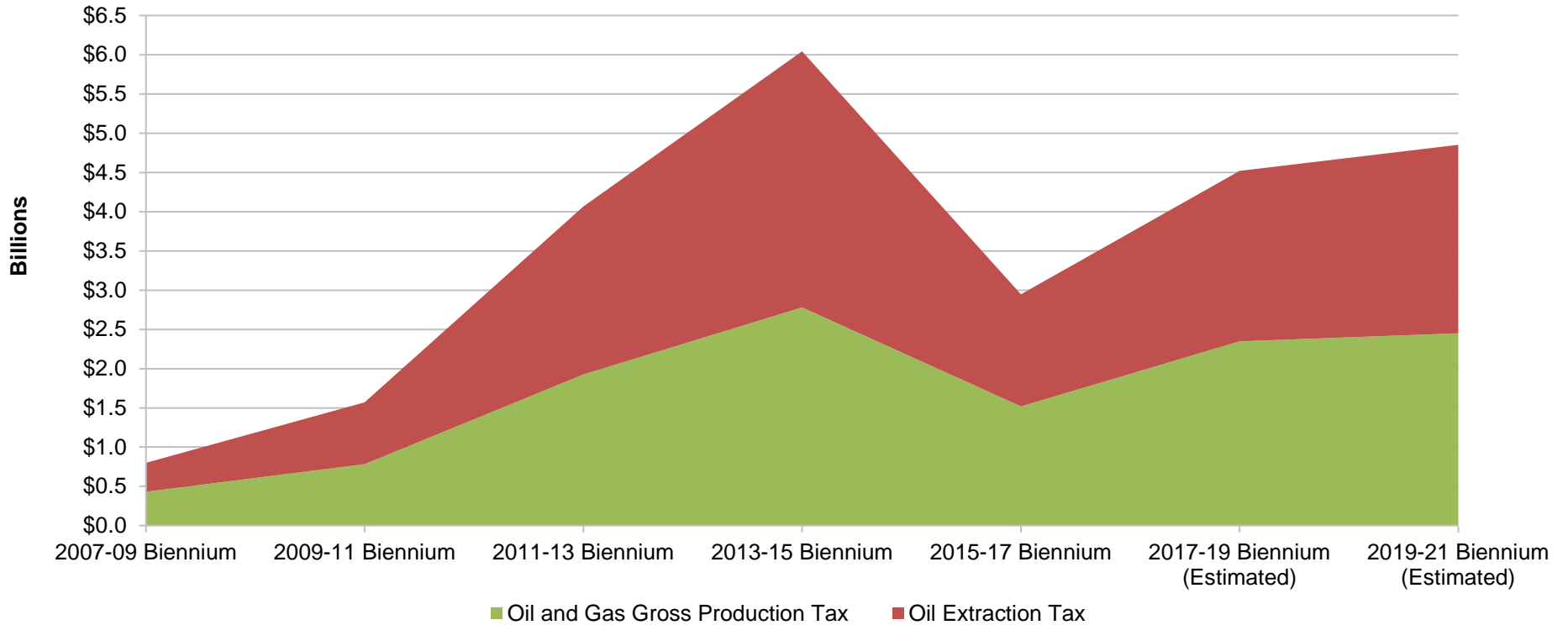
The schedule below summarizes bills approved by the 2019 Legislative Assembly with major tax or fee changes affecting other funds for the 2019-21 biennium.

Bill No.	Description	Estimated Impact - Other Funds
HB 1004	State Health Department - Increases the fees for vital records, which are deposited in the department's operating fund (\$1,923,000) and the children's trust fund (\$2,000).	\$1,925,000
HB 1100	Department of Human Services - Establishes a nonrefundable application fee of up to \$300 for administering and enforcing licensing and certification activities related to behavioral health services.	\$25,350
HB 1219	Insurance Commissioner - Establishes application and renewal fees for public adjuster licenses issued by the Insurance Commissioner.	\$8,625
HB 1291	Department of Transportation - Establishes a fee for an optional one-time permanent trailer registration.	Cannot be determined
HB 1292	Tax Commissioner - Allows for certain reductions to the purchase price of a vehicle resulting in a decrease in motor vehicle excise tax collections which are deposited in the general fund and the state aid distribution fund.	(\$14,800)
HB 1349	Agriculture Commissioner - Changes the industrial hemp license fee structure resulting in a decrease in licensing fees collected by the commissioner.	(\$142,925)
HB 1391	Insurance Commissioner - Establishes licensing fees related to self-service storage insurance.	\$10,000
HB 1439	Tax Commissioner - Provides an exemption from the oil extraction tax for incremental oil production using carbon dioxide produced from coal. The exemption is effective for 20 years if the oil well is located outside the Bakken or Three Forks Formations and for 10 years if the oil well is located within the Bakken or Three Forks Formations.	Cannot be determined
SB 2061	Department of Transportation - Establishes an annual road use fee of \$120 for electric vehicles, \$50 for plug-in hybrid vehicles, and \$20 for electric motorcycles.	Cannot be determined
SB 2065	State Forester - Increases the maximum fund balance of the State Forester reserve account from \$1 million to \$1.5 million and increases the minimum fund balance limit from \$700,000 to \$1.2 million allowing the State Forester to increase the fee on the sale of trees.	\$80,000
SB 2090	State Engineer - Changes the fee structure for water permit applications increasing the deposits in the resources trust fund.	\$60,000
SB 2093	Department of Financial Institutions - Increases the annual licensing fee for financial institutions from \$450 to one-quarter of 1 percent of the institution's transactions, not to exceed \$2,500, and provides for a minimum fee of \$500.	\$112,008
SB 2102	Insurance Commissioner - Requires discount medical plan organizations to register with the Insurance Commissioner and establishes a registration fee of \$500 and a renewal fee of \$250 per year.	\$15,000
SB 2210	Department of Health - Authorizes an additional certification fee to grow more medical marijuana plants.	\$50,000
SB 2293	Game and Fish Department - Increases the fee on motorboat and fishing licenses and deposits the collections into the aquatic nuisance species program fund.	\$1,806,145

OIL AND GAS TAX REVENUE SUMMARY

TOTAL OIL AND GAS TAX REVENUE COLLECTIONS

Based on the 2019 legislative revenue forecast, total 2019-21 biennium oil and gas tax revenues, including the oil and gas gross production tax and the oil extraction tax, are estimated to be \$4,851.19 million, which is \$332.14 million, or 7.3 percent, more than total 2017-19 biennium estimated revenues of \$4,519.05 million.

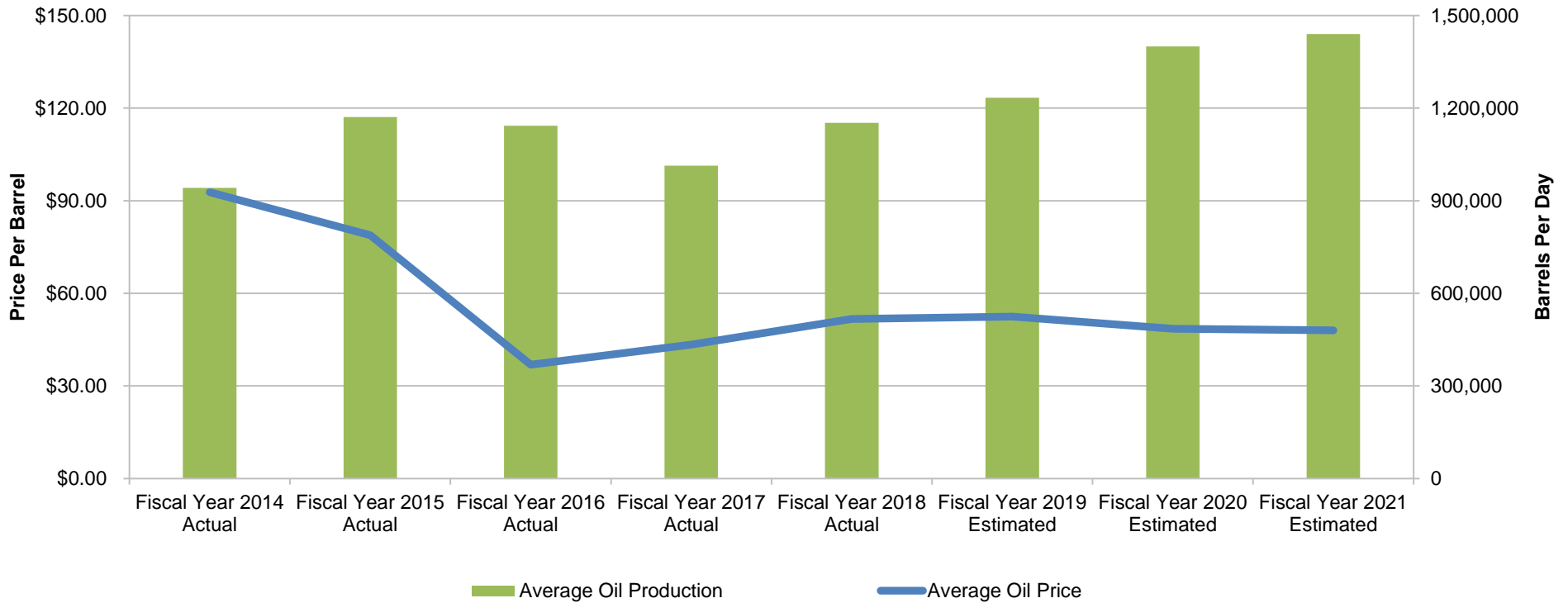


	Actual					Estimated	
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium
Oil and gas gross production tax	\$430,919,403	\$783,182,869	\$1,926,078,873	\$2,778,556,383	\$1,517,963,563	\$2,348,690,000	\$2,450,600,000
Oil extraction tax	368,180,938	786,208,921	2,142,515,128	3,265,069,245	1,429,726,986	2,170,360,000	2,400,590,000
Total	\$799,100,341	\$1,569,391,790	\$4,068,594,001	\$6,043,625,628	\$2,947,690,549	\$4,519,050,000	\$4,851,190,000

NOTE: In House Bill No. 1476 (2015), the Legislative Assembly repealed the provisions of the "large trigger" effective with December 2015 oil production and changed the oil extraction tax rate from 6.5 to 5 percent effective with January 2016 oil production. The oil and gas gross production tax rate was not changed and remains at 5 percent.

OIL PRODUCTION AND OIL PRICE Oil Production and Oil Price Trends

Based on the 2019 legislative revenue forecast, oil and gas tax revenue collections for the remainder of the 2017-19 biennium reflect average daily oil production remaining at 1.38 million barrels per day and oil prices remaining at \$47 per barrel. Oil and gas tax revenue collections for the 2019-21 biennium reflect average daily oil production increasing from 1.4 million barrels per day in the 1st year to 1.44 million barrels per day in the 2nd year of the biennium and reflect oil prices decreasing from \$48.50 per barrel in the 1st year to \$48 per barrel in the 2nd year of the biennium.



	2013-15 Biennium		2015-17 Biennium		2017-19 Biennium		2019-21 Biennium	
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated
Average daily oil production (barrels per day)	941,491	1,171,342	1,142,973	1,013,629	1,152,501	1,234,036	1,400,000	1,440,000
Average daily oil price (per barrel)	\$92.77 ¹	\$78.83 ¹	\$36.89 ¹	\$43.42 ¹	\$51.74 ¹	\$52.44	\$48.50	\$48.00

¹These amounts reflect the average of the Flint Hills Resources prices and the West Texas Intermediate prices.

NOTE: Monthly oil tax revenue allocations reflect oil prices and oil production from 2 months prior. For example, June 2019 oil prices and oil production relate to August 2019 oil tax revenue allocations. As a result, the fiscal year averages are based on the oil prices and oil production for the period June through May.

2019-21 Biennium Oil Production and Oil Price Changes

Based on the oil prices in the 2019 legislative revenue forecast for the 2019-21 biennium:

- For every 100,000 barrels of variance from the forecast, the total 2019-21 biennium oil and gas tax revenue collections would change by \$341.7 million.
- For example, if oil production ranged from 1.5 million to 1.54 million barrels per day for the entire 2019-21 biennium, rather than ranging from 1.4 million to 1.44 million as forecasted, the total 2019-21 biennium oil and gas tax revenue collections would increase by \$341.7 million, from \$4,851.2 million to \$5,192.9 million.

Based on the oil production levels in the 2019 legislative revenue forecast for the 2019-21 biennium:

- For every \$1 of variance from the forecast, the total 2019-21 biennium oil and gas tax revenue collections would change by \$100.5 million.
- For example, if oil prices ranged from \$49.50 to \$49 per barrel for the 2019-21 biennium, rather than ranging from \$48.50 to \$48 as forecasted, the total 2019-21 biennium oil and gas tax revenue collections would increase by \$100.5 million, from \$4,851.2 million to \$4,951.7 million.

OIL AND GAS TAX ALLOCATION CHANGES

Changes to the oil and gas tax allocation formulas, as approved by the 2019 Legislative Assembly include House Bill Nos. 1014 and 1066 and Senate Bill Nos. 2016, 2249, 2312, and 2362.

- **House Bill No. 1014** - Limits the allocations to the abandoned oil and gas well plugging and site reclamation fund by decreasing the fund balance limit by \$50 million, from \$100 million to \$50 million; decreases the allocations to the North Dakota outdoor heritage fund from up to \$20 million per fiscal year to up to \$7.5 million per fiscal year only for the 2019-21 biennium; and allocates an additional \$6 million to the oil and gas research fund only for the 2019-21 biennium.
- **House Bill No. 1066** ("Operation prairie dog" bill) - Changes the allocations to hub cities and hub city school districts and provides allocations to three new infrastructure funds. Current allocations to hub cities and hub city school districts are based on mining employment, but the new allocations are based on a scoring system reflecting data related to mining employment, mining establishments, oil production, and population. The bill also provides up to \$115 million to a municipal infrastructure fund, up to \$115 million to a county and township infrastructure fund, and up to \$20 million to an airport infrastructure fund. Funding from the municipal infrastructure fund and the county and township infrastructure fund is distributed by the State Treasurer on a biennial basis to non-oil-producing political subdivisions for infrastructure projects.
- **Senate Bill No. 2016** - Decreases the allocations to the state disaster relief fund to provide up to \$15 million per biennium if the unobligated balance of the fund is less than \$15 million. Prior to the change, up to \$20 million was allocated to the fund if the unobligated balance of the fund was less than \$20 million.
- **Senate Bill No. 2249** - Creates a state energy research center fund and allocates up to \$5 million per biennium to the fund for distributions to a state energy research center.
- **Senate Bill No. 2312** - Changes the provisions for revenue sharing between the state and the Three Affiliated Tribes of the Fort Berthold Reservation. The changes are effective for new oil production after June 30, 2019. The changes provide 80 percent of the trust land revenue and 20 percent of the nontrust land revenue to the Three Affiliated Tribes with the remaining 20 percent of trust land revenue and 80 percent of nontrust land revenue allocated to the state. Overall, the changes result in an increase for the Three Affiliated Tribes and a decrease to the state.
- **Senate Bill No. 2362** - Includes the oil extraction tax revenue attributed to oil production on tribal lands in the allocations to the common schools trust fund, the foundation aid stabilization fund, and the resources trust fund, resulting in an increase in the allocations to those funds and a corresponding decrease in the allocations to the strategic investment and improvements fund.

The flowchart in the "2019-21 Biennium Oil and Gas Tax Revenue Allocation Flowchart" section of this report provides more detailed information on the allocation of oil and gas tax revenue.

OIL AND GAS TAX ALLOCATIONS FROM THE 2013-15 BIENNIUM TO THE 2019-21 BIENNIUM

Allocations	Actual		Estimated		2019-21 Biennium Increase (Decrease) Compared to the 2017-19 Biennium	
	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium ¹	2019-21 Biennium ²	Amount	Percentage
Three Affiliated Tribes	\$443,091,532 ³	\$228,369,195 ³	\$442,920,000 ³	\$525,110,000 ³	\$82,190,000	18.6%
Legacy fund	1,860,223,128 ⁴	815,796,247 ⁴	1,222,840,000 ⁴	1,297,820,000 ⁴	74,980,000	6.1%
North Dakota outdoor heritage fund	18,641,973	19,958,442 ⁵	10,800,000 ⁵	15,000,000 ⁵	4,200,000	38.9%
Abandoned well reclamation fund	10,000,000	10,304,327 ⁶	8,400,000 ⁶	14,820,000 ⁶	6,420,000	76.4%
Oil and gas impact grant fund	240,000,000	78,073,753 ⁷	28,350,000 ⁷	0 ⁷	(28,350,000)	(100.0%)
Political subdivisions*	664,714,101	548,374,060 ⁸	662,720,000 ⁸	661,150,000 ⁸	(1,570,000)	(0.2%)
Energy impact fund	0	0	4,000,000 ⁹	0	(4,000,000)	(100.0%)
Common schools trust fund	282,260,501 ¹⁰	120,282,476 ¹⁰	176,430,000 ¹⁰	213,290,000 ¹⁰	36,860,000	20.9%
Foundation aid stabilization fund	282,260,501 ¹⁰	120,282,476 ¹⁰	176,430,000 ¹⁰	213,290,000 ¹⁰	36,860,000	20.9%
Resources trust fund	564,521,002 ¹¹	240,564,951 ¹¹	352,870,000 ¹¹	437,240,000 ¹¹	84,370,000	23.9%
Oil and gas research fund	10,000,000 ¹²	10,000,000 ¹²	10,000,000 ¹²	16,000,000 ¹²	6,000,000	60.0%
State energy research center fund	0	0	0	5,000,000 ¹³	5,000,000	N/A
General fund	300,000,000	300,000,000	400,000,000	400,000,000 ¹⁴	0	0.0%
Tax relief fund	341,790,000	300,000,000	200,000,000	200,000,000 ¹⁴	0	0.0%
Budget stabilization fund	0	0	75,000,000	75,000,000 ¹⁴	0	0.0%
Lignite research fund	0	0	3,000,000	10,000,000 ¹⁴	7,000,000	233.3%
State disaster relief fund	22,000,000	3,482,364	0	0	0	N/A
Municipal infrastructure fund	0	0	0	115,000,000 ¹⁴	115,000,000	N/A
Strategic investment and improvements fund	1,004,122,890	136,541,740	745,290,000	517,470,000 ¹⁴	(227,820,000)	(30.6%)
County and township infrastructure fund	0	0	0	115,000,000 ¹⁴	115,000,000	N/A
Airport infrastructure fund	0	0	0	20,000,000 ¹⁴	20,000,000	N/A
Political subdivision allocation fund	0	15,660,518	0	0	0	N/A
Total oil and gas tax allocations	\$6,043,625,628	\$2,947,690,549	\$4,519,050,000	\$4,851,190,000	\$332,140,000	7.3%

*The amounts shown for the allocations to political subdivisions include the following:

	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium ¹	2019-21 Biennium ²	Amount	Percentage
Hub cities in oil-producing counties	\$100,644,230	\$118,556,099	\$93,220,000	\$95,820,000	\$2,600,000	2.8%
Hub cities in non-oil-producing counties	0	10,312,502	430,000	0	(430,000)	(100.0%)
Hub city schools	16,541,668	27,395,832	13,810,000	17,420,000	3,610,000	26.1%
Counties	359,293,774	245,669,770	352,340,000	355,020,000	2,680,000	0.8%
Cities	118,028,352	82,244,654	118,240,000	119,220,000	980,000	0.8%
Schools	36,195,048	39,949,465	50,160,000	50,100,000	(60,000)	(0.1%)
Townships	34,011,029	24,245,738	34,520,000	23,570,000	(10,950,000)	(31.7%)
Total political subdivisions	\$664,714,101	\$548,374,060	\$662,720,000	\$661,150,000	(\$1,570,000)	(0.2%)

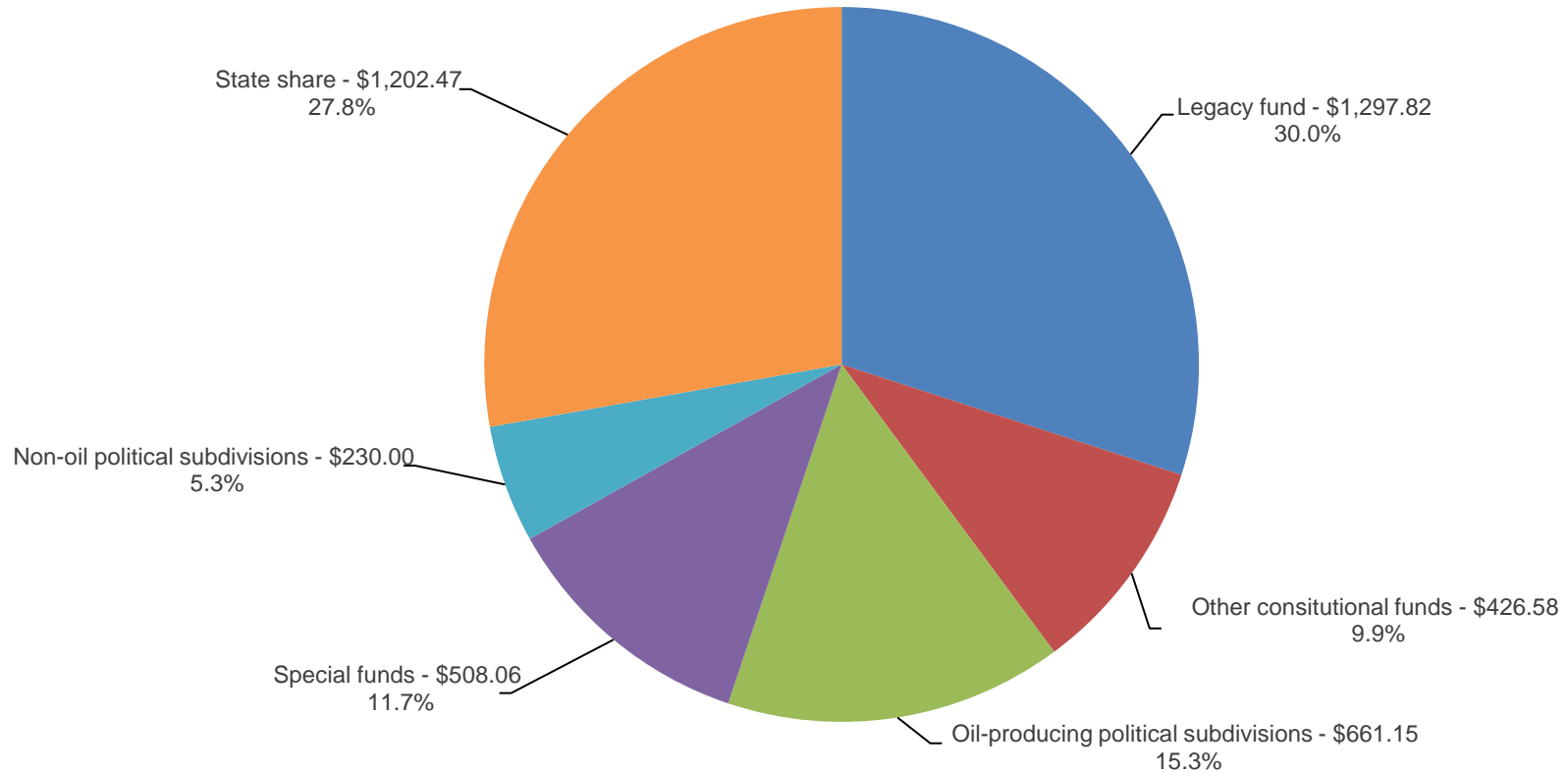
¹ These amounts reflect the revised 2017-19 revenue forecast (March 2019).

² These amounts reflect the legislative forecast for the 2019-21 biennium.

- ³ The Legislative Assembly in House Bill No. 1198 (2013) amended North Dakota Century Code Section 57-51.2-02 to allocate revenue from tribal lands 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. The bill also eliminates the 5-year oil extraction tax exemption for wells drilled on tribal lands after June 30, 2013. Senate Bill No. 2362 (2019) increases the revenue allocation to the Three Affiliated Tribes providing 80 percent of the trust land revenue and 20 percent of the nontrust land revenue to the tribes with the remaining 20 percent of trust land revenue and 80 percent of nontrust land revenue allocated to the state.
- ⁴ The passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. Beginning July 1, 2011, the legacy fund receives an allocation of 30 percent of oil and gas gross production and oil extraction taxes.
- ⁵ The Legislative Assembly in House Bill No. 1278 (2013) amended Section 57-51-15 to provide an allocation of 4 percent of the first 1 percent of oil and gas gross production tax revenue, to a newly created North Dakota outdoor heritage fund with an annual funding limit of \$15 million, or \$30 million per biennium. The Legislative Assembly in House Bill No. 1176 (2015) increased the allocation to 8 percent with an annual funding limit of \$20 million. Senate Bill No. 2013 (2017) limits the allocation to \$10 million per biennium for the 2017-19 biennium. **House Bill No. 1014 (2019) limits the allocations to \$7.5 million per fiscal year for the 2019-21 biennium.**
- ⁶ House Bill No. 1333 (2013) amended Section 57-51-15 to provide for 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per state fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million. In House Bill No. 1032 (2015), the Legislative Assembly increased the allocation limit from \$5 million to \$7.5 million per fiscal year and increased the fund balance limit from \$75 million to \$100 million. Senate Bill No. 2013 (2017) limits the allocation to \$4 million per fiscal year only for the 2017-19 biennium. **House Bill No. 1014 (2019) decreases the fund balance limit from \$100 million to \$50 million.**
- ⁷ The 2015 Legislative Assembly amended Section 57-51-15 to provide an allocation of up to \$140 million to the oil and gas impact grant fund for the 2015-17 biennium. However, the actual allocations to the oil and gas impact grant fund for the 2015-17 biennium are anticipated to be less than \$140 million due to lower oil prices and oil production levels than originally forecasted. Senate Bill No. 2013 (2017) decreases the allocations to provide up to \$25 million per biennium for the 2017-19 biennium. **House Bill No. 1066 (2019) removes the allocation to the oil and gas impact grant fund.**
- ⁸ Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. In House Bill No. 1358 (2013), the Legislative Assembly changed the formula to provide 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million to the county. In House Bill No. 1176 (2015), the Legislative Assembly increased the county allocation of revenue over \$5 million by 5 percent to provide 30 percent of all revenue over \$5 million to the county. Senate Bill No. 2013 (2017) changes the allocations to hub cities by excluding the first 2 percentage points of mining employment; changes the supplemental school district allocation to provide specific allocations at varying levels; and changes the basis for the distributions to political subdivisions to reflect the most recently completed even-numbered fiscal year. **House Bill No. 1066 (2019) changes the funding source for the allocations to hub cities, hub city school districts, and school district supplement, and the bill also adjusts the allocation percentages for the distributions to townships and hub city school districts.**
- ⁹ Senate Bill No. 2013 (2017) creates an energy impact fund and, only for the 2017-19 biennium, designates \$2 million per fiscal year of the allocations to counties that received more than \$5 million to the energy impact fund.
- ¹⁰ The Legislative Assembly passed Senate Concurrent Resolution No. 4011 (1993), and the voters approved the constitutional measure in the November 1994 general election. The constitutional measure allocates 10 percent of the oil extraction tax revenues to the common schools trust fund and 10 percent to the foundation aid stabilization fund. **Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocations to the common schools trust fund and foundation aid stabilization fund.**
- ¹¹ Senate Bill No. 2014 (2013) provides an allocation of 5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund and an allocation of .5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to a newly created energy conservation fund. House Bill No. 1020 (2017) decreases the percentage transferred to the renewable energy development fund from 5 to 3 percent and limits the allocations to the energy conservation fund to \$200,000 only for the 2017-19 biennium.
- Section 61-02-78 (Senate Bill No. 2233 (2013)) establishes an infrastructure revolving loan fund within the resources trust fund, which became effective January 1, 2015. The fund receives 10 percent of the oil extraction tax revenue deposited in the resources trust fund, which is available to provide loans for water supply, flood protection, or other water development and water management projects. House Bill No. 1020 (2017) limits the total amount deposited in the infrastructure revolving loan fund to \$26 million.
- Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provides an additional .5 percent allocation to the resources trust fund as an adjustment for prior period allocations both of which result in an increase in the allocations to the fund.**

- ¹² Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes an oil and gas research fund and provides 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$4 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. The Legislative Assembly in Senate Bill No. 2014 (2013) increased the allocation to \$10 million per biennium. **House Bill No. 1014 (2019) increases the allocations to the fund by \$6 million, from \$10 million to \$16 million, for the 2019-21 biennium.**
- ¹³ **Senate Bill No. 2249 (2019) creates a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.**
- ¹⁴ The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1. In House Bill No. 1377 (2015), the Legislative Assembly amended the section to change the allocations. House Bill No. 1152 (2017) changes the allocations for the 2017-19 biennium to increase the allocation to the general fund from \$300 million to \$400 million (only for the 2017-19 biennium); to provide an allocation of \$75 million to the budget stabilization fund; to provide an allocation of up to \$3 million to the lignite research fund; and to decrease the allocation to the state disaster relief fund from up to \$22 million to up to \$20 million. **House Bill No. 1066 (2019) continues the \$400 million allocation to the general fund; increases the allocation to the lignite research fund by \$7 million, from \$3 million to \$10 million; and allocates up to \$115 million to a newly created municipal infrastructure fund, up to \$115 million to a newly created county and township infrastructure fund, and \$20 million to a newly created airport infrastructure fund. Senate Bill No. 2016 (2019) decreases the allocation to the state disaster relief fund from up to \$20 million to up to \$15 million.**

2019-21 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATIONS
Total 2019-21 Estimated Oil and Gas Tax Revenues Excluding Tribal Allocations - \$4,326,080,000
(Amounts Shown in Millions)



NOTES:

Oil and gas tax revenue collections - 2019-21 biennium oil and gas tax revenue collections total \$4,851,190,000, including \$525,110,000 of allocations to the Three Affiliated Tribes of the Fort Berthold Reservation and \$4,326,080,000 of remaining collections.

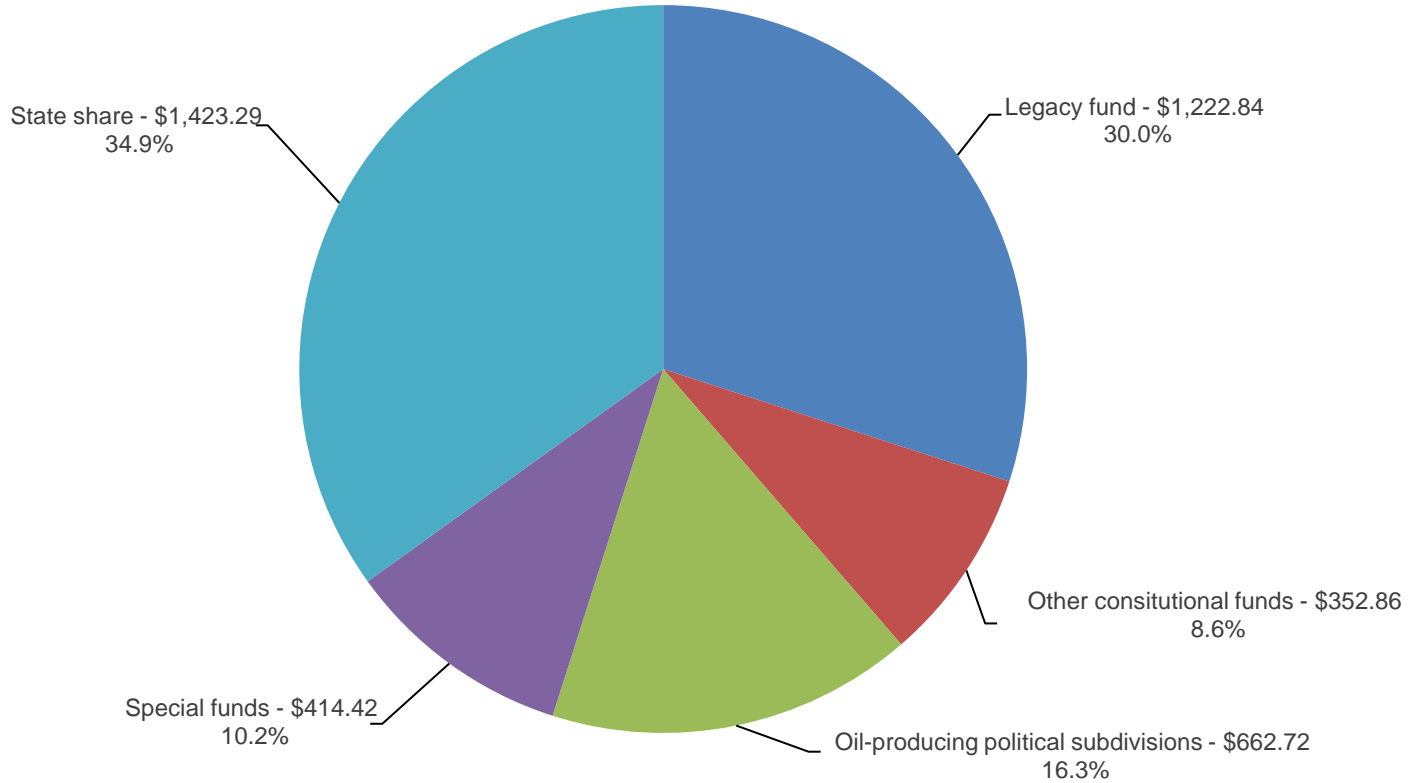
Other constitutional funds - Includes the common schools trust fund and foundation aid stabilization fund.

Special funds - Includes the North Dakota outdoor heritage fund, abandoned oil and gas well plugging and site reclamation fund, resources trust fund, oil and gas research fund, state energy research center fund, and airport infrastructure fund.

Non-oil political subdivisions - Includes the municipal infrastructure fund and county and township infrastructure fund.

State share - Includes the general fund, tax relief fund, budget stabilization fund, lignite research fund, state disaster relief fund, and strategic investment and improvements fund.

2017-19 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATIONS
Total 2017-19 Estimated Oil and Gas Tax Revenues Excluding Tribal Allocations - \$4,076,130,000
(Amounts Shown in Millions)



NOTES:

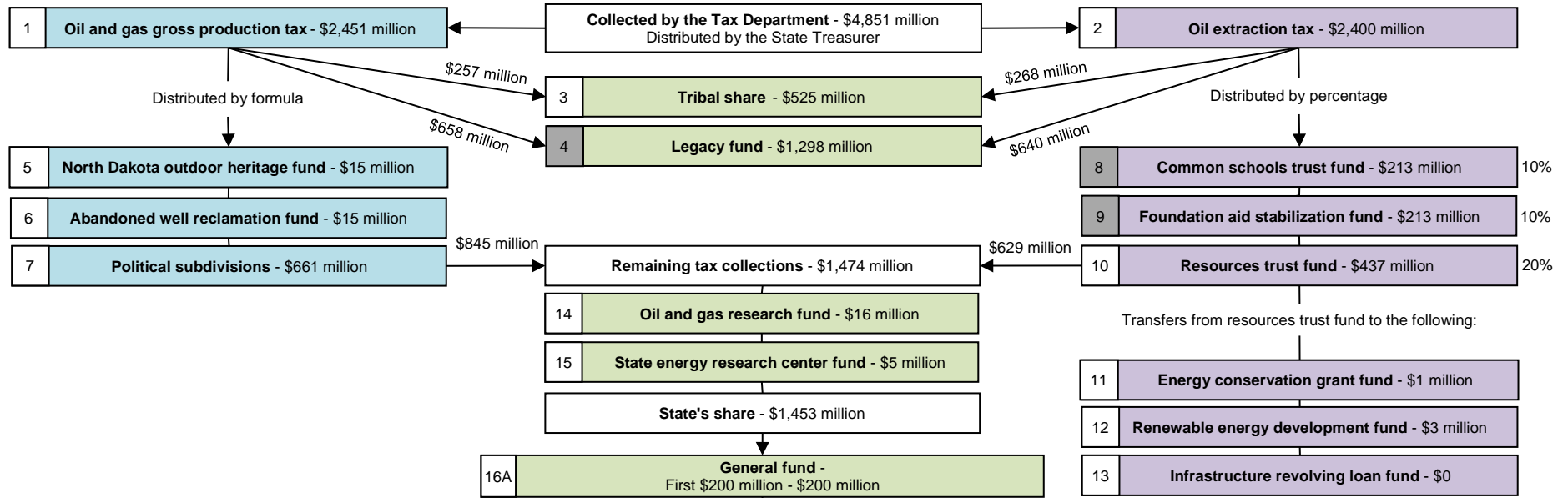
Oil and gas tax revenue collections - 2017-19 biennium oil and gas tax revenue collections total \$4,519,050,000, including \$442,920,000 of allocations to the Three Affiliated Tribes of the Fort Berthold Reservation and \$4,076,130,000 of remaining collections.

Other constitutional funds - Includes the common schools trust fund and foundation aid stabilization fund.

Special funds - Includes the North Dakota outdoor heritage fund, abandoned oil and gas well plugging and site reclamation fund, oil and gas impact grant fund, energy impact fund, resources trust fund, and oil and gas research fund.

State share - Includes the general fund, tax relief fund, budget stabilization fund, lignite research fund, state disaster relief fund, and strategic investment and improvements fund.

2019-21 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON THE 2019 LEGISLATIVE REVENUE FORECAST



Summary of Estimated 2019-21 Biennium Allocations	
	Total
3 Tribal share	\$525,110,000
4 Legacy fund	1,297,820,000
5 North Dakota outdoor heritage fund	15,000,000
6 Abandoned well reclamation fund	14,820,000
7 Political subdivisions	661,150,000
8 Common schools trust fund	213,290,000
9 Foundation aid stabilization fund	213,290,000
10 Resources trust fund (net deposits)	433,040,000
11 Energy conservation grant fund	1,200,000
12 Renewable energy development fund	3,000,000
13 Infrastructure revolving loan fund	0
14 Oil and gas research fund	16,000,000
15 State energy research center	5,000,000
16 General fund	400,000,000
17 Tax relief fund	200,000,000
18 Budget stabilization fund	75,000,000
19 Lignite research fund	10,000,000
20 State disaster relief fund	0
21 Municipal infrastructure fund	115,000,000
22 Strategic investment and improvements fund	517,470,000
23 County and township infrastructure fund	115,000,000
24 Airport infrastructure fund	20,000,000
Total	\$4,851,190,000

16A	General fund - First \$200 million - \$200 million
17	Tax relief fund - Next \$200 million - \$200 million
18	Budget stabilization fund - Next \$75 million - \$75 million
16B	General fund - Next \$200 million - \$200 million
19	Lignite research fund - Next \$10 million - \$10 million
20	State disaster relief fund - Next \$15 million if fund balance does not exceed \$15 million - \$0
21A	Municipal infrastructure fund - Next \$30 million - \$30 million
22A	Strategic investment and improvements fund - Next \$400 million - \$400 million
23A	County and township infrastructure fund - Next \$30 million - \$30 million
21B	Non-oil-producing political subdivision infrastructure funds 50 percent - Municipal infrastructure fund - \$85 million 50 percent - County and township infrastructure fund - \$85 million
23B	
24	Airport infrastructure fund - Next \$20 million - \$20 million
22B	Strategic investment and improvements fund - Any remaining revenues - \$118 million

A summary of the funds is shown on the following page.

The shading in the number boxes represents constitutional allocations

NOTE: The amounts shown are preliminary estimates. The actual amounts allocated for the 2019-21 biennium may differ significantly from these amounts based on actual oil price and oil production.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted and tax on gas of four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2	Oil extraction tax	Section 57-51.1-02, as amended by House Bill No. 1476 (2015), provides for a tax of 5 percent of the gross value at the well on the extraction of oil unless exempted. Prior to January 1, 2016, the oil extraction tax rate was 6.5 percent.
3	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax related to the oil production within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. Senate Bill No. 2312 (2019) increases the revenue allocation to the Three Affiliated Tribes.
4	Legacy fund	Section 26 of Article X of the Constitution of North Dakota provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production and extraction.
5	North Dakota outdoor heritage fund	House Bill No. 1278 (2013) created the North Dakota outdoor heritage fund to preserve natural areas and public lands. House Bill No. 1176 (2015) amended Section 57-51-15 to provide 8 percent of revenues from the first 1 percent of the oil and gas gross production tax, up to \$20 million per fiscal year, be deposited in the fund. Senate Bill No. 2013 (2017) limits the allocations to \$10 million per biennium only for the 2017-19 biennium. House Bill No. 1014 (2019) limits the allocations to \$7.5 million per fiscal year for the 2019-21 biennium.
6	Abandoned oil and gas well plugging and site reclamation fund	House Bill No. 1333 (2013) and House Bill No. 1032 (2015) amended Section 57-51-15 to increase the allocations to the abandoned oil and gas well plugging and site reclamation fund. Based on current law, 4 percent of the first 1 percent of oil and gas gross production tax is allocated to the fund not to exceed \$7.5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$100 million. Senate Bill No. 2013 (2017) limits the allocations to \$4 million per fiscal year only for the 2017-19 biennium. House Bill No. 1014 (2019) decreases the maximum fund balance by \$50 million, from \$100 million to \$50 million.
7	Political subdivisions	Oil and gas gross production taxes are distributed to political subdivisions under Section 57-51-15, as amended by Senate Bill No. 2013 (2017). House Bill No. 1066 (2019) changes the funding source for the allocations to hub cities, hub city school districts, and school district supplement, and the bill also adjusts the allocation percentages for the distributions to townships and hub city school districts.
8	Common schools trust fund	Section 1 of Article IX of the Constitution of North Dakota provides for a common schools trust fund to be used to support the common schools of the state. Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. The earnings are distributed through the state school aid payments. Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund.
9	Foundation aid stabilization fund	Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24, as amended by Senate Concurrent Resolution No. 4003 (2015) and approved by the voters, restricts a portion of the fund to offset state school aid payments due to a revenue shortfall and allows the remainder to be used for educational purposes. Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.
10	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Section 22 of Article X of the Constitution of North Dakota provides that the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation. Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provides an additional .5 percent allocation to the resources trust fund as an adjustment for prior period allocations both of which result in an increase in the allocations to the fund.
11	Energy conservation grant fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to \$1.2 million per biennium. House Bill No. 1020 (2017) limits the allocations to \$200,000 per biennium only for the 2017-19 biennium.
12	Renewable energy development fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to \$3 million per biennium. House Bill No. 1020 (2017) decreases the percentage transferred from 5 to 3 percent.
13	Infrastructure revolving loan fund	Senate Bill No. 2233 (2013) created an infrastructure revolving loan fund within the resources trust fund to provide loans for water projects. Ten percent of the oil extraction tax allocations deposited in the fund are designated for the infrastructure revolving loan fund. House Bill No. 1020 (2017) limits the total amount deposited in the infrastructure revolving loan fund to \$26 million.

14	Oil and gas research fund	Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes the oil and gas research fund for the Oil and Gas Research Council to provide grants. Senate Bill No. 2014 (2013) amended Section 57-51.1-07.3 to provide that 2 percent of the state's share of the oil and gas tax revenues, up to \$10 million per biennium, is to be deposited into the oil and gas research fund. House Bill No. 1014 (2019) increases the allocations by \$6 million, from \$10 million to \$16 million, for the 2019-21 biennium.
15	State energy research center fund	Senate Bill No. 2249 (2019) creates a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.
16A, 16B	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017) provides for an allocation of \$400 million of the state's share of oil and gas tax revenues to the general fund for the 2017-19 biennium and an allocation of \$300 million after the 2017-19 biennium. House Bill No. 1066 (2019) increases the allocation to \$400 million.
17	Tax relief fund	House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to provide for the allocation of \$200 million of the state's share of oil and gas tax revenues to the tax relief fund each biennium.
18	Lignite research fund	The lignite research fund is established under Section 57-61-01.6 for research, development projects, and marketing activities related to the lignite industry. House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to provide for an allocation of up to \$3 million from the state's share of oil and gas tax revenues. House Bill No. 1066 (2019) increases the allocation to \$10 million.
19	Budget stabilization fund	The budget stabilization fund is established under Section 54-27.2-01. The Governor may order a transfer from the budget stabilization fund to the general fund when certain criteria are met to offset a general fund revenue shortfall. House Bill No. 1152 (2017) amends Section 57-51.1-07.5 to provide for an allocation of up to \$75 million from the state's share of oil and gas tax revenues, but not in an amount that would bring the balance of the fund to more than the statutory limit.
20	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used for the required state share of funding for expenses associated with presidential-declared disasters. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017), provides for the distribution of up to \$20 million of oil tax revenues to the state disaster relief fund each biennium, but not in an amount that would bring the balance of the fund to more than \$20 million. Senate Bill No. 2016 (2019) provides up to \$15 million of allocations, but not in an amount that would bring the balance of the fund to more the \$15 million.
21	Municipal infrastructure fund	House Bill No. 1066 (2019) creates a municipal infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing cities for essential infrastructure projects.
22A, 22B	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the allocation of certain oil tax revenues to the strategic investment and improvements fund.
23A, 23B	County and township infrastructure fund	House Bill No. 1066 (2019) creates a county and township infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing counties and townships for road and bridge infrastructure projects.
24	Airport infrastructure fund	House Bill No. 1066 (2019) creates an airport infrastructure fund and allocates up to \$20 million per biennium for airport infrastructure projects, subject to legislative appropriation.

SECTION C - APPROPRIATIONS

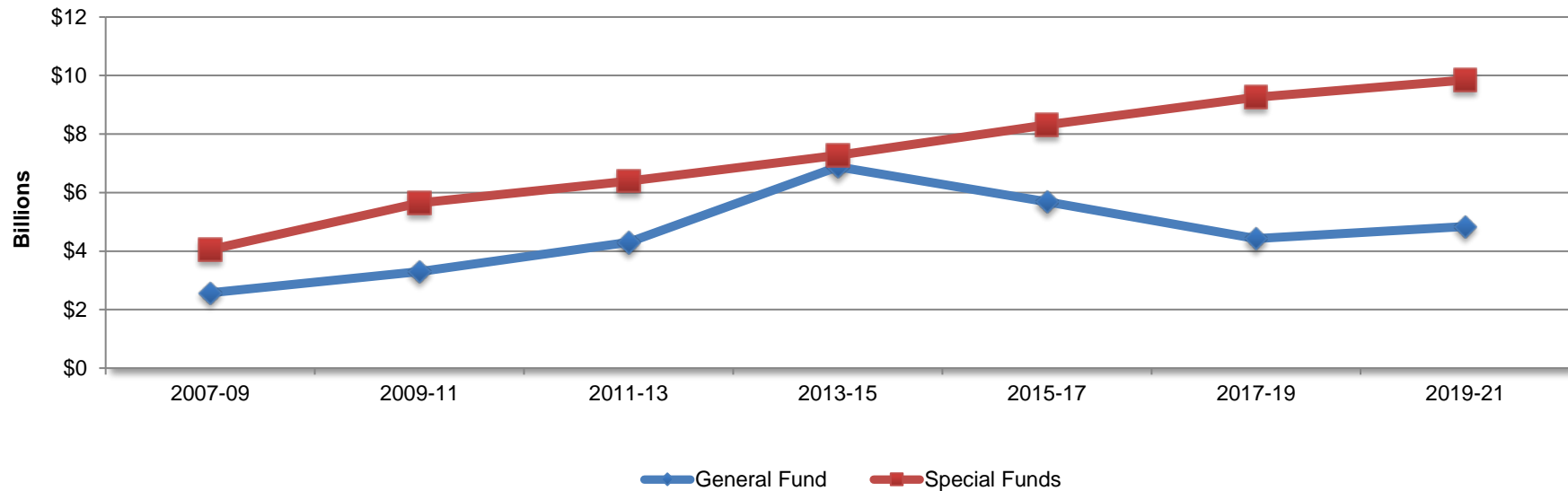
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APPROPRIATIONS SUMMARY

The Legislative Assembly in 2019 provided general fund appropriations of \$4,843,563,166, \$417,740,344, or 9.4 percent, more than the 2017-19 legislative general fund appropriations. Of the \$4,843,563,166 of general fund appropriations, \$4,794,924,098 is considered ongoing general fund appropriations and \$48,639,068 is considered one-time general fund appropriations. Ongoing general fund spending increased by 12.3 percent compared to 2017-19 appropriations. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The 2019 Legislative Assembly provided special fund appropriations of \$9,847,034,571, \$593,201,689, or 6.4 percent, more than the 2017-19 legislative special fund appropriations.

The following is a summary of legislative appropriations for the bienniums 2007-09 through 2019-21:



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336
2015-17 ¹	\$5,687,291,911	\$8,319,007,773	\$14,006,299,684
2017-19 ²	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704
2019-21	\$4,843,563,166	\$9,847,034,571	\$14,690,597,737

NOTE: Appropriation amounts are restated to reflect, where appropriate, supplemental and deficiency appropriations provided by a subsequent Legislative Assembly or budget allotments ordered by the Governor.

¹The 2015-17 biennium amounts have been adjusted to reflect changes made during the August 2016 special legislative session. The Legislative Assembly reduced original general fund appropriations by \$359,487,777, from \$6,046,162,678 to \$5,686,674,901, and increased special fund appropriations by \$116,053,293, from \$8,174,234,116 to \$8,290,287,409. These amounts were further affected by deficiency appropriations approved by the 2017 Legislative Assembly.

²The special funds appropriations amount for the 2017-19 biennium reflects a change in reporting relating to the North Dakota University System to specifically appropriate higher education special funds, including tuition and fees. This reporting change increased special fund appropriations by \$1,848,493,203.

COMPARISON OF 2017-19 and 2019-21 LEGISLATIVE APPROPRIATIONS

Budget No.	Budget	Legislative Appropriation 2017-19		Legislative Appropriation 2019-21		Increase (Decrease) From 2017-19 to 2019-21	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government							
101	Governor's office	\$4,007,758	\$4,007,758	\$4,492,106	\$4,492,106	\$484,348	\$484,348
108	Secretary of State	5,808,732	9,046,887	5,623,063	21,054,704	(185,669)	12,007,817
110	Office of Management and Budget	31,220,260	42,454,347	33,215,852	50,352,367	1,995,592	7,898,020
112	Information Technology Department	20,532,334	245,099,322	28,565,311	349,597,645	8,032,977	104,498,323
117	State Auditor	9,498,608	12,910,095	10,122,860	14,296,038	624,252	1,385,943
120	State Treasurer	1,747,399	1,747,399	1,746,370	1,781,370	(1,029)	33,971
125	Attorney General	44,795,840	93,010,160	45,804,596	84,908,836	1,008,756	(8,101,324)
127	Tax Commissioner	51,264,499	51,389,499	54,071,616	54,196,616	2,807,117	2,807,117
140	Office of Administrative Hearings		2,918,634		2,830,664		(87,970)
150	Legislative Assembly	14,159,170	14,159,170	15,825,515	15,965,515	1,666,345	1,806,345
160	Legislative Council	11,891,138	11,961,138	13,045,074	13,115,074	1,153,936	1,153,936
180	Judicial branch	102,257,770	105,579,609	107,503,043	110,615,340	5,245,273	5,035,731
188	Commission on Legal Counsel for Indigents	17,983,876	20,930,623	18,384,627	20,374,662	400,751	(555,961)
190	Retirement and Investment Office		5,340,054		14,869,164		9,529,110
192	Public Employees Retirement System		9,258,390		9,576,196		317,806
195	Ethics Commission			517,155	517,155	517,155	517,155
Total General Government		\$315,167,384	\$629,813,085	\$338,917,188	\$768,543,452	\$23,749,804	\$138,730,367
Education							
Elementary, Secondary, and Other Education							
201	Department of Public Instruction	\$1,435,601,984	\$2,333,149,049	\$1,721,361,137	\$2,538,914,880	\$285,759,153	\$205,765,831
226	Department of Trust Lands		238,481,273		10,458,401		(228,022,872)
250	State Library	5,618,301	7,865,861	5,781,419	8,155,780	163,118	289,919
252	School for the Deaf	7,488,526	10,686,970	7,528,850	10,229,208	40,324	(457,762)
253	North Dakota Vision Services - School for the Blind	4,394,146	5,608,893	4,717,989	6,050,804	323,843	441,911
270	Department of Career and Technical Education	29,556,283	41,649,949	40,064,988	54,768,109	10,508,705	13,118,160
Total Elementary, Secondary, and Other Education		\$1,482,659,240	\$2,637,441,995	\$1,779,454,383	\$2,628,577,182	\$296,795,143	(\$8,864,813)
Higher Education							
215	North Dakota University System office	\$103,909,530	\$130,321,636	\$113,977,097	\$144,979,303	\$10,067,567	\$14,657,667
227	Bismarck State College	30,724,971	103,716,969	31,068,227	101,517,629	343,256	(2,199,340)
228	Lake Region State College	12,751,580	36,862,672	12,945,280	41,276,544	193,700	4,413,872
229	Williston State College	8,395,347	28,250,945	10,067,743	34,133,922	1,672,396	5,882,977
230	University of North Dakota (UND)	134,896,566	954,767,016	150,279,869	1,110,689,148	15,383,303	155,922,132
232	UND School of Medicine and Health Sciences	57,811,281	211,889,901	62,935,789	221,972,800	5,124,508	10,082,899
235	North Dakota State University (NDSU)	129,126,235	818,512,564	132,714,983	921,873,867	3,588,748	103,361,303
238	North Dakota State College of Science	35,241,463	92,847,076	36,542,022	97,739,180	1,300,559	4,892,104
239	Dickinson State University	26,091,469	55,829,296	18,593,063	53,707,796	(7,498,406)	(2,121,500)
240	Mayville State University	14,306,518	44,613,666	16,420,616	48,558,605	2,114,098	3,944,939
241	Minot State University	39,916,756	104,259,672	39,896,693	104,570,295	(20,063)	310,623
242	Valley City State University	20,516,098	71,486,755	22,658,933	79,251,025	2,142,835	7,764,270
243	Dakota College at Bottineau	7,682,539	17,311,712	7,740,826	24,266,741	58,287	6,955,029
244	Forest Service	4,426,427	15,077,175	4,676,664	15,342,064	250,237	264,889
Total Higher Education		\$625,796,780	\$2,685,747,055	\$660,517,805	\$2,999,878,919	\$34,721,025	\$314,131,864
Total Education		\$2,108,456,020	\$5,323,189,050	\$2,439,972,188	\$5,628,456,101	\$331,516,168	\$305,267,051

Budget No.	Budget	Legislative Appropriation 2017-19		Legislative Appropriation 2019-21		Increase (Decrease) From 2017-19 to 2019-21	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
Health and Welfare							
301	State Department of Health	\$43,474,460	\$201,494,418	\$36,360,590	\$160,279,823	(\$7,113,870)	(\$41,214,595)
303	Department of Environmental Quality			12,480,922	58,714,496	12,480,922	58,714,496
313	Veterans' Home	5,951,439	24,692,032	5,679,324	24,955,146	(272,115)	263,114
316	Indian Affairs Commission	1,112,111	1,112,111	1,098,639	1,098,639	(13,472)	(13,472)
321	Department of Veterans' Affairs	1,155,162	3,246,733	1,416,430	2,793,587	261,268	(453,146)
325	Department of Human Services	1,339,231,350	3,913,112,132	1,462,663,487	4,106,823,991	123,432,137	193,711,859
360	Protection and Advocacy Project	2,958,999	6,447,600	3,312,565	7,306,700	353,566	859,100
380	Job Service North Dakota	545,793	55,444,949	430,624	65,686,194	(115,169)	10,241,245
Total Health and Welfare		\$1,394,429,314	\$4,205,549,975	\$1,523,442,581	\$4,427,658,576	\$129,013,267	\$222,108,601
Regulatory							
401	Insurance Commissioner		\$25,793,430		\$28,734,703		\$2,941,273
405	Industrial Commission	\$25,408,987	47,702,193	\$27,449,198	45,442,988	\$2,040,211	(2,259,205)
406	Department of Labor and Human Rights	2,303,986	2,743,902	2,395,169	2,875,850	91,183	131,948
408	Public Service Commission	6,630,762	19,051,778	6,714,928	19,323,404	84,166	271,626
412	Aeronautics Commission	900,000	10,885,412	500,000	49,331,082	(400,000)	38,445,670
413	Department of Financial Institutions		8,409,912		9,135,872		725,960
414	Securities Department	2,184,714	2,354,714		2,757,119	(2,184,714)	402,405
471	Bank of North Dakota		59,299,204		64,357,799		5,058,595
473	Housing Finance Agency		44,530,239	7,500,000	54,921,891	7,500,000	10,391,652
475	Mill and Elevator Association		68,213,519		76,994,824		8,781,305
485	Workforce Safety and Insurance		72,481,659		68,747,842		(3,733,817)
Total Regulatory		\$37,428,449	\$361,465,962	\$44,559,295	\$422,623,374	\$7,130,846	\$61,157,412
Public Safety							
504	Highway Patrol	\$42,527,428	\$60,866,706	\$44,295,405	\$61,494,103	\$1,767,977	\$627,397
530	Department of Corrections and Rehabilitation	214,336,704	253,600,864	229,678,076	271,633,965	15,341,372	18,033,101
540	Adjutant General	16,436,554	124,611,332	18,622,814	73,437,471	2,186,260	(51,173,861)
	Department of Emergency Services	9,449,868	99,743,570	8,948,383	74,618,768	(501,485)	(25,124,802)
Total Public Safety		\$282,750,554	\$538,822,472	\$301,544,678	\$481,184,307	\$18,794,124	(\$57,638,165)
Agriculture and Economic Development							
601	Department of Commerce	\$31,342,680	\$99,928,338	\$40,191,721	\$98,615,014	\$8,849,041	(\$1,313,324)
602	Agriculture Commissioner	9,109,101	31,316,777	10,910,429	41,232,835	1,801,328	9,916,058
627	Upper Great Plains Transportation Institute	3,543,174	22,360,242	4,396,329	23,292,223	853,155	931,981
628	Branch research centers	17,155,257	38,936,948	18,201,026	38,801,414	1,045,769	(135,534)
630	NDSU Extension Service	25,648,320	52,295,009	27,709,666	55,487,825	2,061,346	3,192,816
638	Northern Crops Institute	1,886,891	3,642,721	1,943,810	3,840,027	56,919	197,306
640	NDSU Main Research Center	49,557,415	108,642,243	53,417,326	111,360,566	3,859,911	2,718,323
649	Agronomy Seed Farm		1,536,129		1,565,975		29,846
665	State Fair Association	515,665	515,665	542,833	542,833	27,168	27,168
670	Racing Commission	379,621	542,178	399,072	565,037	19,451	22,859
Total Agriculture and Economic Development		\$139,138,124	\$359,716,250	\$157,712,212	\$375,303,749	\$18,574,088	\$15,587,499
Natural Resources							
701	State Historical Society	\$16,673,644	\$20,829,439	\$18,965,691	\$22,244,943	\$2,292,047	\$1,415,504
709	Council on the Arts	1,564,876	3,351,798	1,606,204	3,345,126	41,328	(6,672)
720	Game and Fish Department		83,976,222		85,303,632		1,327,410
750	Parks and Recreation Department	14,654,276	33,693,856	14,343,129	43,034,982	(311,147)	9,341,126
770	State Water Commission		722,173,475		968,154,091		245,980,616
Total Natural Resources		\$32,892,796	\$864,024,790	\$34,915,024	\$1,122,082,774	\$2,022,228	\$258,057,984

Budget No.	Budget	Legislative Appropriation 2017-19		Legislative Appropriation 2019-21		Increase (Decrease) From 2017-19 to 2019-21	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
	Transportation						
801	Department of Transportation	\$0	\$1,270,504,868	\$2,500,000	\$1,464,745,404	\$2,500,000	\$194,240,536
	Total Transportation	\$0	\$1,270,504,868	\$2,500,000	\$1,464,745,404	\$2,500,000	\$194,240,536
	TOTAL APPROPRIATIONS	\$4,310,262,641	\$13,553,086,452	\$4,843,563,166	\$14,690,597,737	\$533,300,525	\$1,137,511,285
	APPROPRIATIONS SUMMARY						
	General Government	\$315,167,384	\$629,813,085	\$338,917,188	\$768,543,452	\$23,749,804	\$138,730,367
	Education	2,108,456,020	5,323,189,050	2,439,972,188	5,628,456,101	331,516,168	305,267,051
	Health and Welfare	1,394,429,314	4,205,549,975	1,523,442,581	4,427,658,576	129,013,267	222,108,601
	Regulatory	37,428,449	361,465,962	44,559,295	422,623,374	7,130,846	61,157,412
	Public Safety	282,750,554	538,822,472	301,544,678	481,184,307	18,794,124	(57,638,165)
	Agriculture and Economic Development	139,138,124	359,716,250	157,712,212	375,303,749	18,574,088	15,587,499
	Natural Resources	32,892,796	864,024,790	34,915,024	1,122,082,774	2,022,228	258,057,984
	Transportation	0	1,270,504,868	2,500,000	1,464,745,404	2,500,000	194,240,536
	TOTAL APPROPRIATIONS	\$4,310,262,641 *	\$13,553,086,452 *	\$4,843,563,166	\$14,690,597,737	\$533,300,525	\$1,137,511,285
	* 2017-19 appropriations made by the 64th Legislative Assembly	\$4,310,262,641	\$13,553,086,452				
	2017-19 supplemental and deficiency appropriations made by the 66th Legislative Assembly	115,560,181	126,569,252				
	Total 2017-19 appropriations	\$4,425,822,822	\$13,679,655,704				

COMPARISON OF 2017-19 and 2019-21 BIENNIUM ONGOING GENERAL FUND APPROPRIATIONS

Budget No.	Budget	Ongoing Appropriations	Ongoing Appropriations	2019-21 Increase (Decrease) From	
		2017-19	2019-21	2017-19	Percentage
		General Fund	General Fund	General Fund	
General Government					
101	Governor's office	\$4,007,758	\$4,287,298	\$279,540	7.0%
108	Secretary of State	5,808,732	5,623,063	(185,669)	(3.2%)
110	Office of Management and Budget	30,720,260	32,915,852	2,195,592	7.1%
112	Information Technology Department	20,532,334	17,165,311	(3,367,023)	(16.4%)
117	State Auditor	9,498,608	10,106,860	608,252	6.4%
120	State Treasurer	1,747,399	1,746,370	(1,029)	(0.1%)
125	Attorney General	44,695,840	45,604,596	908,756	2.0%
127	Tax Commissioner	51,264,499	54,071,616	2,807,117	5.5%
150	Legislative Assembly	14,159,170	15,307,755	1,148,585	8.1%
160	Legislative Council	11,891,138	12,890,318	999,180	8.4%
180	Judicial branch	102,257,770	107,355,691	5,097,921	5.0%
188	Commission on Legal Counsel for Indigents	17,983,876	18,384,627	400,751	2.2%
195	Ethics Commission	0	517,155	517,155	N/A
Total General Government		\$314,567,384	\$325,976,512	\$11,409,128	3.6%
Education					
Elementary, Secondary, and Other Education					
201	Department of Public Instruction	\$1,435,601,984	\$1,721,161,137	\$285,559,153	19.9%
250	State Library	5,618,301	5,781,419	163,118	2.9%
252	School for the Deaf	7,488,526	7,528,850	40,324	0.5%
253	North Dakota Vision Services - School for the Blind	4,394,146	4,717,989	323,843	7.4%
270	Department of Career and Technical Education	29,306,283	40,064,988	10,758,705	36.7%
Total Elementary, Secondary, and Other Education		\$1,482,409,240	\$1,779,254,383	\$296,845,143	20.0%
Higher Education					
215	North Dakota University System office	\$101,639,530	\$102,327,097	\$687,567	0.7%
227	Bismarck State College	30,600,597	31,068,227	467,630	1.5%
228	Lake Region State College	12,700,623	12,945,280	244,657	1.9%
229	Williston State College	8,360,503	10,067,743	1,707,240	20.4%
230	University of North Dakota (UND)	134,132,901	150,279,869	16,146,968	12.0%
232	UND School of Medicine and Health Sciences	57,811,281	62,935,789	5,124,508	8.9%
235	North Dakota State University (NDSU)	128,591,042	132,714,983	4,123,941	3.2%
238	North Dakota State College of Science	35,089,376	36,542,022	1,452,646	4.1%
239	Dickinson State University	17,806,843	18,393,063	586,220	3.3%
240	Mayville State University	14,249,605	16,420,616	2,171,011	15.2%
241	Minot State University	39,750,979	39,896,693	145,714	0.4%
242	Valley City State University	20,429,502	22,658,933	2,229,431	10.9%
243	Dakota College at Bottineau	7,652,945	7,740,826	87,881	1.1%
244	Forest Service	4,426,427	4,676,664	250,237	5.7%
Total Higher Education		\$613,242,154	\$648,667,805	\$35,425,651	5.8%
Total Education		\$2,095,651,394	\$2,427,922,188	\$332,270,794	15.9%
Health and Welfare					
301	State Department of Health	\$32,750,309	\$36,270,590	\$3,520,281	10.7%
303	Department of Environmental Quality	10,724,151	12,480,922	1,756,771	16.4%
313	Veterans' Home	5,951,439	5,654,324	(297,115)	(5.0%)
316	Indian Affairs Commission	1,112,111	1,098,639	(13,472)	(1.2%)

Budget No.	Budget	Ongoing Appropriations	Ongoing Appropriations	2019-21 Increase (Decrease)	
		2017-19	2019-21	From 2017-19	Percentage
		General Fund	General Fund	General Fund	
321	Department of Veterans' Affairs	1,136,562	1,268,930	132,368	11.6%
325	Department of Human Services	1,313,081,350	1,461,150,884	148,069,534	11.3%
360	Protection and Advocacy Project	2,958,999	3,240,015	281,016	9.5%
380	Job Service North Dakota	445,793	430,624	(15,169)	(3.4%)
Total Health and Welfare		\$1,368,160,714	\$1,521,594,928	\$153,434,214	11.2%
Regulatory					
405	Industrial Commission	\$25,408,987	\$27,254,198	\$1,845,211	7.3%
406	Department of Labor and Human Rights	2,303,986	2,325,510	21,524	0.9%
408	Public Service Commission	6,630,762	6,714,928	84,166	1.3%
412	Aeronautics Commission	900,000	500,000	(400,000)	(44.4%)
414	Securities Department	2,184,714	0	(2,184,714)	(100.0%)
Total Regulatory		\$37,428,449	\$36,794,636	(\$633,813)	(1.7%)
Public Safety					
504	Highway Patrol	\$42,527,428	\$44,213,575	\$1,686,147	4.0%
530	Department of Corrections and Rehabilitation	214,336,704	228,286,826	13,950,122	6.5%
540	Adjutant General	25,886,422	27,390,197	1,503,775	5.8%
Total Public Safety		\$282,750,554	\$299,890,598	\$17,140,044	6.1%
Agriculture and Economic Development					
601	Department of Commerce	\$30,342,680	\$32,866,721	\$2,524,041	8.3%
602	Agriculture Commissioner	9,109,101	10,700,429	1,591,328	17.5%
627	Upper Great Plains Transportation Institute	3,443,174	4,396,329	953,155	27.7%
628	Branch research centers	17,155,257	18,201,026	1,045,769	6.1%
630	NDSU Extension Service	25,633,320	27,709,666	2,076,346	8.1%
638	Northern Crops Institute	1,886,891	1,943,810	56,919	3.0%
640	NDSU Main Research Center	49,557,415	52,667,326	3,109,911	6.3%
665	State Fair Association	515,665	542,833	27,168	5.3%
670	Racing Commission	379,621	399,072	19,451	5.1%
Total Agriculture and Economic Development		\$138,023,124	\$149,427,212	\$11,404,088	8.3%
Natural Resources					
701	State Historical Society	\$16,673,644	\$17,368,691	\$695,047	4.2%
709	Council on the Arts	1,564,876	1,606,204	41,328	2.6%
750	Parks and Recreation Department	14,654,276	14,343,129	(311,147)	(2.1%)
Total Natural Resources		\$32,892,796	\$33,318,024	\$425,228	1.3%
TOTAL ONGOING GENERAL FUND APPROPRIATIONS		\$4,269,474,415	\$4,794,924,098	\$525,449,683	12.3%
APPROPRIATION SUMMARY					
General Government		\$314,567,384	\$325,976,512	\$11,409,128	3.6%
Education		2,095,651,394	2,427,922,188	332,270,794	15.9%
Health and Welfare		1,368,160,714	1,521,594,928	153,434,214	11.2%
Regulatory		37,428,449	36,794,636	(633,813)	(1.7%)
Public Safety		282,750,554	299,890,598	17,140,044	6.1%
Agriculture and Economic Development		138,023,124	149,427,212	11,404,088	8.3%
Natural Resources		32,892,796	33,318,024	425,228	1.3%
TOTAL ONGOING GENERAL FUND APPROPRIATIONS		\$4,269,474,415	\$4,794,924,098	\$525,449,683	12.3%

ONE-TIME GENERAL FUND APPROPRIATIONS FOR THE 2019-21 BIENNIUM

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
101	Governor's office		
	Board and commissions IT project	SB 2001	\$139,808
	Governor's transition costs	SB 2001	65,000
110	Office of Management and Budget		
	Electronic procurement study	SB 2015	50,000
	State student internship	SB 2015	250,000
112	Information Technology Department		
	Cybersecurity	HB 1021	11,400,000
117	State Auditor		
	Copier replacement	SB 2004	16,000
125	Attorney General		
	Undercover vehicles	SB 2003	200,000
150	Legislative Assembly		
	Computer and iPad replacement	HB 1001	517,760
160	Legislative Council		
	Computer replacement	HB 1001	124,856
	Council of State Governments Conference	HB 1001	7,500
	Redistricting equipment	HB 1001	22,400
180	Judicial branch		
	Copier replacement	HB 1002	82,500
	Audio and video equipment	HB 1002	64,852
201	Department of Public Instruction		
	State school aid formula rewrite	SB 2013	200,000
215	North Dakota University System office		
	Challenge grants	HB 1003	9,400,000
	School of law matching grants	HB 1003	250,000
	Tier III capital building fund	HB 1003	2,000,000
239	Dickinson State University		
	Theodore Roosevelt digitization	HB 1003	200,000
301	State Department of Health		
	Microbiology laboratory IT upgrade	HB 1004	90,000
313	Veterans' Home		
	Strategic plan	HB 1007	25,000
321	Department of Veterans' Affairs		
	Grant database enhancements	HB 1025	7,500
	Temporary loan and grant position	HB 1025	140,000
325	Department of Human Services		
	Hyperbaric oxygen therapy grant	SB 2012	335,000
	Provider adjustment	SB 2012	977,603
	State Hospital study	SB 2012	200,000

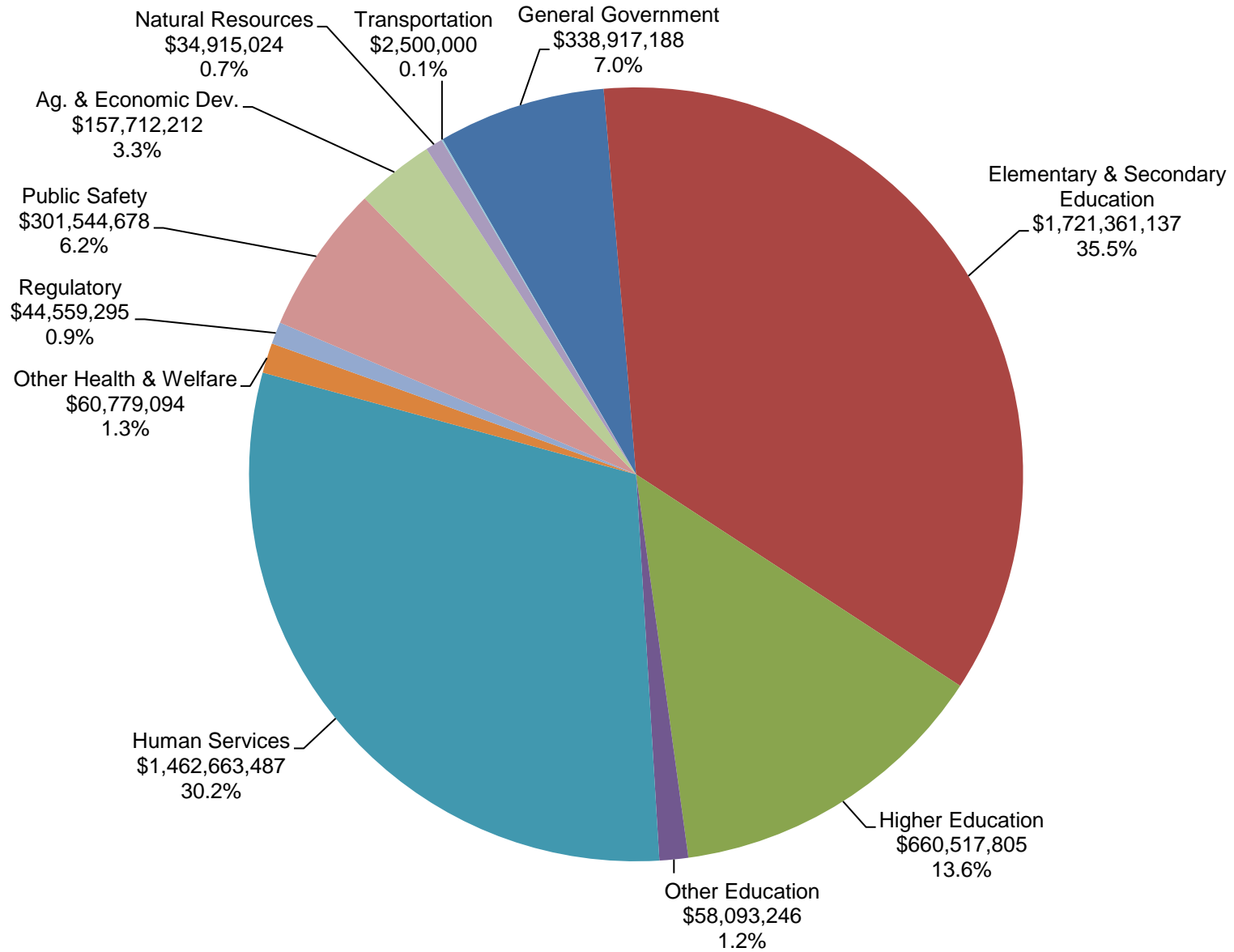
Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
360	Protection and Advocacy Project		
	Polycom machine	SB 2014	8,000
	Retirement lump sum	SB 2014	64,550
405	Industrial Commission		
	High-level radioactive waste fund	HB 1014	20,000
	Temporary employees	HB 1014	175,000
406	Labor Commissioner		
	Paperless system	SB 2007	69,659
473	Housing Finance Agency		
	Housing incentive fund	HB 1014	7,500,000
504	Highway Patrol		
	Aircraft engine overhaul	HB 1011	81,830
530	Department of Corrections and Rehabilitation		
	Extraordinary repairs	HB 1015	876,250
	Facilities and services study	HB 1015	400,000
	Elite servers replacement	HB 1015	40,000
	Youth Correctional Center study	HB 1015	75,000
540	Adjutant General		
	Computer-aided dispatch upgrade	SB 2016	66,000
	Message switch software	SB 2016	95,000
	Uninterruptible power supply battery	SB 2016	20,000
601	Department of Commerce		
	Enhanced use lease grants	HB 1018	3,000,000
	Job development grant	HB 1018	25,000
	Nonresident nurse employment recruitment	HB 1018	500,000
	Sculpture maintenance grants	HB 1018	75,000
	Unmanned aircraft system	HB 1018	2,225,000
	Tribal college workforce grants	HB 1018	500,000
	Workforce safety grant	HB 1018	1,000,000
602	Department of Agriculture		
	Grain insolvency litigation	SB 2009	100,000
	Master customer database	SB 2009	110,000
640	Main Research Center		
	Williston seed cleaning plant	HB 1020	750,000
701	State Historical Society		
	Auditorium chairs	SB 2018	75,000
	Exhibits and collections care	SB 2018	372,000
	Historic site repairs	SB 2018	1,000,000
	Pioneer Village relocation	SB 2146	150,000
801	Department of Transportation		
	Short line railroad program	HB 1012	2,500,000
	Total		\$48,639,068

CONTINGENT 2019-21 BIENNIUM GENERAL FUND APPROPRIATIONS

Bill No. - Agency	Description	Amount
House Bill No. 1014 - Industrial Commission	The Industrial Commission may expend \$229,544 from the general fund for 2 FTE positions if the total number of wells capable of production and injection exceeds 20,800.	\$229,544
Senate Bill No. 2146 - State Historical Society	The State Historical Society may expend \$150,000 from the general fund to provide a grant to an entity for the relocation of Pioneer Village from the State Fairgrounds to another location if all Pioneer Village buildings required to be removed are removed by June 15, 2019, and the State Fair Association provides at least \$100,000 to the Ward County Historical Society for matters relating to Pioneer Village.	150,000
Total		\$379,544

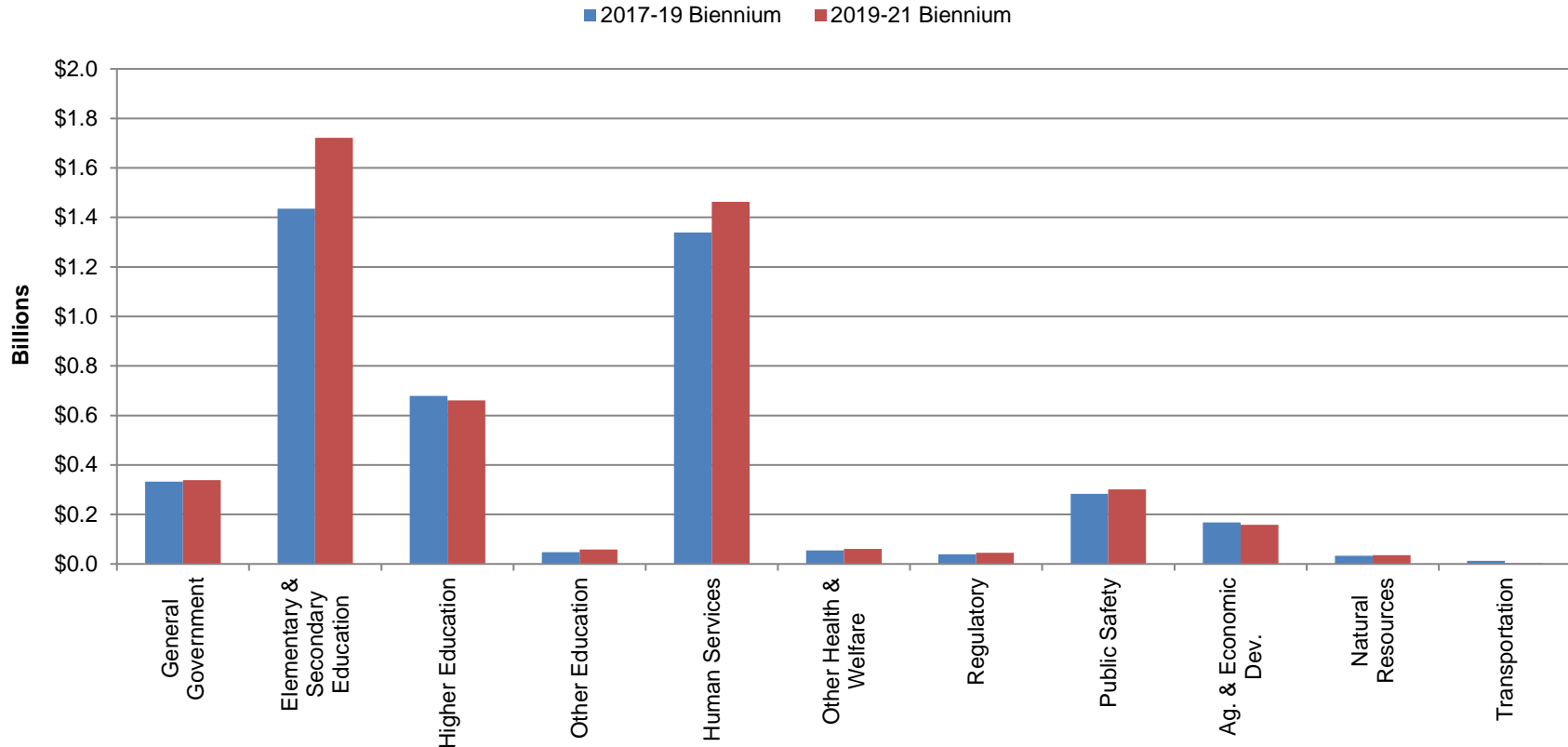
2019-21 BIENNIUM GENERAL FUND APPROPRIATIONS

Total 2019-21 General Fund Appropriations - \$4,843,563,166



COMPARISON OF 2017-19 AND 2019-21 GENERAL FUND APPROPRIATIONS

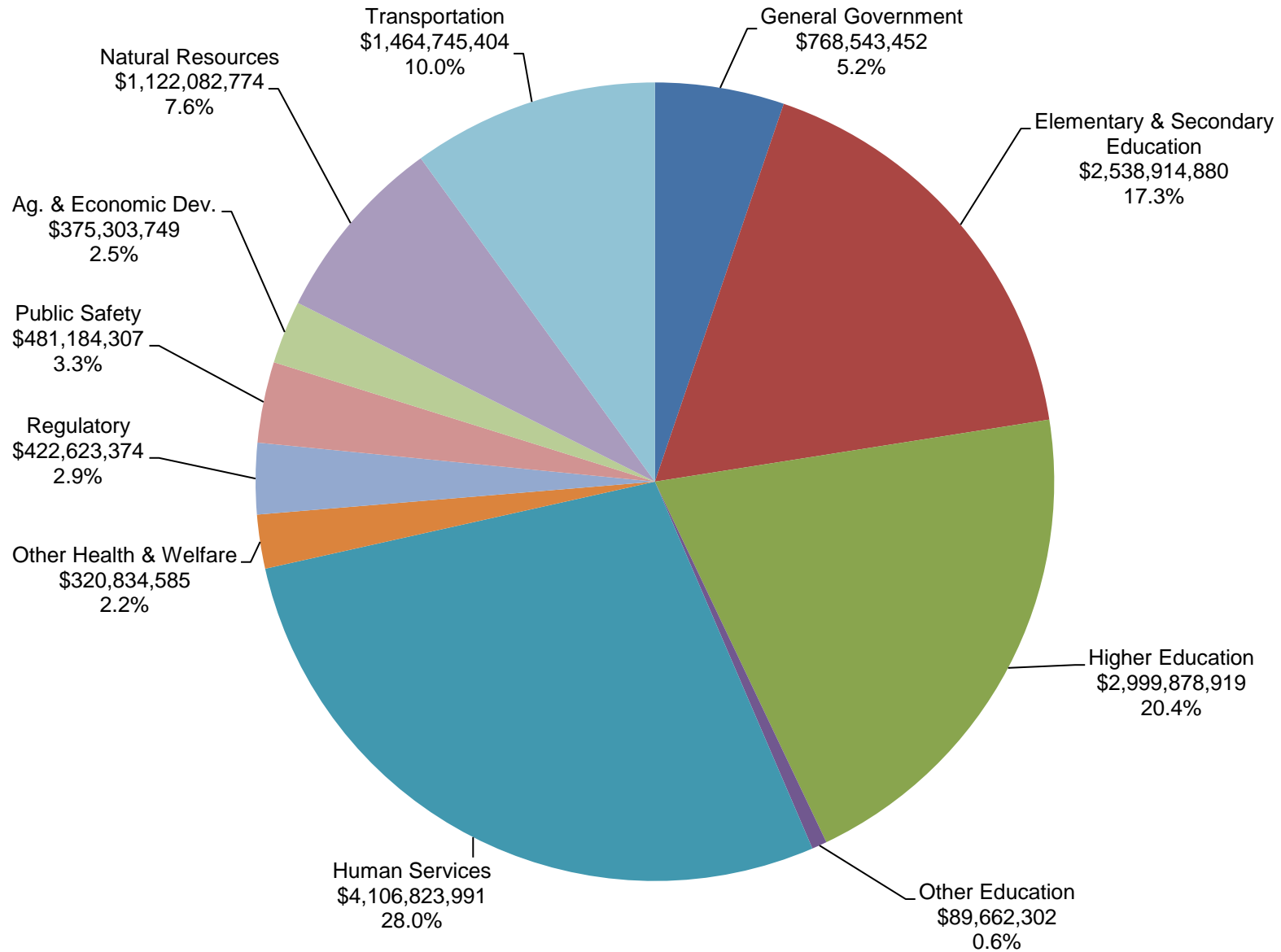
(Amounts Shown in Billions)



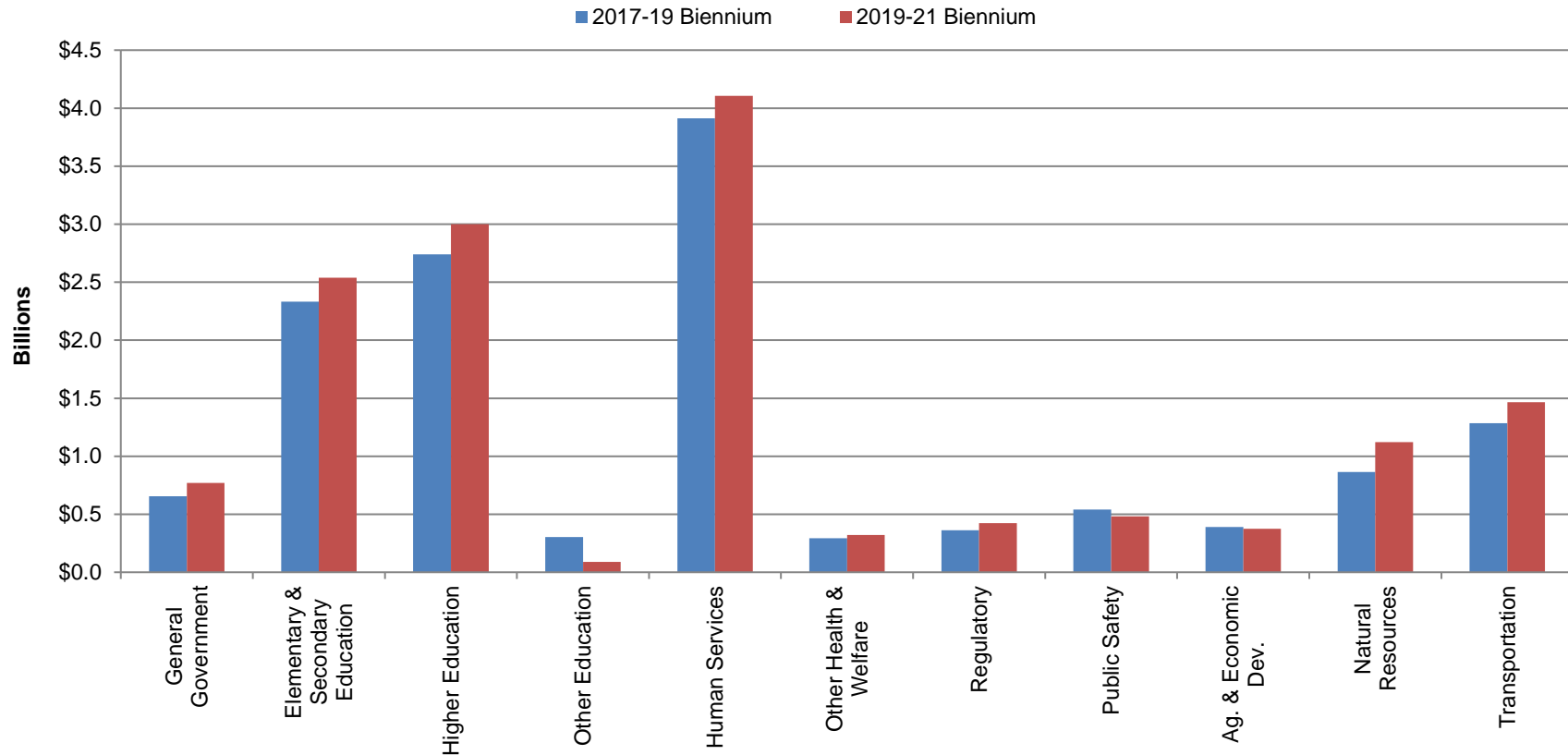
	2017-19 Biennium	2019-21 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$332,568,484	\$338,917,188	\$6,348,704	1.9%
Elementary & Secondary Education	1,435,601,984	1,721,361,137	285,759,153	19.9%
Higher Education	679,438,630	660,517,805	(18,920,825)	(2.8%)
Other Education	47,057,256	58,093,246	11,035,990	23.5%
Human Services	1,339,231,350	1,462,663,487	123,432,137	9.2%
Other Health & Welfare	55,197,964	60,779,094	5,581,130	10.1%
Regulatory	38,697,857	44,559,295	5,861,438	15.1%
Public Safety	283,638,377	301,544,678	17,906,301	6.3%
Ag. & Economic Dev.	168,233,124	157,712,212	(10,520,912)	(6.3%)
Natural Resources	33,157,796	34,915,024	1,757,228	5.3%
Transportation	13,000,000	2,500,000	(10,500,000)	(80.8%)
Total	\$4,425,822,822	\$4,843,563,166	\$417,740,344	9.4%

2019-21 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2019-21 Biennium All Funds Appropriations - \$14,690,597,737



COMPARISON OF 2017-19 AND 2019-21 ALL FUNDS APPROPRIATIONS (Amounts Shown in Billions)



	2017-19 Biennium	2019-21 Biennium	Increase (Decrease)	Percentage Increase (Decrease)
General Government	\$656,170,095	\$768,543,452	\$112,373,357	17.1%
Elementary & Secondary Education	2,333,149,049	2,538,914,880	205,765,831	8.8%
Higher Education	2,739,388,905	2,999,878,919	260,490,014	9.5%
Other Education	304,292,946	89,662,302	(214,630,644)	(70.5%)
Human Services	3,913,112,132	4,106,823,991	193,711,859	5.0%
Other Health & Welfare	292,437,843	320,834,585	28,396,742	9.7%
Regulatory	362,735,370	422,623,374	59,888,004	16.5%
Public Safety	541,296,356	481,184,307	(60,112,049)	(11.1%)
Ag. & Economic Dev.	388,811,250	375,303,749	(13,507,501)	(3.5%)
Natural Resources	864,756,890	1,122,082,774	257,325,884	29.8%
Transportation	1,283,504,868	1,464,745,404	181,240,536	14.1%
Total	\$13,679,655,704	\$14,690,597,737	\$1,010,942,033	7.4%

SECTION D - ELECTED OFFICIALS

AGRICULTURE COMMISSIONER	D-26
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TAX COMMISSIONER	D-18

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	18.00	\$4,492,106	\$0	\$4,492,106
2019-21 base budget	18.00	4,007,758	0	4,007,758
Legislative increase (decrease) to base budget	0.00	\$484,348	\$0	\$484,348

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$4,287,298	\$204,808	\$4,492,106
2017-19 legislative appropriations	4,007,758	15,000,000 ¹	19,007,758 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$279,540	(\$14,795,192)	(\$14,515,652)
Percentage increase (decrease) to 2017-19 appropriations	7.0%	(98.6%)	(76.4%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$15 million approved by the 2019 Legislative Assembly. See the **Theodore Roosevelt Presidential Library and Museum** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$85,362		\$85,362
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		113,119		113,119
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		75,856		75,856
Underfunded salaries and wages.		(86,305)		(86,305)
Added funding for temporary employees.		30,000		30,000
Increased funding for operating expenses.		60,000		60,000
Added funding for Microsoft Office 365 licensing expenses.		1,508		1,508

Added one-time funding for a technology project to update the boards and commissions database.	139,808	139,808
Added one-time funding for transition costs in the event a new Governor is elected in 2020.	65,000	65,000
Total	0.00	\$484,348

FTE Changes

The Legislative Assembly approved 18 FTE positions for the Governor's office for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

The following is a summary of one-time funding items for the Governor's office for the 2019-21 biennium:

	General Fund
Boards and commissions database upgrade project	\$139,808
Transition costs if a new Governor is elected in 2020	65,000
Total	\$204,808

Theodore Roosevelt Presidential Library and Museum

Senate Bill No. 2001 includes the following sections relating to the Theodore Roosevelt Presidential Library and Museum:

- **Theodore Roosevelt Presidential Library and Museum endowment fund** - Section 5 creates a new section in North Dakota Century Code Chapter 54-07 to establish the Theodore Roosevelt Presidential Library and Museum endowment fund. The interest and earnings of the fund are appropriated to the Governor on a continuing basis to pay interest expenses on a loan authorized in the bill and to provide grants to a private entity subject to the following:

 - The private entity has certified to the Governor the entity has received the sum of \$100 million in cash donations and binding pledged donations for the construction of a presidential library and museum in North Dakota and for grants to affected entities;
 - The Governor has entered an agreement with the private entity that includes provisions that the grant funds will be spent only for operating and maintenance costs of a presidential library located in the state, any unused grant funds will be returned to the state and deposited in the general fund if the presidential library has not been constructed within the period of time specified in the agreement or if the library ceases operations, the private entity agrees to donate \$10 million from the \$100 million of raised funds to a higher education institution foundation in North Dakota for the purpose of creating an endowment to digitize documents relating to Theodore Roosevelt and for the creation of a Theodore Roosevelt conservation scholars program and related academic mission at a North Dakota higher education institution in collaboration with the private entity, and the private entity agrees to donate \$300,000 to a city in North Dakota for prior costs incurred related to planning for a presidential library;
 - The Governor provides a report to the Budget Section which includes copies of the documentation received for the certification relating to the private entity receiving \$100 million for the project; and
 - The Governor provides a report to the Budget Section within 30 days of applying for the loan authorized in the bill which includes all completed loan application documents.
- **General fund appropriation** - Section 7 provides a \$15 million general fund appropriation during the 2017-19 biennium which must be transferred by the Office of Management and Budget to the Theodore Roosevelt Presidential Library and Museum endowment fund.
- **Loan authorization** - Section 8 authorizes the Governor to obtain a loan from the Bank of North Dakota which may not exceed \$35 million. The term of the loan may not exceed 6 years and the interest rate for the loan must be set at the prevailing rate charged by the Bank to governmental entities. The loan proceeds must be deposited in the Theodore Roosevelt Presidential Library and Museum endowment fund. The Governor is to repay the loan from funds to be appropriated by the Legislative Assembly.

Other Sections in Senate Bill No. 2001

Additional income - Section 3 appropriates any additional federal or other funds made available to the Governor's office during the 2019-21 biennium. The Governor's office must provide a report to the Budget Section regarding any funds received or expended pursuant to this appropriation authority.

Salary of the Governor and Lieutenant Governor - Sections 4 and 6 provide for statutory changes to increase the salaries of the Governor and Lieutenant Governor consistent with 2019-21 biennium state employee salary increases as follows:

	Current Level	July 1, 2019	July 1, 2020
Governor	\$132,964	\$135,364	\$138,748
Lieutenant Governor	\$103,221	\$105,285	\$107,917

Related Legislation

There is no major related legislation affecting this agency.

**Secretary of State
Budget No. 108
Senate Bill No. 2002**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	32.00	\$5,623,063	\$15,431,641	\$21,054,704
2019-21 base budget	32.00	5,808,732	3,044,155	8,852,887
Legislative increase (decrease) to base budget	0.00	(\$185,669)	\$12,387,486	\$12,201,817

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$5,623,063	\$0	\$5,623,063
2017-19 legislative appropriations	5,808,732	0	5,808,732
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$185,669)	\$0	(\$185,669)
Percentage increase (decrease) to 2017-19 appropriations	32.0%	N/A	32.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$82,224	(\$200,158)	(\$117,934)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		152,354	9,745	162,099
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		133,862	8,924	142,786
Increased funding for temporary salaries.			150,000	150,000
Reduced ongoing funding for election reform to provide a total ongoing funding of \$1,601,747.			(402,497)	(402,497)
Reduced funding for public printing to provide a total of \$257,278.		(31,172)		(31,172)
Adjusted funding for operating expenses.		(527,002)	820,673	293,671

Added ongoing funding from the general services operating fund for technology projects.			800,000	800,000
Added funding for Microsoft Office 365 licensing expenses.	4,065		799	4,864
Added one-time funding from the strategic investment and improvements fund (\$8.2 million) and federal funds (\$3 million) for voting system and e-poll books.			11,200,000	11,200,000
Total	<u>0.00</u>	<u>(\$185,669)</u>	<u>\$12,387,486</u>	<u>\$12,201,817</u>

FTE Changes

The Legislative Assembly approved 32 FTE positions for the Secretary of State for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2002, the Legislative Assembly identified \$11.2 million of one-time funding to the Secretary of State for the 2019-21 biennium, for the statewide voting system and e-poll book project. The appropriation includes \$8.2 million from the strategic investment and improvements fund and \$3 million from federal funds.

Other Sections in Senate Bill No. 2002

Estimated income - Strategic investment and improvements fund - Voting system and e-poll books - Section 3 identifies \$8.2 million from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.

Exemption - Line item transfer - 2017-19 biennium - Section 4 authorizes the Secretary of State to transfer up to \$140,000 of special funds from the operating expenses line item to the salaries and wages line item contained in Section 1 of Chapter 2 of the 2017 Session Laws.

Salary of the Secretary of State - Section 5, as amended in Section 24 of Senate Bill No. 2015, provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary will increase from the current level of \$105,770 to \$107,885 (2 percent) effective July 1, 2019, and to \$110,582 (2.5 percent) effective July 1, 2020, to reflect salary adjustments consistent with 2019-21 biennium state employee salary increases.

Secretary of State's general services operating fund - Section 6 amends North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.

Secretary of State fees - Section 7 amends Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and charge an additional fee of 50 cents per page for a listing in paper format. The section also amends Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and to allow the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also amends Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to Sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and 41-09-72.

Exemption - Technology project - Section 8 provides that any unexpended funds from the technology project appropriation in subdivision 1 of Section 1 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of Section 54-11.1-11, and any unexpended funds may be expended during the 2019-21 biennium.

Emergency - Section 9 declares the election reform line in Section 1, and Sections 3 and 4 to be an emergency measure.

Related Legislation

House Bill No. 1035 - Amends Section 16.1-06-09 to require the Secretary of State to include, on a ballot, a statement of estimated fiscal impact of constitutional amendments and initiated or referred measures.

House Bill No. 1045 - Provides definitions and establishes in Century Code electronic transactions and blockchain technology and smart contracts.

House Bill No. 1422 - Amends Section 28-32-20 to remove the requirement for the Secretary of State to distribute physical copies of North Dakota Administrative Code and its supplements, requires the Secretary of State to send electronic notification of quarterly updates to Administrative Code, and requires the Legislative Council to publish the Administrative Code and its supplements on the legislative branch website.

House Bill No. 1521 - Creates and amends various subsections and sections of Century Code, relating to reporting campaign contributions and expenditures, restrictions on public officials and lobbyists, investigations of ethics violations, implementing requirements of Article XIV of the Constitution of North Dakota, to rulemaking procedures, disqualification of agency heads in quasi-judicial proceedings, and requirements for the North Dakota Ethics Commission. The bill also authorizes the Secretary of State to impose a penalty and provides an appropriation to the Ethics Commission.

Senate Bill No. 2308 - Creates and amends statutory provisions relating to counting write-in votes, ballot formats, and certificates of nomination. The bill requires the Secretary of State to place an eligible applicant's name on the primary election ballot and authorizes a candidate to have their name removed from the ballot.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	58.00	\$10,122,860	\$4,173,178	\$14,296,038
2019-21 base budget	56.00	9,498,608	3,411,487	12,910,095
Legislative increase (decrease) to base budget	2.00	\$624,252	\$761,691	\$1,385,943

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$10,106,860	\$16,000	\$10,122,860
2017-19 legislative appropriations	9,498,608	0	9,498,608
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$608,252	\$16,000	\$624,252
Percentage increase (decrease) to 2017-19 appropriations	6.4%	N/A	6.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$13,589	(\$68,186)	(\$54,597)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		258,646	91,315	349,961
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		189,638	69,162	258,800
Added funding from audit fee revenue for 2 FTE local government division auditors, including related salaries and wages and operating expenses.	2.00		366,742	366,742
Reduced funding for operating expenses.		(3,621)	2,658	(963)
Added funding for information technology reviews of the Information Technology Department and the North Dakota University System.		150,000	300,000	450,000

Added one-time funding to replace a copier.		16,000		16,000
Total	2.00	\$624,252	\$761,691	\$1,385,943

FTE Changes

The Legislative Assembly approved 58 FTE positions for the State Auditor for the 2019-21 biennium, an increase of 2 FTE positions from the 2017-19 biennium. The Legislative Assembly added 2 FTE local government division auditor positions.

One-Time Funding

In Section 2 of Senate Bill No. 2004, the Legislative Assembly identified \$16,000 of one-time funding from the general fund for copier replacement.

Other Sections in Senate Bill No. 2004

Powers and duties of the State Auditor - Section 3 amends North Dakota Century Code Section 54-10-01 to provide state agencies must use nongeneral fund money to pay for audits performed by the State Auditor. If nongeneral fund money is not available, the agency may, upon approval of the Legislative Assembly, or the Budget Section if the Legislative Assembly is not in session, use general fund money to pay for audits performed by the State Auditor. In addition, the section is amended to require the State Auditor receive Legislative Audit and Fiscal Review Committee approval to perform or provide for performance audits and to contract for services related to performing duties required by the federal government (the federal single audit).

Salary of the State Auditor - Section 4 provides the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary is increased from the current level of \$105,770 to \$107,885 (2 percent) effective July 1, 2019, and to \$110,582 (2.5 percent) effective July 1, 2020, to reflect salary adjustments consistent with 2019-21 biennium state employee salary increases.

Audit staff utilization report - Section 5 requires the State Auditor to monitor the number of audit staff hours dedicated to financial audits, performance audits, mineral resource audits, federal single audit procedures, comprehensive annual financial report procedures, fraud investigation, local government audits, and audits of the institutions of higher education, including financial audits and performance audits. The State Auditor must report to the Appropriations Committees of the 67th Legislative Assembly regarding the number of audit staff hours dedicated to each of these audit functions and any other functions of the State Auditor's office during the 2019-21 biennium.

Emergency - Section 6 provides one-time funding from the general fund for copier replacement is an emergency measure.

Related Legislation

House Bill No. 1077 - Requires the State Auditor to perform work on mineral royalties for the federal government.

Senate Bill No. 2130 - Provides for the Legislative Management to study, in coordination with the State Auditor, state agency fees.

Senate Bill No. 2150 - Allows regional education associations to contract with the State Auditor for audits.

**State Treasurer
Budget No. 120
Senate Bill No. 2005**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	7.00	\$1,746,370	\$35,000	\$1,781,370
2019-21 base budget	7.00	1,747,399	0	1,747,399
Legislative increase (decrease) to base budget	0.00	(\$1,029)	\$35,000	\$33,971

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,746,370	\$0	\$1,746,370
2017-19 legislative appropriations	1,747,399	0	1,747,399
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$1,029)	\$0	(\$1,029)
Percentage increase (decrease) to 2017-19 appropriations	(0.1%)	N/A	(0.1%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$19,339)		(\$19,339)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		40,523		40,523
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		31,234		31,234
Provided a salary equity increase to the State Treasurer to align the State Treasurer's salary with the State Auditor's salary. The equity increase includes an adjustment for the 2 percent salary increase on July 1, 2019, and the 2.5 percent salary increase on July 1, 2020.		14,584		14,584
Reduced funding for operating expenses, primarily related to information technology costs.		(59,031)		(59,031)

Reduced funding for coal severance shortfall payments related to changes in the coal severance tax revenue allocation formula pursuant to House Bill No. 1005 (2017).		(9,000)		(9,000)
Added one-time funding from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas.			\$35,000	35,000
Total		<u>0.00</u>	<u>(\$1,029)</u>	<u>\$35,000</u>
			<u>\$33,971</u>	

FTE Changes

The Legislative Assembly approved 7 FTE positions for the State Treasurer for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2005, the Legislative Assembly identified \$35,000 of one-time funding from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas.

Deficiency Appropriations

Section 4 of Senate Bill No. 2016 (2019) appropriates \$8.1 million from the state disaster relief fund to the State Treasurer during the 2017-19 biennium for special transportation funding distributions to non-oil-producing townships due to extraordinary snowfall in 2019 in the eastern part of the state and due to the excessive costs of road maintenance in the western part of the state. The section provides for an allocation of \$5,000 to each organized and unorganized township within non-oil-producing counties to be allocated in June 2019. To be eligible to receive an allocation, a township must be located in one of the 44 counties that received no allocation or an allocation of less than \$5 million under North Dakota Century Code Section 57-51-15 (oil and gas gross production tax allocations) during fiscal year 2018.

Other Sections in Senate Bill No. 2005

Strategic investment and improvements fund - Section 3 identifies \$35,000 from the strategic investment and improvements fund for information technology costs.

Salary of State Treasurer - Section 4 includes the statutory changes necessary to provide a salary equity increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770, and to increase the salary to \$107,885 (2 percent) on July 1, 2019, and to \$110,582 (2.5 percent) on July 1, 2020. The salary equity increase aligns the State Treasurer's salary with the State Auditor's salary.

Related Legislation

House Bill No. 1014 - Changes the oil and gas tax revenue allocations to the North Dakota outdoor heritage fund and the oil and gas research fund.

House Bill No. 1066 - Changes the oil and gas tax revenue allocation formulas, including the allocations to hub cities and hub city school districts, and creates three new infrastructure funds for grants to non-oil-producing political subdivisions and airports.

House Bill No. 1074 - Authorizes additional background checks for employees of the State Treasurer's office related to federal requirements.

Senate Bill No. 2016 - Limits the oil and gas tax revenue allocations to the state disaster relief fund.

Senate Bill No. 2036 - Removes obsolete language related to the coal conversion tax allocations made by the State Treasurer.

Senate Bill No. 2249 - Provides for oil and gas tax revenue allocations to a newly created state energy research center fund.

Senate Bill No. 2312 - Changes the provisions for oil and gas tax revenue sharing between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the allocations to the Three Affiliated Tribes.

Senate Bill No. 2362 - Changes the method of allocating the oil extraction tax revenue attributed to oil production on tribal lands increasing the allocations to the common schools trust fund, the foundation aid stabilization fund, and the resources trust fund.

**Attorney General
Budget No. 125
Senate Bill Nos. 2003 and 2015**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	246.00	\$45,804,596	\$39,104,240	\$84,908,836
2019-21 base budget	237.00	44,695,840	30,647,320	75,343,160
Legislative increase (decrease) to base budget	9.00	\$1,108,756	\$8,456,920	\$9,565,676

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$45,604,596	\$200,000	\$45,804,596
2017-19 legislative appropriations	44,695,840	150,000 ¹	44,845,840 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$908,756	\$50,000	\$958,756
Percentage increase (decrease) to 2017-19 appropriations	2.0%	33.3%	2.1%

¹The 2017-19 biennium general fund appropriations reflects a deficiency appropriation of \$50,000 made in Senate Bill No. 2024. See the **Deficiency and Supplemental Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$1,492,594)	(\$250,559)	(\$1,743,153)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		1,053,211	378,374	1,431,585
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		808,511	291,392	1,099,903
Adjusted funding for salaries.		(182,457)	2,348,217	2,165,760
Removed 4 FTE positions, including 1 paralegal, 1 criminal records specialist II, 1 assistant Attorney General, and 1 administrative assistant II.	(4.00)	(641,089)		(641,089)
Added 1 FTE forensic scientist position.	1.00	224,500		224,500

Transferred 2 FTE criminal justice information sharing positions, including \$372,555 of salaries and wages and \$9,388 of operating expenses from the Adjutant General - Department of Emergency Services for the Bureau of Criminal Investigation.	2.00	270,177	111,766	381,943
Added federal funding for 2 FTE Social Security Administration Cooperative Disability Investigations program FTE positions for the investigation of fraudulent Social Security disability claims.	2.00		661,888	661,888
Added funding from general and federal funds for 6 Medicaid Fraud Control Unit (MFCU) positions, including 1 attorney, 2 auditors, 2 criminal investigators, and 1 administrative assistant.	6.00	111,902	1,007,113	1,119,015
Added funding for MFCU operating expenses, primarily related to travel, professional development, and operating fees and services, as well as capital assets.		40,961	368,644	409,605
Added 1 FTE fire marshal administrative assistant position (\$128,716), funding for 1 previously unfunded FTE deputy fire marshal position (\$169,924), and related fire marshal operating expenses (\$124,888). Of the total, \$382,488 is from the Attorney General operating fund and \$41,040 is from the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund.	1.00		423,528	423,528
Added funding from the Attorney General refund fund to provide salary equity increases for attorneys during the 2019-21 biennium.			425,000	425,000
Added funding for Microsoft Office 365 licensing expenses.		168,000		168,000
Reduced funding for operating expenses, primarily related to operating fees and services, travel, repairs, information technology (IT) contractual repairs and services, and professional service fees to provide total operating expenses of \$16,388,646.		(775,404)	(843,728)	(1,619,132)
Removed funding from the tobacco settlement trust fund relating to tobacco settlement litigation.			(200,000)	(200,000)
Added federal funding for sex offender sentencing, monitoring, apprehending, registering, and tracking (SMART) IT operating expenses.			650,000	650,000
Added federal funding for the Project Safe Neighborhood program.			291,232	291,232
Added funding for the Lottery Narcotics Task Force, increasing the quarterly transfer from the lottery operating fund to the multijurisdictional drug task force grant fund from \$105,625 to \$200,000, providing total transfers of \$1.6 million each biennium, resulting in a general fund revenue decrease of			756,664	756,664

\$755,000. Operating expenses of \$1,664 are also added for this purpose.

Reduced funding for Crime Laboratory bond payments.	(118,512)		(118,512)
Reduced funding for capital assets, including equipment over \$5,000 (\$1,583,910), Crime Laboratory motor vehicles (\$130,000), and IT equipment and software over \$5,000 (\$262,450).	(83,450)	(1,892,910)	(1,976,360)
Added federal funding for community oriented policing grants (\$1,021,237) and reduced funding for other federal grants (\$73,797).		947,440	947,440
Reduced funding from the lottery fund for North Dakota Lottery operating expenses to provide a total of \$3,156,500 for North Dakota Lottery operating expenses.		(375,097)	(375,097)
Added funding for the human trafficking victims grants program to provide total funding of \$1.4 million from the general fund.	1,275,000		1,275,000
Added funding for a forensic nurse examiners grant program.	250,000		250,000
Added funding from the Attorney General refund fund for criminal justice information sharing improvements.		140,000	140,000
Added one-time funding from the Attorney General refund fund for a criminal history improvement project.		400,000	400,000
Added one-time funding from federal funds for capital assets, including equipment over \$5,000 (\$1,522,956), Crime Laboratory motor vehicles (\$130,000), and IT equipment and software over \$5,000 (\$199,000).		1,851,956	1,851,956
Added one-time funding for eight undercover Bureau of Criminal Investigation vehicles.	200,000		200,000
Added one-time funding for an automated finger identification system replacement project, of which \$158,000 is from the Attorney General refund fund and \$158,000 is from federal funds.		316,000	316,000
Added one-time funding from federal and other funds for any additional income received by the Attorney General during the 2019-21 biennium.		250,000	250,000
Added one-time funding from the Attorney General operating fund for a charitable gaming technology system.		400,000	400,000
Authorized 1 FTE assistant Attorney General position to assist in litigation relating to voter identification and required the Attorney General to request funding transfers from the Office of Management and Budget's litigation funding pool line item for the salaries and wages of the position (Senate Bill No. 2015).	1.00		
Total	<u>9.00</u>	<u>\$1,108,756</u>	<u>\$8,456,920</u>
			<u>\$9,565,676</u>

FTE Changes

The 2019-21 biennium appropriations for the Attorney General include funding for 246 FTE positions, an increase of 9 FTE positions from the 2017-19 biennium authorized level of 237, as follows:

Position	FTE	General Fund	Other Funds	Total Funds
Paralegal	(1.00)	(\$134,989)		(\$134,989)
Criminal records specialist II	(1.00)	(125,320)		(125,320)
Assistant Attorney General	(1.00)	(255,460)		(255,460)
Administrative assistant II	(1.00)	(125,320)		(125,320)
Forensic scientist	1.00	224,500		224,500
Criminal justice information sharing	2.00	260,789	\$111,766	372,555
Social Security Administration program	2.00		661,888	661,888
MFCU - Attorney	1.00	21,471	193,231	214,702
MFCU - Auditor	2.00	45,328	407,960	453,288
MFCU - Criminal investigator	2.00	32,126	289,142	321,268
MFCU - Administrative assistant	1.00	12,977	116,780	129,757
Fire marshal administrative assistant position	1.00		128,716	128,716
Assistant Attorney General (Senate Bill No. 2015) ¹	1.00			
Total	9.00	(\$43,898)	\$1,909,483	\$1,865,585

¹Section 3 of Senate Bill No. 2015 authorizes 1 FTE assistant Attorney General position for the Attorney General for the 2019-21 biennium. The Attorney General is required to request funding transfers from the Office of Management and Budget's litigation funding pool line item for the salaries and wages costs of the position.

One-Time Funding

The Legislative Assembly appropriated \$3,417,956 of one-time funding to the Attorney General for the 2019-21 biennium as follows:

	General Fund	Other Funds	Total Funds
Criminal history improvement project ¹		\$400,000	\$400,000
Capital assets ²		1,851,956	1,851,956
Undercover vehicles	\$200,000		200,000
Finger identification system replacement project ³		316,000	316,000
Charitable gaming technology system ⁴		400,000	400,000
Additional income from federal and other funds		250,000	250,000
Total	\$200,000	\$3,217,956	\$3,417,956

¹Funding for the criminal history improvement project is from the Attorney General refund fund.

²Funding for capital assets is from federal funds.

³Funding for the finger identification system replacement project is from the Attorney General refund fund (\$158,000) and federal funds (\$158,000).

⁴Funding for the charitable gaming technology system is from gaming tax revenues deposited in the Attorney General operating fund.

Deficiency and Supplemental Appropriations

Senate Bill No. 2024 - This bill provides deficiency and supplemental appropriations of \$905,910 to the Attorney General, of which \$50,000 is from the general fund for prosecution witness fees and \$855,910 is from federal funds for capital assets. The supplemental appropriation for capital assets includes funding for 15 handheld narcotics analyzers (\$455,910) for each Bureau of Criminal Investigation office and 1 analyzer for the Crime Laboratory and for the Crime Laboratory to purchase a liquid chromatography mass spectrometer for the analysis of narcotics evidence.

24/7 Sobriety Program

The 2007 Legislative Assembly authorized the Attorney General to establish a sobriety program pilot project during the 2007-09 biennium. The pilot program began on January 1, 2008. The Attorney General established a 24/7 sobriety pilot program in 12 counties in the South Central Judicial District. The 2009 Legislative

Assembly, in House Bill No. 1306, authorized the Attorney General to establish a statewide 24/7 sobriety program, established guidelines and program fees, and created and provided a continuing appropriation to the Attorney General from the 24/7 sobriety program fund. The goal of the program is to remove intoxicated drivers from the road and improve their ability to succeed in treatment. From January 2008, through February 2019, the program has included 22,463 participants, of which 14,594 graduated from the program, 4,813 failed the program, 872 reoffended, and 2,184 were still active in the program.

Medicaid Fraud Control Unit

In Senate Bill No. 2347, the 2019 Legislative Assembly approved the establishment of a Medicaid Fraud Control Unit for the investigation of false medical assistance claims in North Dakota. Section 2 of the bill provides for a civil penalty of not less than \$1,000 and not more than \$10,000 for each violation related to Medicaid fraud and provides parameters for the courts related to the amount of damages assessed. Section 3 provides a civil action for the MFCU must be brought by the later of 6 years after the date the violation was committed or 3 years after the date material facts are known or reasonably should have been known. Section 4 allows the Attorney General's MFCU to investigate any alleged violation related to false medical assistance claims and allows the Attorney General to file a civil action, a criminal action, or both against any person that violated or is violating these provisions. Section 7 provides if the state favorably settles or prevails in a civil action, the state is entitled to be awarded reasonable expenses, consultant and expert witness fees, costs, and attorney's fees. The expenses, fees, and costs must be awarded against the defendant, as the state is not liable for costs, attorney's fees, or other expenses incurred by a person in bringing or defending an action related to false medical assistance claims.

Section 9 of Senate Bill No. 2347 establishes the MFCU as a division in the Attorney General's office. The Medicaid Fraud Control Unit is under the supervision of the Attorney General, is staffed by the agents and employees the Attorney General considers necessary and appropriate, and is considered a criminal justice agency. Agents designated by the Attorney General have peace officer status and authority, including the authority of search, seizure, and arrest. All recovered money is required to be forwarded to the designated state Medicaid agency for appropriate allocation between the federal government and the state general fund. The required state match for the MFCU is appropriated from the general fund. The federal government will pay up to 90 percent of the expenses of the program for the first 3 years. After the first 3 years, the federal government will pay up to 75 percent of the expenses of the program.

Section 10 of Senate Bill No. 2347 establishes the powers and duties of the MFCU. Section 11 provides for Medicaid fraud criminal penalties. Section 12 allows the Attorney General to issue a civil investigative demand or subpoena requiring a person to produce documents for inspection and copying, answer in writing written interrogatories related to the documents, give oral testimony regarding the investigation, and furnish any materials, answers, or testimony related to the Medicaid fraud in question. Section 13 requires all local, county, and state departments and agencies to cooperate with the MFCU and the unit's agents and employees. Section 14 allows the Attorney General to adopt rules to implement the MFCU and the related statutes.

In Senate Bill No. 2003, the 2019 Legislative Assembly appropriated \$1,528,620 for the MFCU for the 2019-21 biennium, of which \$152,863, or 10 percent, is from the general fund and \$1,375,757, or 90 percent, is from federal funds. The funding includes salaries and wages funding of \$1,119,015 for 6 FTE positions, including 1 attorney, 2 auditors, 2 criminal investigators, and 1 administrative assistant. The remaining \$409,605 is for operating expenses and capital assets of the MFCU for the 2019-21 biennium.

Prosecution Witness Fees

Section 4 of Senate Bill No. 2003 amends North Dakota Century Code Section 31-01-16 to limit the amount of prosecution witness fees a county may be reimbursed by the Attorney General to \$25,000 per county per biennium. The Attorney General has budgeted \$95,056 in the operating expenses line item for prosecution witness fees for the 2019-21 biennium. A recent history of funding for prosecution witness fees in the Attorney General's office is as follows:

Biennium	General Fund				Emergency Commission State Contingency Funds	Total
	Budgeted by the Attorney General	Deficiency Appropriation	Emergency Commission Line Item Transfers	General Fund Subtotal		
2013-15	\$100,000	\$50,000		\$150,000	\$120,000	\$270,000
2015-17	100,000		\$121,714	221,714		221,714
2017-19	95,056	50,000		145,056	50,000	195,056
2019-21	95,056			95,056		95,056
Total	\$390,112	\$100,000	\$121,714	\$611,826	\$170,000	\$781,826

Statewide Automated Victim Information and Notification Program

The 2017 Legislative Assembly amended Section 27-01-10 related to fee assessments for funding crime victim and witness programs and changed the assessment of a fee from optional to mandatory. The Legislative Assembly appropriated \$315,000 from funds received from political subdivisions and directed the Attorney General to consult with the North Dakota Association of Counties and the North Dakota League of Cities to establish a cost-sharing program to provide for each political subdivision to share in the cost of the statewide automated victim information and notification (SAVIN) program enhancement project. The Legislative Assembly authorized the Attorney General to use up to \$500,000 of rent savings as the result of an expected move of employees into space available in the Job Service North Dakota central office building for the SAVIN program enhancements and provided a contingent appropriation of \$500,000 from a Department of Trust Lands grant, from funds provided for law enforcement grants during the 2015-17 biennium, for the 2017-19 biennium, if the move does not occur, for a total appropriation of \$815,000 for the SAVIN program.

In Section 9 of Senate Bill No. 2003, the 2019 Legislative Assembly provided the Attorney General an exemption to continue the \$815,000 of other funds appropriated to the Attorney General for the SAVIN program in the 2017-19 biennium into the 2019-21 biennium.

Human Trafficking Victims Grant Program

The 2015 Legislative Assembly in Senate Bill No. 2107 created Chapter 12.1-41 relating to the Uniform Act on Prevention of and Remedies for Human Trafficking, which provided a penalty for human trafficking, and authorized the Attorney General to grant or contract with service providers to develop or expand service programs for victims of human trafficking. The 2017 Legislative Assembly appropriated \$125,000 from the general fund in Senate Bill No. 2203 to the Attorney General to provide human trafficking victims grants during the 2017-19 biennium. The 2019 Legislative Assembly appropriated \$1.4 million from the general fund to the Attorney General for human trafficking victims grants during the 2019-21 biennium. Section 10 of Senate Bill No. 2003 provides guidelines for the distribution of grant funding and requires the Attorney General to report to the Legislative Management regarding the status of the grant program.

Forensic Nurse Examiners Grant Program

In 2017 Senate Bill No. 2191, the Legislative Assembly appropriated one-time funding of \$150,000 from the strategic investment and improvements fund to the Attorney General for the purpose of providing grants for a domestic violence and rape crisis program, also known as the sexual assault forensic nurse examiners grant program for community-based or hospital-based sexual assault examiner programs for the 2017-19 biennium. In 2019 Senate Bill No. 2003, the Legislative Assembly appropriated ongoing funding of \$250,000 from the general fund for the program for the 2019-21 biennium. Section 11 requires the Attorney General to report to the 67th Legislative Assembly on the use of the funds received and the outcomes of the programs. The Attorney General is required to report to the Appropriations Committees of the 67th Legislative Assembly on the number of nurses trained, the number and location of nurses providing services related to the sexual assault nurse examiner programs, and documentation of collaborative efforts to assist victims which includes nurses, the hospital or clinic, law enforcement, and state's attorneys.

Charitable Gaming Technology System

The 2019 Legislative Assembly provided a one-time appropriation of \$400,000 from the Attorney General operating fund to the Attorney General to purchase equipment and software for a charitable gaming technology system to address charitable gaming needs in the state during the 2019-21 biennium. Section 12 of Senate Bill No. 2003 provides an exemption from Section 53-06.1-12(3) to allow the Attorney General to retain \$400,000 of gaming tax revenues and deposit the revenue in the Attorney General operating fund during fiscal year 2020. This change reduced 2019-21 estimated general fund revenues from gaming tax collections by \$400,000.

Attorney Salary Equity Increases

On April 10, 2019, the Consumer Protection Division of the Attorney General's office received a \$1,215,561 settlement for a Wells Fargo lawsuit related to Wells Fargo's automobile gap insurance, the company opening accounts without consumers knowledge, and its mortgage interest rate extension fees. The funding was deposited in the Attorney General refund fund. The 2019 Legislative Assembly appropriated \$425,000, of which \$25,000 relates to anticipated interest and earnings of the settlement amount, of this funding to the Attorney General for the 2019-21 biennium. In Section 14 of Senate Bill No. 2003, the Legislative Assembly provided legislative intent that the Attorney General use up to \$425,000 from the April 2019 settlement for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost to continue the salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations. Section 15 of Senate Bill No. 2003 allows the Attorney General to invest up to \$1,215,561 of the settlement proceeds under the supervision of the State Investment Board for the period beginning July 1, 2019, and ending June 30, 2025.

Other Sections in Senate Bill No. 2003

Exemption - Attorney General refund fund - Section 3 provides the Attorney General an exemption to retain the 2017-19 biennium ending balance of the Attorney General refund fund for the 2019-21 biennium rather than transferring the balance to the general fund on June 30, 2019.

Lottery operating fund - Section 5 amends Section 53-12.1-09 to increase the quarterly transfer from the lottery operating fund to the multijurisdictional drug task force grant fund from \$105,625 to \$200,000 to provide total transfers of \$1.6 million during the 2019-21 biennium. This additional funding for the Lottery Narcotics Task Force results in a general fund revenue decrease of \$755,000.

Salary of the Attorney General - Section 6 includes the statutory changes necessary to increase the Attorney General's salary from the current annual salary of \$157,009 to \$159,409 (\$200 monthly increase) on July 1, 2019, and to \$163,394 (2.5 percent increase) on July 1, 2020.

Additional income - Section 7 provides an appropriation of \$250,000 from federal or other funds to the Attorney General for defraying the expenses of the Attorney General's office during the 2019-21 biennium. The Attorney General is required to notify the Office of Management and Budget and the Legislative Council of any funding made available pursuant to this section.

Criminal history record checks - Section 8 requires any individual or entity requesting a criminal history record check from the Bureau of Criminal Investigation to pay a reasonable fee as determined by the Attorney General. The funding must be deposited in the state general fund during the 2019-21 biennium.

Exemption - Concealed weapon rewrite project - Section 13 provides the Attorney General an exemption to continue unexpended 2015-17 biennium funding that was continued into the 2017-19 biennium for a concealed weapon rewrite project into the 2019-21 biennium.

Related Legislation

House Bill No. 1286 - Seizures and forfeitures of property and currency - This bill requires law enforcement agencies to file an annual report with the Attorney General relating to seizures and forfeitures of property and currency. By November 1 of each year, the Attorney General must submit a written report to the Legislative Management and the Governor summarizing activity in the state for the preceding fiscal year to include the type, approximate value, and disposition of any civilly forfeited property, and the amount of proceeds received. The Attorney General is required to make the reports and the Attorney General's aggregated report available on the Attorney General's website. The bill requires funds obtained through civil asset forfeiture be deposited into the Attorney General assets forfeiture fund.

House Bill No. 1313 - Missing and murdered indigenous people - This bill requires the Attorney General's criminal justice data information sharing system to include data related to missing and murdered indigenous people.

House Bill No. 1507 - Human Trafficking Commission educational training - This bill requires the Attorney General's Human Trafficking Commission to establish an educational training program related to identification and reporting of suspected human trafficking and provides a continuing appropriation to the Human Trafficking Commission for furthering the objectives of human trafficking prevention training and incentivizing proprietors to participate in human trafficking prevention training.

House Bill No. 1521 - North Dakota Ethics Commission - This bill establishes the North Dakota Ethics Commission, allows the Attorney General to approve the legality of Commission nonemergency rules, and requires the Attorney General to serve as legal counsel for the Commission unless the Commission objects to representation by the Attorney General in a specific matter. When a conflict of interest prevents the Attorney General from providing legal services to the Commission, the Attorney General may appoint a special assistant Attorney General to serve as legal counsel for the Commission.

Senate Bill No. 2012 - Tobacco settlement trust fund - Section 9 of this bill amends Section 54-57-25 to remove the Attorney General's authority to use funds from the tobacco settlement trust fund.

Senate Bill No. 2024 - Deficiency and supplemental appropriations - Subdivision 8 of Section 1 of this bill provides deficiency and supplemental appropriations to the Attorney General for the 2017-19 biennium.

Senate Bill No. 2162 - Charitable gaming prizes - This bill increases the primary prize an organization may award from \$6,000 to \$8,000. The total of prizes paid for all games is increased from \$12,000 to \$40,000 per year.

Senate Bill No. 2347 - MFCU - This bill establishes a MFCU as a division of the Attorney General's office and establishes statutory requirements for the program.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	123.00	\$54,071,616	\$125,000	\$54,196,616
2019-21 base budget	133.00	51,264,499	125,000	51,389,499
Legislative increase (decrease) to base budget	(10.00)	\$2,807,117	\$0	\$2,807,117

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$54,071,616	\$0	\$54,071,616
2017-19 legislative appropriations	51,264,499	1,910,000 ¹	53,174,499 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,807,117	(\$1,910,000)	\$897,117
Percentage increase (decrease) to 2017-19 appropriations	5.5%	(100.0%)	1.7%

¹The 2017-19 biennium general fund appropriations reflect a deficiency appropriation of \$1.32 million in Senate Bill No. 2024 and a deficiency appropriation of \$590,000 in Section 2 of Senate Bill No. 2006. See the **Deficiency Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$711,232		\$711,232
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		691,036		691,036
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		566,684		566,684
Added funding for an auditor position that was partially funded during the 2017-19 biennium to provide total funding of \$150,000 for the position.		75,000		75,000
Removed 10 FTE unfunded vacant positions, including 2 office assistants, 1 account technician, 2 auditors, and 5 unspecified positions.	(10.00)			

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(900,000)	(900,000)
Increased funding for GenTax software support to provide total funding of \$3.63 million.	300,589	300,589
Added funding for Microsoft Office 365 licensing expenses.	62,576	62,576
Increased funding for the homestead tax credit program by \$1,000,000, from \$14,800,000 to \$15,800,000 and increased funding for the disabled veterans' tax credit program by \$300,000, from \$8,110,200 to \$8,410,200.	1,300,000	1,300,000
Total	<u>(10.00)</u>	<u>\$2,807,117</u>
		<u>\$0</u>
		<u>\$2,807,117</u>

FTE Changes

The Legislative Assembly approved 123 FTE positions for the Tax Commissioner for the 2019-21 biennium, a decrease of 10 FTE positions from the 2017-19 biennium authorized level of 133 FTE positions. The Legislative Assembly removed 2 FTE office assistant positions, 1 FTE account technician position, 2 FTE auditor positions, and 5 unspecified positions, the same as the agency's budget request.

Deficiency Appropriations

Senate Bill No. 2024 provides a deficiency appropriation of \$1.32 million from the general fund to the Tax Commissioner for the homestead tax credit program (\$1.17 million) and for the disabled veterans' tax credit program (\$150,000). Section 2 of Senate Bill No. 2006 provides a deficiency appropriation of \$590,000 from the general fund for the homestead tax credit program (\$42,000) and the disabled veterans' tax credit program (\$548,000). An increase in taxable values resulted in a shortfall in the homestead tax credit program. Increases in applicants and taxable values resulted in a shortfall in the disabled veterans' tax credit program.

Other Sections in Senate Bill No. 2006

Tax credit program - Section 2 provides a deficiency appropriation of \$590,000 for the homestead and disabled veterans' tax credit programs. Section 6 provides an emergency clause related to the deficiency appropriation.

Line item transfers - Section 3 allows the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2019-21 biennium.

Motor vehicle fuel taxes - Section 4 provides for a transfer of \$1,991,024 from motor vehicle fuel tax collections to the general fund for the 2019-21 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

Salary of the Tax Commissioner - Section 5 includes the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$114,791 to \$117,087 (2 percent) on July 1, 2019, and to \$120,014 (2.5 percent) on July 1, 2020.

Related Legislation

House Bill No. 1041 - Increases the maximum amount that a qualified homeowner may claim as a homestead tax credit for special assessments by providing an annual adjustment to the maximum based on the consumer price index.

House Bill No. 1112 - Requires information returns to be submitted electronically to the Tax Department in certain situations.

House Bill No. 1214 - Clarifies the membership of the Streamlined Sales Tax Governing Board.

House Bill No. 1487 - Provides for a Legislative Management study of the homestead tax credit program.

Senate Bill No. 2036 - Removes obsolete language related to an expired income tax credit for angel fund investments and automation tax credits.

Senate Bill No. 2089 - Provides technical corrections for clarity and consistency relating to various reports received by the Tax Department and definitions for administering sales and use taxes.

**Insurance Commissioner
Budget No. 401
Senate Bill No. 2010**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	41.00	\$0	\$28,734,703	\$28,734,703
2019-21 base budget	46.00	0	25,793,430	25,793,430
Legislative increase (decrease) to base budget	(5.00)	\$0	\$2,941,273	\$2,941,273

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			\$165,007	\$165,007
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			233,693	233,693
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			182,946	182,946
Added 1 FTE consumer assistance outreach coordinator position.	1.00		179,711	179,711
Added 1 FTE high-risk pool and health care reform coordinator.	1.00		202,791	202,791
Authorized the Insurance Commissioner to contract for the administration of the state fire and tornado fund and the state bonding fund with the North Dakota Insurance Reserve Fund.	(3.00)		(610,352)	(610,352)
Transferred the boiler inspection program to the Department of Environmental Quality.	(4.00)		(753,365)	(753,365)
Reduced funding for operating expenses, including travel, information technology, and professional services.			(637,255)	(637,255)
Added funding for Microsoft Office 365 licensing expenses.			24,153	24,153
Increased funding for fire district payments.			3,753,944	3,753,944
Added one-time funding for an analysis of health insurance premium trends.			200,000	200,000
Total	(5.00)	\$0	\$2,941,273	\$2,941,273

FTE Changes

The 2019-21 biennium appropriation includes funding for 41 FTE positions, a decrease of 5 FTE positions from the 2017-19 biennium authorized level of 46 FTE positions. The Legislative Assembly removed 3 FTE positions related to the transfer of administration of the state fire and tornado fund and the state bonding fund to the North Dakota Insurance Reserve Fund and 4 FTE positions related to the transfer of the boiler inspection program to the Department of Environmental Quality, and added 1 FTE consumer assistance outreach coordinator and 1 FTE high-risk pool and health care reform coordinator.

One-Time Funding

In Section 2 of Senate Bill No. 2010 the Legislative Assembly identified \$200,000 of one-time funding for an analysis of health insurance premium trends.

Other Sections in Senate Bill No. 2010

Insurance tax distribution fund - Section 3 appropriates \$17,989,505 for payments to fire departments, an increase of \$3,750,000 from the 2017-19 biennium appropriation of \$14,235,561, and \$828,525 for payments to the North Dakota Firefighter's Association, the same amount appropriated for the 2017-19 biennium.

Unsatisfied judgment fund - Section 4 designates \$29,703 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

Fees - Section 5 amends North Dakota Century Code Section 26.1-01-07 relating to fees chargeable by the Insurance Commissioner to adjust fees charged to county mutual insurance companies and benevolent societies.

Insurance Commissioner's salary - Section 6 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 2 percent the 1st year of the biennium and 2.5 percent the 2nd year as follows:

Annual salary authorized by the Legislative Assembly in 2017:

July 1, 2017	\$105,770
July 1, 2018	\$105,770

Annual salary authorized by the Legislative Assembly in 2019:

July 1, 2019	\$107,885
July 1, 2020	\$110,582

Insurance rebates - Sections 7, 8, and 14 provide statutory changes relating to rebates associated with obtaining an insurance quote.

Fund administration - Sections 9 through 13 provide statutory changes necessary to allow the Insurance Commissioner to contract with the North Dakota Insurance Reserve Fund for administration of the state fire and tornado fund and the state bonding fund. The sections also provide continuing appropriation authority from the state fire and tornado fund and the state bonding fund to pay administration expenses.

Health care analysis - Section 15 provides for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106.

Legislative intent - Fire department payments - Section 16 provides legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office ratings.

Pre-existing conditions - Section 17 provides for a Legislative Management study of health insurance coverage for pre-existing conditions.

Legislative Management study - Volunteer firefighter pensions - Section 18 provides for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters.

Related Legislation

House Bill No. 1024 - Transfers the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.

House Bill No. 1028 - Provides for a Public Employees Retirement System self-insurance plan for health benefits coverage under the Insurance Commissioner.

House Bill No. 1106 - Provides for an invisible reinsurance pool for the individual health insurance market. This bill also provides for a Legislative Management study of health insurance premium rates.

House Bill No. 1219 - Provides for the Insurance Commissioner to license public adjusters and establishes an initial application fee of \$100 and an annual renewal fee of \$25.

**Public Service Commission
Budget No. 408
Senate Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	43.00	\$6,714,928	\$12,608,476	\$19,323,404
2019-21 base budget	45.00	6,630,762	11,985,016	18,615,778
Legislative increase (decrease) to base budget	(2.00)	\$84,166	\$623,460	\$707,626

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$6,714,928	\$0	\$6,714,928
2017-19 legislative appropriations	6,630,762	0	6,630,762
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$84,166	\$0	\$84,166
Percentage increase (decrease) to 2017-19 appropriations	1.3%	0.0%	1.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$170,406	\$112,581	\$282,987
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		116,992	74,879	191,871
Removed 2 FTE grain warehouse inspectors (\$317,725) and related operating expenses (\$71,000).	(2.00)	(388,725)		(388,725)
Added funding for the reclassification of an existing underfunded FTE position as an accounting budget specialist position (\$165,493) and related operating expenses (\$5,000).		170,493		170,493
Added funding for capital assets.		15,000		15,000
Added one-time funding from federal funds for specialized legal services.			336,000	336,000

Added one-time funding to provide grain licensing services to the Agriculture Commissioner.			100,000	100,000
Total	(2.00)	\$84,166	\$623,460	\$707,626

FTE Changes

The 2019-21 biennium appropriation includes funding for 43 FTE positions, a decrease of 2 FTE positions from the 2017-19 biennium authorized level of 45 FTE positions. The Legislative Assembly transferred 2 FTE grain licensing inspector positions to the Agriculture Commissioner.

One-Time Funding

In Sections 2 and 4 of Senate Bill No. 2008, the Legislative Assembly identified \$336,000 of one-time funding from federal funds for specialized legal services and \$100,000 of one-time funding from other income received from the Agriculture Commissioner for continuing to provide services related to grain insolvency litigation initiated prior to July 1, 2019.

Grain Licensing

In Senate Bill No. 2008, the Legislative Assembly removed 2 FTE grain licensing inspector positions and related funding (\$388,725) from the Public Service Commission. In Senate Bill No. 2009, the Legislative Assembly authorized 3 FTE grain licensing inspector positions (\$683,006) and 1 FTE accounting budget specialist position (\$170,493), and amended various sections of Century Code, to transfer regulatory responsibilities for grain, grain buyers, warehousing, deposits, and warehousemen from the Public Service Commission to the Agriculture Commissioner.

Other Sections in Senate Bill No. 2008

Beginning farmer revolving loan fund - Section 3 authorizes a \$900,000 transfer from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. The Public Service Commission would reimburse the beginning farmer revolving loan fund for any funds spent using amounts available from damages or proceeds, net of legal fees.

Appropriation - Grain licensing legal services - Section 4 appropriates one-time funding of \$100,000 of income to be received from the Agriculture Commissioner to the Public Service Commission for continuing to provide legal services related to grain insolvency litigation initiated prior to July 1, 2019.

Salary of commissioners - Section 5 provides the statutory changes increasing the Public Service Commissioners' salary. The Public Service Commissioners' annual salary will increase from the current level of \$108,656 to \$110,829, effective July 1, 2019, and to \$113,600, effective July 1, 2020, to reflect the 2 percent and 2.5 percent salary increase.

Railroad safety pilot program - Section 6 amends North Dakota Century Code Section 57-43.2-19 to discontinue the deposit of special fuels taxes into the rail safety fund on June 30, 2021, and changes the amount deposited from \$285,000 per year to \$294,509 per year.

Railroad inspection study - Section 7 requires the Public Service Commission to study technology available to create efficiencies to reduce costs for railroad equipment and track inspections and requires the commission to report its findings and any related budget recommendations to the Appropriations Committees of the 67th Legislative Assembly.

Related Legislation

House Bill No. 1362 - Creates Chapter 49-09.1 relating to the right of utilities to cross over or under a railroad right of way and places restrictions on crossing fees.

House Bill No. 1383 - Amends Section 49-22-05.1 to restrict the Public Service Commission from identifying prime farmland, unique farmland, or irrigated land as exclusion or avoidance areas when evaluating and designating geographical areas for site, corridor, or route suitability. This bill also amends Section 49-22-09 to restrict the Public Service Commission from placing a condition on the issuance of a certificate or permit on the applicant.

Senate Bill No. 2009 - Transfers the authority over grain, grain buyers, warehousing, deposits, and warehousemen from the Public Service Commission to the Agriculture Commissioner and provides \$100,000 from the general fund to the Agriculture Commissioner for paying the Public Service Commission to continue providing services relating to grain insolvency litigation that began prior to July 1, 2019.

Senate Bill No. 2100 - Amends Section 49-02-27 to authorize the Public Service Commission to adopt rules governing the decommissioning of commercial solar energy conversion facilities.

Senate Bill No. 2122 - Creates a new section to Chapter 49-02 to require applicants who file under a title for which there is no application fee, to pay the cost of publishing any notice issued by the Public Service Commission for the application.

**Agriculture Commissioner
Budget No. 602
Senate Bill No. 2009 and House Bill No. 1383**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	78.00	\$10,910,429	\$30,322,406	\$41,232,835
2019-21 base budget	73.00	9,109,101	21,087,676	30,196,777
Legislative increase (decrease) to base budget	5.00	\$1,801,328	\$9,234,730	\$11,036,058

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$10,700,429	\$210,000	\$10,910,429
2017-19 legislative appropriations	9,109,101	0	9,109,101
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,591,328	\$210,000	\$1,801,328
Percentage increase (decrease) to 2017-19 appropriations	17.5%	N/A	19.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$216,913	\$189,585	\$406,498
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		175,896	158,759	334,655
Added funding for temporary salaries.			159,852	159,852
Added funding for an Agriculture Commissioner salary equity increase.		14,586		14,586
Added funding for Microsoft Office 365 license expenses.		1,849	377	2,226
Adjusted funding for capital assets, including a decrease of \$13,000 for a 2017-19 biennium copier and an increase of \$15,000 for a 2019-21 biennium plotter.		2,000		2,000

Added funding from the environment and rangeland protection fund for Wildlife Services operating fees to provide total funding of \$1,457,400 for Wildlife Services.			49,400	49,400
Added \$3,900 for grape and wine grants to provide a total of \$80,000 from the general fund and added \$2,100 for apiary grants to provide a total of \$75,000 from the general fund.		6,000		6,000
Added funding for meat inspection operating expenses, of which \$11,033 is from the general fund and \$10,185 is from federal funds. The funding for 1 FTE meat inspection program director position was adjusted to increase funding from the general fund by \$69,969 and to reduce other funds by \$69,969.		81,002	(59,784)	21,218
Added funding to transfer the Agriculture Products Utilization Commission (APUC) from the Department of Commerce.	1.00	239,583	1,736,541	1,976,124
Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission.	4.00	853,499		853,499
Added one-time funding from Bank of North Dakota profits for APUC.			2,000,000	2,000,000
Added one-time funding for grain insolvency litigation expenses.		100,000		100,000
Added one-time funding for a master customer database.		110,000		110,000
Added one-time funding from the environmental impact mitigation fund for providing grants to political subdivisions for the mitigation of environmental impacts (House Bill No. 1383).			5,000,000	5,000,000
Total	5.00	\$1,801,328	\$9,234,730	\$11,036,058

FTE Changes

The Legislative Assembly approved 78.00 FTE positions for the Agriculture Commissioner for the 2019-21 biennium, an increase of 5 FTE positions from the 2017-19 biennium. The Legislative Assembly authorized 4 FTE positions for the grain warehouse license and inspection program, including 3 FTE grain warehouse inspector positions and 1 FTE accounting budget specialist position, related to the transfer of the program from the Public Service Commission. The Legislative Assembly also authorized 1 FTE APUC position related to the transfer of APUC from the Department of Commerce.

One-Time Funding

The Legislative Assembly approved \$7.21 million of one-time funding for the Agriculture Commissioner for the 2019-21 biennium as follows:

	General Fund	Other Funds	Total Funds
Agricultural Products Utilization Commission (Bank of North Dakota profits)		\$2,000,000	\$2,000,000
Grain insolvency litigation (Section 11 of Senate Bill No. 2009)	\$100,000		100,000
Master customer database	110,000		110,000
Mitigation of environmental impacts (environmental impact mitigation fund) (House Bill No. 1383)		5,000,000	5,000,000
Total	\$210,000	\$7,000,000	\$7,210,000

Environment and Rangeland Protection Fund

The environment and rangeland protection fund was established by the 1991 Legislative Assembly in Senate Bill No. 2451 and enacted as North Dakota Century Code Section 19-18-02.1 then amended and reenacted by the 2017 Legislative Assembly as Section 4.1-39-07 as part of the agriculture law rewrite. The fund contains collections from pesticide registration fees, fertilizer registration, inspection, and tonnage fees, and weed seed free forage fees. Prior to the 2009-11 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund. Funding in the environment and rangeland protection fund is utilized for various Agriculture Commissioner programs. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the environment and rangeland protection fund.

Section 3 of Senate Bill No. 2009 transfers \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2019-21 biennium.

Section 4 of Senate Bill No. 2009 identifies \$6,725,799 of funding from the environment and rangeland protection fund for Agriculture Commissioner programs.

Agricultural Products Utilization Commission

The 2019 Legislative Assembly approved the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium. The Legislative Assembly approved total funding of \$4,000,000 for APUC for the 2019-21 biennium, of which \$1,760,417 is from the APUC fund and \$2,000,000 is from the profits of the Bank of North Dakota for operating expenses and grants in the APUC line item. The remaining \$239,583 is from the general fund for 1 FTE position in the salaries and wages line item. The 2019-21 authorized funding level of \$4,000,000 is an increase of \$847,085 from the 2017-19 biennium authorized level of \$3,152,915 in the Department of Commerce, all of which was appropriation authority from the APUC fund in anticipation of receiving profits of the Mill and Elevator Association. The appropriation also includes an increase of 1 FTE APUC position, since no FTE positions were removed in the Department of Commerce for the transfer of APUC.

Section 9 of Senate Bill No. 2009 provides for a \$2 million transfer from the Bank of North Dakota's current earnings and undivided profits to the Agriculture Commissioner for deposit in the APUC fund for the 2019-21 biennium. Statutory changes necessary for the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner were made in Senate Bill No. 2328.

Grain Warehouse License and Inspection Program

The 2019 Legislative Assembly approved the transfer of the grain warehouse license and inspection program from the Public Service Commission to the Agriculture Commissioner beginning in the 2019-21 biennium. The Legislative Assembly authorized total funding of \$953,499 from the general fund for the program for the 2019-21 biennium. Of this amount, \$853,499 relates to 4 FTE positions authorized for the program, including \$728,499 for salaries and wages and \$125,000 for operating expenses. The remaining \$100,000 was provided as a one-time appropriation in Section 11 of Senate Bill No. 2009 to allow the Agriculture Commissioner to pay the Public Service Commission to continue providing services related to grain insolvency litigation that began prior to July 1, 2019, for the 2019-21 biennium. Sections 12 through 91 of Senate Bill No. 2009 provide the statutory changes necessary for the transfer of the grain warehouse license and inspection program from the Public Service Commission to the Agriculture Commissioner and also increase annual license fees, resulting in additional general fund revenues of approximately \$43,600 during the 2019-21 biennium.

Other Sections in Senate Bill No. 2009

Game and fish funding - Section 5 provides \$614,430 from the game and fish operating fund for the State Board of Animal Health (\$114,430) and Wildlife Services Program (\$500,000) for the 2019-21 biennium, the same as the 2017-19 biennium.

State Water Commission funding - Section 6 provides that \$125,000 be transferred from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program for the 2019-21 biennium, the same as the 2017-19 biennium.

Waterbank program - Matching funds - Section 7 identifies \$50,000 from the general fund in the salaries and wages line item for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Pipeline restoration and reclamation - Section 8 identifies \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program during the 2019-21 biennium, the same as the 2017-19 biennium.

Salary of the Agriculture Commissioner - Section 10 includes the statutory changes necessary to provide a salary equity increase to the Agriculture Commissioner of \$5,889 per year, increasing the current annual salary of \$108,656 to \$114,545, and to increase the salary to \$116,836 (2 percent) on July 1, 2019, and to \$119,757 (2.5 percent) on July 1, 2020. The salary equity increase is the same as the amount provided to the State Treasurer for the 2019-21 biennium.

Related Legislation

House Bill No. 1134 - Commercial feed - This bill amends Chapter 4.1-41 relating to commercial feed and allows the Agriculture Commissioner to adopt rules to implement the commercial feed requirements in the chapter.

House Bill No. 1349 - Industrial hemp - This bill allows the Agriculture Commissioner to assess a fee of \$350 to each producer and processor applying for a license to grow or process hemp. The revenue collected from license fees is to be deposited in the Agriculture Commissioner's operating fund and is appropriated to the Agriculture Commissioner on a continuing basis. The bill also repeals Chapter 4.1-18 relating to industrial hemp.

House Bill No. 1383 - Mitigation of environmental impacts - This bill provides an appropriation of \$5 million from the environmental impact mitigation fund to the Agriculture Commissioner for the purpose of providing grants to political subdivisions for the mitigation of environmental impacts. The bill establishes an environmental impact mitigation fund, provides for a continuing appropriation to the Agriculture Commissioner from the fund, and allows applicants to make payments to the Agriculture Commissioner for mitigation of environmental impacts. Funds received by the Agriculture Commissioner for this purpose must be deposited in the environmental impact mitigation fund, which the Agriculture Commissioner may distribute to political subdivisions and landowners of agricultural land to offset impacts of energy development to agricultural land.

House Bill No. 1467 - Study of grain programs - This bill provides for the Legislative Management to consider studying agricultural issues in the state, including studying grain buyers, roving grain buyers, grain brokers, and grain handling facilities under Title 60, as well as issues related to prepayment for fertilizer, soil amendments, seed, and fuel in situations of insolvency. The study must include a review of the current law, industry practices, and background checks relating to grain buyers, roving grain buyers, grain brokers, and handling facilities and a review of any potential efficiencies that may exist, methods of maintaining financial security during the grain buying process including consideration of facility operating capital to ensure adequate solvency during licensing, and the process of confidential financial and physical audits. The study also must include a review of the law pertaining to grain handling facility asset lists to determine if changes are required to ensure producers are protected from facility insolvency if an end product is refined and no longer reflects the original product, the indemnity fund under Title 60, and grain handling facility bonding requirements.

Senate Bill No. 2024 - Emergency hay transportation loan repayment - This bill provides a \$1,586,061 deficiency appropriation from the environment and rangeland protection fund to the Adjutant General to repay Bank of North Dakota loans for the summer 2018 emergency hay transportation program that was administered by the Agriculture Commissioner.

Senate Bill No. 2152 - Anhydrous ammonia - This bill requires the Agriculture Commissioner to charge a one-time fee of \$100 for a retail anhydrous ammonia storage facility or a mobile storage container license.

Senate Bill No. 2224 - This bill establishes a bioscience innovation grant program, provides a continuing appropriation to the Agriculture Commissioner for the program, and requires the Office of Management and Budget to transfer \$700,000 from the Research North Dakota fund to the bioscience innovation grant fund during the 2019-21 biennium. Of the \$700,000 transferred, up to \$200,000 may be awarded to entities providing assistance to develop bioscience companies. The Agriculture Commissioner is required to collaborate with the Department of Commerce when awarding bioscience innovation grants and to coordinate the management of the Agriculture Commissioner's bioscience innovation grant program with the Department of Commerce's biotechnology grant program.

Senate Bill No. 2328 - This bill transfers APUC from the Department of Commerce to the Agriculture Commissioner.

SECTION E - ELEMENTARY AND SECONDARY EDUCATION

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ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

STATE SCHOOL AID

The Legislative Assembly appropriated \$2,181,702,429, of which \$1,690,938,429 is from the general fund, \$113,000,000 is from the foundation aid stabilization fund, and \$377,764,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, special education, and one-time grants for rapid enrollment growth. This level of funding represents an increase of \$165,798,266, including increases in funding of \$281,581,171 from the general fund and \$72,217,095 from the state tuition fund offset by a decrease in funding from the foundation aid stabilization fund of \$188,000,000, from the 2017-19 legislative appropriation of \$2,015,904,163.

In 2013 the Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula change provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2019-21 biennium, the integrated payment rates are increased 2 percent each year of the biennium to provide \$9,839 during the 1st year of the biennium and \$10,036 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

The legislative appropriation for the state school aid program:

- Includes **integrated formula payments** totaling \$2,098,202,429, of which \$1,610,438,429 is from the general fund, \$110,000,000 is from the foundation aid stabilization fund, and \$377,764,000 is from the state tuition fund. This level of funding represents an increase of \$162,998,266, including a decrease in funding of \$185,000,000 from the foundation aid stabilization fund and increases in funding of \$275,781,171 from the general fund and \$72,217,095 from the state tuition fund, from the 2017-19 biennium appropriation for integrated formula payments of \$1,935,204,163. The Legislative Assembly approved an increase in the state school aid formula totaling \$163 million, including costs associated with projected student growth (\$54 million); integrated formula payment rate increases (\$62 million); transitioning to on-time funding in the 2nd year of the biennium (\$18 million); resetting the baseline to the 2017-18 school year (\$15 million); and changes to the in lieu of revenue deductions (\$18 million), which are offset by savings related to other formula changes approved by the 2019 Legislative Assembly (\$4 million).
- Authorizes the department to spend up to \$800,000 of the integrated formula payments line item for **gifted and talented programs**, the same as the 2017-19 biennium, and up to \$500,000 for **regional education association grants**, the same as the 2017-19 biennium. In addition to regional education association grants, the state school aid formula provides approximately \$4.6 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.
- Provides \$56.5 million for **transportation grants**, \$1.1 million more than the 2017-19 biennium. This level of funding will allow reimbursement rates to remain the same as the 2017-19 biennium.
- Increases funding for **special education contracts** by \$4.7 million to provide a total of \$24 million. In addition to special education contracts, the state school aid formula provides approximately \$215.2 million through the integrated formula payments line item for special education weighting factors and pre-kindergarten average daily membership and weighting factors.
- Provides \$3 million of one-time funding from the foundation aid stabilization fund for **rapid enrollment grants**, \$3 million less than the one-time 2017-19 appropriation from the foundation aid stabilization fund for rapid enrollment grants.

The legislative appropriation for the state school aid program of \$2,181,702,429 is summarized as follows:

Integrated formula payments	\$2,098,202,429
Transportation aid payments	56,500,000
Special education - Contracts	24,000,000
Rapid enrollment grants	3,000,000
Total	\$2,181,702,429

OPERATING EXPENSES

The Legislative Assembly provided for the following major changes to the Department of Public Instruction's operating expense line item:

1. **Teacher shortage loan forgiveness program** - Transferred the teacher shortage loan forgiveness program from the North Dakota University System to the Department of Public Instruction, including a transfer of \$2.1 million of general fund authority from the University System budget to the Department of Public Instruction budget. The Legislative Assembly, in House Bill No. 1429 (2019), transferred the teacher shortage loan forgiveness program from the University System to the Department of Public Instruction and allowed the department to continue any funding remaining for the program at the end of the 2017-19 biennium to the 2019-21 biennium to provide loan forgiveness benefits. The department anticipates approximately \$750,000 of additional funding will be continued in the 2019-21 biennium to provide a total of \$2.85 million for the teacher shortage loan forgiveness program.
2. **State school aid formula rewrite** - \$200,000 of **one-time funding** from the general fund to rewrite the state school aid formula.
3. **Education Vision Steering Committee** - \$300,000 from the general fund related to a Pre K-12 Education Vision Steering Committee to support the facilitation of stakeholder groups to continue developing education initiatives as provided in Senate Bill No. 2025 (2019).
4. **Education Coordination Council** - \$189,000 from the general fund related to the administration of the Education Coordination Council established in Senate Bill No. 2215 (2019). This change also included a .50 FTE position and related funding for salaries and wages of \$76,000.
5. **AdvancEd contract** - \$312,000 from the general fund related to an increase in the continuous improvement for schools contract with AdvancEd to provide a total of \$1,112,000.

OTHER APPROPRIATIONS

The Legislative Assembly did not renew funding for grants provided as one-time funding from special funds during the 2017-19 biennium, including the Governor's School program (\$220,000), regional education association merger grants (\$100,000) and English language learner grants (\$500,000). Funding provided through the state school aid formula is estimated to provide approximately \$8.4 million for English language learners during the 2019-21 biennium. The legislative appropriation provides:

1. **Adult education grants** - \$4.4 million from the general fund to provide adult education grants, an increase of \$1.3 million from the 2017-19 biennium legislative appropriation.
2. **School food services** - \$1.38 million from the general fund to provide child nutrition and food distribution program state matching funds, the same as the 2017-19 biennium legislative appropriation.
3. **Free breakfast program** - \$200,000 from the general fund to provide free breakfast to students eligible for reduced meals, the same as the 2017-19 biennium legislative appropriation.
4. **Program grant pool** - \$1.5 million from the general fund for a program grant pool, including:
 - a. Continuing education grants to individuals pursuing degrees or diplomas in education leadership, individuals becoming career advisors, or individuals pursuing a school counselor credential;
 - b. Preschool continuing education grants for preschool teachers;
 - c. Curriculum alignment grants to improve the alignment of language arts between high schools and institutions of higher education;
 - d. Teacher and principal evaluation system grants to provide support for statewide training and implementation activities to advance the deployment of principal and teacher evaluation programs;
 - e. Leveraging the senior year to enhance the delivery and the participation of students and teachers in advanced placement courses;
 - f. Leadership program for high school students to strengthen leadership skills, build confidence, and encourage involvement;
 - g. Family engagement initiatives; and
 - h. Transportation efficiency.

This level of funding for the program grant pool represents a decrease of \$30,000 from the 2017-19 biennium legislative general fund appropriation for continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, leveraging the senior year, and a leadership program. Funding is provided in the pool to continue these programs and for the Superintendent of Public Instruction's family engagement and transportation efficiency initiatives. In addition, the Legislative Assembly provided, in Section 6 of Senate Bill No. 2013 (2019), up to \$600,000 of the unexpended amount remaining from the appropriation for integrated formula payments, as authorized in subdivision 1 of Section 1 of Chapter 12 of the 2017 Session Laws, is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 at the end of the 2017-19 biennium, and may be continued into the 2019-21 biennium for the purpose of providing advanced placement examinations, advanced placement teacher training, and the college-ready English and mathematics programs.

5. **Leadership professional development** - \$200,000 from the general fund for professional development program for school leaders, an increase of \$200,000 from the 2017-19 biennium legislative appropriation.
6. **National writing projects** - \$50,000 from the general fund for support of the Red River Valley Writing Project and the Northern Plains Writing Project, an increase of \$30,000 from the 2017-19 biennium legislative appropriation.
7. **North Dakota Museum of Art** - \$360,000 from the general fund for support of the North Dakota Museum of Art rural art outreach project, an increase of \$10,000 from the 2017-19 biennium legislative appropriation.
8. **North Central Council for Educational Media Services** - \$238,000 from the general fund for a grant to the North Central Council for Educational Media Services, the same as the 2017-19 biennium legislative appropriation.
9. **Teacher, principal, and instructional coach mentoring program** - \$2,125,764 from the general fund for a teacher support system grant program to be administered by the Education Standards and Practices Board, an increase of \$75,764 from the 2017-19 biennium legislative appropriation.
10. **Global Bridges (Atlantik-Brücke/Atlantik Forum) exchange program** - The Legislative Assembly did not provide funding for the Global Bridges exchange program. In 2017, the Legislative Assembly provided \$200,000 from the general fund for a grant to the Global Bridges (Atlantik-Brücke/Atlantik Forum) exchange program for the 2017-19 biennium.
11. **North Dakota young entrepreneur education program** - The Legislative Assembly did not provide funding for the young entrepreneur program. In 2017, the Legislative Assembly provided \$30,000 from the general fund for a grant to the North Dakota young entrepreneur education program for the 2017-19 biennium.
12. **"We the People" program** - \$50,000 from the general fund for a grant to the "We the People" program, an increase of \$40,000 from the 2017-19 biennium legislative appropriation.
13. **Cultural heritage grants** - \$40,000 from the general fund for grants to schools for cultural heritage events, an increase of \$40,000 from the 2017-19 biennium legislative general fund appropriation.
14. **Music grants** - \$800,000 of **one-time funding** from the foundation aid stabilization fund for music grants to school districts. Each eligible school may receive a grant disbursement for kindergarten through grade five based on the average daily membership of the school.
15. **PowerSchool** - \$5.5 million from the general fund is provided as a separate line item of the department's appropriation for PowerSchool maintenance and upgrades, the same as the 2017-19 biennium legislative appropriation.
16. **Transportation efficiency** - The Legislative Assembly did not provide funding in a separate line item for transportation efficiency. The Legislative Assembly provided the Superintendent of Public Instruction may use funding provided in the program grant pool for any expenses related to transportation efficiency.
17. **National board certification** - \$108,000 from the general fund for payments to teachers receiving national board certification, a decrease of \$12,000 from the 2017-19 biennium legislative appropriation.
18. **State automated reporting system (STARS) rewrite** - \$1.2 million of **one-time funding** from the foundation aid stabilization fund for a rewrite of the Department of Public Instruction's school district data collection system.

**Department of Public Instruction
Budget No. 201
Senate Bill Nos. 2013 and 2265**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	89.25	\$1,721,361,137	\$817,553,743	\$2,538,914,880
2019-21 base budget	91.75	1,435,601,984	705,727,065	2,141,329,049
Legislative increase (decrease) to base budget	(2.50)	\$285,759,153	\$111,826,678	\$397,585,831

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,721,161,137	\$200,000	\$1,721,361,137
2017-19 legislative appropriations	1,435,601,984	0	1,435,601,984
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$285,559,153	\$200,000	\$285,759,153
Percentage increase (decrease) to 2017-19 appropriations	19.9%	N/A	19.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$1,118,179)	\$1,116,589	(\$1,590)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		164,991	347,768	512,759
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		129,656	285,318	414,974
Removed 4 FTE positions and related funding for salaries and wages, including 1 FTE assistant superintendent position, 1 FTE computer network specialist position, 1 FTE education program administrator position, and 1 FTE administrative assistant III position.	(4.00)	(583,930)	(103,046)	(686,976)
Added funding for 1 FTE division manager position and related salaries and wages.	1.00	272,692		272,692

Added a .50 FTE position and related funding for salaries and wages (\$76,000) and operating expenses (\$189,000) for the administration of the Education Coordination Council established in Senate Bill No. 2215.	0.50	265,000		265,000
Reduced funding for operating expenses.		(277,748)	(84,191)	(361,939)
Added funding for Microsoft Office 365 licensing expenses.		16,343	47,145	63,488
Added funding for operating expenses relating to the transfer of the teacher shortage loan forgiveness program from the North Dakota University System.		2,103,393		2,103,393
Added funding for operating expenses related to increases in the continuous improvement for schools contract with AdvancEd to provide a total of \$1,112,000.		312,000		312,000
Increased funding for operating expenses to correct an error in the department's budget request relating to its base budget adjustments.		1,000,000		1,000,000
Added funding for operating expenses related to a Pre K-12 Education Vision Steering Committee to support the facilitation of stakeholder groups to continue developing education initiatives as provided in Senate Bill No. 2025.		300,000		300,000
Added funding for integrated formula payments to replace one-time funding provided from the foundation aid stabilization fund during the 2017-19 biennium.		185,000,000		185,000,000
Increased funding for integrated formula payments for costs related to projected enrollment growth.		53,625,374		53,625,374
Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund.		(72,217,095)	72,217,095	0
Adjusted funding for integrated formula payments for changes to the state school aid formula approved in Senate Bill No. 2265. (See the section related to Integrated Formula Payments below for details related to the fiscal impact of formula changes.)		109,372,892		109,372,892
Increased funding for special education contract grants to provide a total of \$24 million from the general fund.		4,700,000		4,700,000
Increased funding for transportation grants to provide a total of \$56.5 million from the general fund.		1,100,000		1,100,000
Increased authority for federal grants to provide a total of \$286,837,705 of federal funds authority.			33,000,000	33,000,000

Increased funding for program grants included in the grants - program grants line item as follows:

1,500,000

1,500,000

	General Fund Increase (Decrease)	Total General Fund
Adult education matching grants	\$1,300,000	\$4,400,000
School food services matching grants	0	1,380,000
Free breakfast program	0	200,000
Leadership professional development grants	200,000	200,000
Total	\$1,500,000	\$6,180,000

Removed funding for the transportation efficiency line item and included transportation efficiency in the flexible funding pool.

(30,000)

(30,000)

Reduced funding for the Superintendent of Public Instruction's flexible funding pool to provide a total of \$1.5 million from the general fund for certain programs and initiatives administered by the Superintendent, including:

(30,000)

(30,000)

- Continuing education grants;
- Preschool continuing education grants;
- Curriculum alignment grants;
- Teacher and principal evaluation system grants;
- Leveraging the senior year;
- Leadership program;
- Family engagement initiatives; and
- Transportation efficiency.

(See the section related to **Program Grants and the Program Grant Pool** below.)

Adjusted funding for passthrough grants as follows:

(34,236)

(34,236)

	General Fund Increase (Decrease)	Total General Fund
Mentoring program	\$75,764	\$2,125,764
National writing projects	30,000	50,000
Rural art outreach project	10,000	360,000
North Central Council for Educational Media Services	0	238,000
Global Bridges (Atlantik-Brucke) exchange	(200,000)	0
Young entrepreneur education program	(30,000)	0
"We the People" program	40,000	50,000
Cultural heritage grants	40,000	40,000
Total	(\$34,236)	\$2,863,764

Reduced funding for national board certification to provide a total of \$108,000 from the general fund.	(12,000)		(12,000)
Added one-time funding for operating expenses to rewrite the state school aid formula.	200,000		200,000
Added one-time funding from the foundation aid stabilization fund to rewrite the state automated reporting system (STARS) application.		1,200,000	1,200,000
Added one-time funding from the foundation aid stabilization fund for rapid enrollment grants in the 1 st year of the biennium (Senate Bill No. 2265).		3,000,000	3,000,000
Added one-time funding from the foundation aid stabilization fund for music education grants based on the average daily membership of the school for kindergarten through grade five (Senate Bill No. 2265).		800,000	800,000
Total	<u>(2.50)</u>	<u>\$285,759,153</u>	<u>\$111,826,678</u>
		<u>\$397,585,831</u>	

FTE Changes

The Legislative Assembly approved 89.25 FTE positions for the Department of Public Instruction (DPI) for the 2019-21 biennium, a decrease of 2.50 FTE positions from the 2017-19 biennium. The Legislative Assembly removed 1 FTE assistant superintendent position, 1 FTE computer network specialist position, 1 FTE education program administrator position, and 1 FTE administrative assistant III position and added 1 FTE division manager position and a .50 FTE position for the administration of the Education Coordination Council.

One-Time Funding

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$1.4 million of one-time funding, of which \$200,000 is from the general fund and \$1.2 million is from special funds. One-time funding is provided from the general fund for a state school aid formula rewrite (\$200,000) and from the foundation aid stabilization fund for the state automated reporting system (STARS) rewrite (\$1.2 million). In addition, the Legislative Assembly, in Senate Bill No. 2265, provided one-time funding from the foundation aid stabilization fund for music education grants (\$800,000) and rapid enrollment grants in the 1st year of the biennium (\$3 million). These items are not to be considered part of the DPI's 2021-23 biennium base budget, and the department is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

2017-19 Biennium Appropriations

In Section 5 of Senate Bill No. 2013, the Legislative Assembly allowed the Superintendent of Public Instruction to transfer up to \$4 million from the integrated formula payments line item to the grants - special education line item to provide funding for 2017-19 biennium special education contract expenditures in excess of the 2017-19 biennium special education contract appropriation. In Section 6 of Senate Bill No. 2013, the Legislative Assembly allowed the department to continue \$600,000 of funding, remaining in the integrated formula payments line item at the end of the 2017-19 biennium, to the 2019-21 biennium for the purpose of advanced placement examinations, advanced placement teacher training, and the college ready English and mathematics program. The Legislative Assembly, in House Bill No. 1461, allowed the Superintendent of Public Instruction to continue \$250,000 of funding, remaining in the integrated formula payments line item at the end of the 2017-19 biennium, to the 2019-21 biennium for the purpose of providing a dyslexia screening pilot program. After providing for these exemptions, DPI anticipates \$12.4 million of the department's 2017-19 general fund appropriation will be unspent at the end of the biennium.

State School Aid - Integrated Formula Payments, Transportation Aid, Special Education Contracts, and Rapid Enrollment Grants

The Legislative Assembly appropriated \$2,181,702,429, of which \$1,690,938,429 is from the general fund, \$113,000,000 is from the foundation aid stabilization fund, and \$377,764,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, special education, and grants

for rapid enrollment growth. Of the \$113,000,000 provided from the foundation aid stabilization fund, \$3,000,000 is considered one-time funding. This level of funding represents an increase of \$165,798,266, including increases in funding of \$281,581,171 from the general fund and \$72,217,095 from the state tuition fund offset by a decrease in funding from the foundation aid stabilization fund of \$188,000,000, from the 2017-19 legislative appropriation of \$2,015,904,163. (See the schedules following this section for a comparison of state school aid and other grants for the 2017-19 and 2019-21 bienniums.)

Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula change provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2019-21 biennium, the integrated payment rates are increased 2 percent each year of the biennium to provide \$9,839 during the 1st year of the biennium and \$10,036 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

For the 2019-21 biennium, the Legislative Assembly provided an appropriation of \$2,098,202,429, of which \$1,610,438,429 is from the general fund, \$110,000,000 is from the foundation aid stabilization fund, and \$377,764,000 is from the state tuition fund, for state school aid for integrated formula payments. This level of funding represents an increase of \$162,998,266, including increases in funding of \$275,781,171 from the general fund and \$72,217,095 from the state tuition fund offset by a decrease in funding from the foundation aid stabilization fund of \$185,000,000, from the 2017-19 biennium appropriation for integrated formula payments of \$1,935,204,163.

The Legislative Assembly approved increases in integrated formula payments totaling \$348 million from the base budget, including \$54 million for costs associated with projected student growth, \$185 million to replace one-time funding from the foundation aid stabilization fund, and \$109 million for state school aid formula changes. Increases approved by the Legislative Assembly and other adjustments to the state school aid formula are summarized as follows:

	State School Aid Formula Adjustments Increase (Decrease)	Integrated Formula Payments
2017-19 biennium base budget integrated formula payments		\$1,750,204,163
One-time funding provided from the foundation aid stabilization fund during the 2017-19 biennium		185,000,000
Total 2017-19 biennium appropriation for integrated formula payments		\$1,935,204,163
Increased funding for projected 2019-21 biennium student growth		53,625,374
Total cost to continue integrated formula payments during the 2019-21 biennium		\$1,988,829,537
Increased funding for a state school aid formula baseline reset	\$15,106,628	
Increased funding to provide a 2 percent increase in the per pupil payment rate in each year of the biennium	62,145,048	
Added funding to increase formula maximum payments by 5 percent each year of the biennium	4,331,460	
Reduced funding for savings related to transitioning school districts from minimum payments	(2,031,496)	
Reduced funding for changes to funding for new students in school districts receiving the transition minimum per pupil payment	(7,683,575)	
Added funding to transition the formula to on-time funding	17,709,901	
Reduced funding due to the phase-in of a 60 mill contribution for all school districts	(2,032,062)	
Added funding to reduce the deduction of in lieu of revenue relative to sinking and interest mill levies	12,335,458	
Increased funding due to the reduction of the local revenue deduction to 75 percent for all local revenue types	5,756,023	
Increased funding for other changes to the formula, including tuition deductions and adjustments to formula minimums	3,735,507	
Total adjustments to integrated formula payments related to state school aid formula changes approved in Senate Bill No. 2265		109,372,892
Total 2019-21 biennium integrated formula payments		\$2,098,202,429

Transportation Aid Grants

The Legislative Assembly provided \$56.5 million from the general fund for transportation aid during the 2019-21 biennium. This level of funding is \$1.1 million more than 2017-19 biennium funding of \$55.4 million from the general fund. This level of funding will allow reimbursement rates to remain the same as the 2017-19 biennium. Section 10 of Senate Bill No. 2013 requires DPI to distribute transportation aid for the 2019-21 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

Special Education Contracts

The Legislative Assembly provided \$24 million from the general fund for special education contracts during the 2019-21 biennium. This level of funding is \$4.7 million more than 2017-19 biennium funding of \$19.3 million from the general fund. The Legislative Assembly, in Section 7 of Senate Bill No. 2013 (2019), provided the Superintendent of Public Instruction may expend funds provided for integrated formula payments and grants - special education contracts during the 2019-21 biennium for paying grants for educational services that were due in the 2017-19 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2019. To be reimbursed under this section, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2020. In addition, the Legislative Assembly provided, in Section 8 of Senate Bill No. 2013 (2019), if funds provided for special education contracts during the 2019-21 biennium are not sufficient to meet special education contract obligations, the Superintendent of Public Instruction must request supplemental funding from the 67th Legislative Assembly. In addition to special education contracts, the state school aid formula provides approximately \$215.2 million through the integrated formula payments line item for special education weighting factors and pre-kindergarten average daily membership and weighting factors.

Rapid Enrollment Grants

The Legislative Assembly, in Section 20 of Senate Bill No. 2265 (2019), provided one-time funding of \$3 million from the foundation aid stabilization fund to the Superintendent of Public Instruction for rapid enrollment grants during the 1st year of the 2019-21 biennium only. Changes to the state school aid formula provide for partial on-time funding for students in the 2nd year of the biennium. This level of funding is \$3 million less than the one-time 2017-19 legislative appropriation of \$6 million from the foundation aid stabilization fund. Grants are distributed to districts experiencing an increase of at least 4 percent, or 150 students, and no less than 20 students. The district's grant is determined by reducing the actual percentage increase in the number of students by 2 percent and multiplying the number of students represented by the reduced percentage by \$4,000. If funding is not sufficient to provide all of the eligible grants, the Superintendent must prorate the payment based on the percentage of the total amount to which the school district is entitled. A district is precluded from receiving a rapid enrollment grant if the district is not eligible to receive state aid because its general fund ending balance exceeds the unobligated general fund balance limits provided in North Dakota Century Code Section 15.1-27-35.3.

Regional Education Association Incentives

The Legislative Assembly provided funding for annual state aid grants to be distributed equally to all regional education associations. Section 13 of Senate Bill No. 2013 (2019) identifies \$500,000 from the general fund included in the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2019-21 biennium. An annual grant of \$35,714 is provided to each regional education association that exists as of July 1, 2019, and regional education associations that merge during the 2019-21 biennium are entitled to the annual grants that would have been paid to each of the member associations. In addition to regional education association grants, the state school aid formula provides approximately \$4.6 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.

Program Grants and the Program Grant Pool

The Legislative Assembly provided a total of \$7.68 million from the general fund for programs administered by DPI, including a program grant pool, during the 2019-21 biennium. The program grant pool provides a flexible funding pool of \$1.5 million for initiatives and various program grants. This level of funding for the program grant pool is \$30,000 less than the 2017-19 biennium legislative general fund appropriation of \$1.53 million for the program grant pool. Of the \$1.5 million provided for a program grant pool, the Superintendent of Public Instruction may use up to \$125,000 for continuing education grants. Section 11 of Senate Bill No. 2013 (2019) provides for the distribution of the continuing education grants. Funding is provided in the program grant pool for continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, leveraging the senior year, a leadership program, family engagement initiatives, and transportation efficiency.

In addition to the \$1.5 million provided in the program grant pool, the Legislative Assembly provided, in Section 6 of Senate Bill No. 2013 (2019), up to \$600,000 of the unexpended amount remaining from the appropriation for integrated formula payments, as authorized in subdivision 1 of Section 1 of chapter 12 of the 2017 Session Laws, is not subject to the provisions of Section 54-44.1-11 at the end of the 2017-19 biennium, and may be continued into the 2019-21 biennium for the purpose of providing advanced placement examinations, advanced placement teacher training, and the college ready English and mathematics programs.

The following is a summary of program grants, including the program grant pool:

	Total General Fund
Adult education matching grants	\$4,400,000
Program grant pool	1,500,000
School food services matching grants	1,380,000
Leadership professional development	200,000
Free breakfast program	200,000
Total 2017-19 program grants	\$7,680,000

Other Sections in Senate Bill No. 2013

Tuition apportionment - Section 3 provides that any money available in the state tuition fund in excess of the \$377,764,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.

Foundation aid stabilization fund - Section 4 identifies \$111.2 million from the foundation aid stabilization fund for integrated formula payments (\$110 million) and the state automated reporting system rewrite (\$1.2 million).

2017-19 biennium funding transfer exemption and authorization - Section 5 allows the Superintendent to transfer \$4 million from the integrated formula payments line item to the grants - special education line item to provide funding for 2017-19 biennium special education contract expenditures in excess of the 2017-19 biennium special education contract appropriation.

2017-19 biennium funding exemption and authorization - Section 6 allows the Superintendent to continue \$600,000 from the funding remaining in the integrated formula payments line item of the 2017-19 biennium appropriation to the 2019-21 biennium for advanced placement examinations, advanced placement teacher training, and the college ready English and mathematics programs.

Payments for 2017-19 biennium educational services - Section 7 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2019-21 biennium to pay claims due during the 2017-19 biennium, but not filed with the department until the 2019-21 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2020.

Special education grants deficiency authorization - Section 8 provides if funds appropriated to the Superintendent of Public Instruction in the grants - special education line item for special education contract grants in the 2019-21 biennium are not sufficient to meet special education contract obligations, the Superintendent must request supplemental funding from the 67th Legislative Assembly.

Gifted and talented program funding and Medicaid matching grants - Section 9 provides that DPI use \$800,000 of the 2019-21 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the

Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Human Services on behalf of the school district or unit.

Transportation grants - Section 10 requires DPI to distribute transportation aid for the 2019-21 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

Continuing education grants - Section 11 identifies \$1.5 million included in the grants - program grants line item is for a program grant pool and provides for the distribution of up to \$125,000 in the program grant pool for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per-student payments based on latest average daily membership.

Passthrough grants - Section 12 requires the Superintendent of Public Instruction to determine the manner in which \$2,863,764 provided in the grants - passthrough grants line item in Section 1 of the bill is distributed, but no more than one-half of the funding may be provided each year of the biennium. Annually grantees, as a condition of receiving the grant, must establish performance measures to be reviewed by the Superintendent of Public Instruction. Grantees must report annually to the Superintendent of Public Instruction regarding performance based on the measures. The Superintendent may not distribute the grant payment for the 2nd year of the biennium until the grantee submits the annual report for the 1st year of the biennium. The Superintendent of Public Instruction shall report to the Appropriations Committees of the 67th Legislative Assembly regarding funds granted, performance measures established for each grantee, and whether grantees met performance expectations.

Regional education association grants - Section 13 identifies \$500,000 from the general fund included in the integrated formula payments line item for providing annual grants to regional education associations during the 2019-21 biennium. An annual grant of \$35,714 is provided to each regional education association that exists as of July 1, 2019, and regional education associations that merge during the 2019-21 biennium are entitled to the annual grants that would have been paid to each of the member associations.

Indirect cost allocation - Section 14 provides that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

Salary of the Superintendent of Public Instruction - Section 17 provides the statutory changes to increase the Superintendent of Public Instruction's salary consistent with state employee salary increases. The Superintendent's annual salary will increase from the current level of \$120,410 to \$122,810 (\$200 per month increase), effective July 1, 2019, and to \$125,880 (2.5 percent increase), effective July 1, 2020.

Specialty area teacher qualification - Section 18 amends Section 15.1-18-10, as amended in Section 5 of Senate Bill No. 2265, related to teacher qualifications to allow an individual with a permit and a high school diploma to teach certain subject areas if the individual has a minimum amount of relevant work experience or possess a certificate, permit, or degree in the subject area to be taught. This section was later amended in Senate Bill No. 2015.

North Dakota scholarship full-time enrollment status waiver - Section 19 amends Section 15.1-21-02.6 to allow a student enrolled less than full-time to retain North Dakota scholarship eligibility if the student is in the final semester or quarter before graduation.

Legislative Management study of school district transportation - Section 20 provides for a Legislative Management study of school district transportation, including district routes, expenditures, reimbursement, and possible efficiencies.

Legislative Management study of dual-credit, advanced placement, and distance education courses - Section 21 provides for a Legislative Management study relating to dual-credit, advanced placement, and distance education courses. The study must include a review of early enrollment placement testing and the qualifications for dual-credit and advanced placement courses. The study also must include a review of the costs and amounts of funding necessary to provide all students access to dual-credit, advanced placement, and distance education courses, as well as the types of courses available and the delivery methods necessary to provide all students with access.

Emergency - Section 22 declares the authorization to transfer \$4 million from the integrated formula payments line item to the grant - special education line item for the 2017-19 biennium in Section 5 of the bill is an emergency measure.

Related Legislation

House Bill No. 1088 - Repeals the requirement of DPI to purchase and distribute **automated external defibrillators**.

House Bill No. 1429 - Transfers the **teacher loan forgiveness program** from the University System to DPI and closes the program to new enrollees. Only eligible individuals receiving teacher loan forgiveness benefits for the 2018-19 school year will continue to receive benefits until they have received the maximum benefit under the program or become ineligible. The bill also provides any funding remaining for the program at the end of the 2017-19 biennium must be transferred from the University System to DPI and continued into the 2019-21 biennium. The Legislative Assembly, in Senate Bill No. 2013 (2019), provided \$2.1 million for the teacher loan forgiveness program and the fiscal note for House Bill No. 1429 indicates approximately \$748,000 will be continued from the 2017-19 biennium, resulting in total funding of \$2.85 million for benefits during the 2019-21 biennium.

House Bill No. 1461 - Establishes a dyslexia screening project and allows the Superintendent of Public Instruction to continue \$250,000 of funding, remaining in the integrated formula payments line item at the end of the 2017-19 biennium, to the 2019-21 biennium for the purpose of providing the dyslexia screening pilot program.

Senate Bill No. 2025 - Requires the Superintendent of Public Instruction to facilitate a process to review and update annually the statewide prekindergarten through grade twelve education strategic vision. The steering committee must prepare a collaborative report of the strategic plans of each committee member entity receiving state education funds. The Superintendent must provide the collaborative report and any updates to the strategic vision to the Legislative Management during each interim and to a joint meeting of the standing Education Committees during each regular legislative session. The Legislative Assembly, in Senate Bill No. 2013 (2019), provided \$300,000 from the general fund for operating expenses related to a **Pre K-12 Education Vision Steering Committee**.

Senate Bill No. 2214 - Provides for a transfer of \$75 million from the foundation aid stabilization fund to the **school construction assistance revolving loan fund** during the 2019-21 biennium. Of the \$75 million transferred from the foundation aid stabilization fund, \$35 million is from funding available in the fund on June 30, 2019, and \$40 million is from earnings anticipated to be deposited into the fund during the 2019-21 biennium. The bill provides, pursuant to continuing appropriation authority under Section 15.1-36-08, \$5 million is available from the school construction assistance revolving loan fund to the Bank of North Dakota to provide interest rate buydowns associated with loans issued under Section 15.1-36-06. Provided sufficient funding is available for loans to local school districts, the Bank of North Dakota may utilize funding from the school construction assistance revolving loan fund to repay a portion of the outstanding principal balance of loans issued under Section 15.1-36-06 for the purpose of transferring a portion of the loans issued under that section from the Bank of North Dakota to the school construction assistance revolving loan fund. The remaining amount transferred to the school construction assistance revolving loan fund is available for new school construction loans. In addition, the bill provides legislative intent that the 67th Legislative Assembly appropriate \$110 million from the foundation aid stabilization fund to DPI for providing ongoing funding for state school aid and transfer \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund during the 2021-23 biennium.

Senate Bill No. 2215 - Creates the **Kindergarten Through Grade Twelve Education Coordination Council** and requires the council meet at least four times per calendar year. The council must prepare and present an annual report of council activities to the State Board of Public School Education and to the Legislative Management. The bill also allows the council to hire an executive director to assist the council. In Senate Bill No. 2013, the Legislative Assembly authorized a .50 FTE position and related funding for salaries and wages (\$76,000) and operating expenses (\$189,000) for DPI's administration of the Kindergarten through Grade Twelve Education Coordination Council established in Senate Bill No. 2215.

Senate Bill No. 2217 - Provides for a Legislative Management study of the feasibility and desirability of creating a **teacher incentive for leadership program**.

Senate Bill No. 2265 - Provides one-time appropriations to DPI of \$3 million from the foundation aid stabilization fund for **rapid enrollment grants** in the 1st year of the biennium and of \$800,000 from the foundation aid stabilization fund for **music education grants**. In addition, the bill provides an appropriation of \$200,000 from the general fund to the Department of Commerce for providing **research-based literacy intervention services** to students. The bill also creates a one-time **Education Funding Formula Review Committee** to study the kindergarten through grade twelve funding formula and report to the 67th Legislative Assembly; directs DPI, the Indian Affairs Commission, and the Kindergarten Through Grade Twelve Education Coordination Council to study the **effect of impact aide on the funding formula to reservation schools**; and requires the Education Standards and Practices Board to provide status reports to the Legislative Management during the 2019-20 interim and the 2021-22 interim regarding the number of teacher permits issued under an **alternative teacher certification program** and to provide a recommendation regarding the continuation of the program.

In addition to education policy changes, the bill also provides for the following **state school aid funding formula changes**:

- **School calendar** - Section 2 amends Section 15.1-06-04 related to the school calendar length to provide minimum education hours and Section 14 amends Section 15.1-27-35 to change the calculation for average daily membership based on hours rather than days.
- **On-time funding** - Section 7 prohibits the Superintendent of Public Instruction from providing state aid payments to a school district beyond the September payment unless the school district has filed the September 10th fall enrollment report with DPI. Section 8 amends, effective July 1, 2020, Section 15.1-27-03.1 related to weighted student units to add a factor of 0.50 for the number of students by which the district's fall enrollment exceeds the prior year's average daily membership. Section 9 amends, effective July 1, 2021, Section 15.1-27-03.1 related to weighted student units to increase the factor for the number of students by which the district's fall enrollment exceeds the prior year's average daily membership to 0.60 and provide for annual increases in the factor, up to 1.00. Section 9 also adds a 0.50 factor adjustment beginning with the 2021-22 school year for any over/under payment of the 2020-21 state school aid. The amendment also provides for the adjustment factor to increase annually up to 1.00.
- **Base funding reset and phase out** - Section 10 amends Section 15.1-27-04.1 related to state aid to reorganize the base funding calculation by grouping in lieu of revenues and reset school district baseline funding to the 2018-19 school year. These changes provide, beginning with the 2020-21 school year, the baseline funding level for a school district that becomes an elementary district is reduced proportionately. The baseline funding level for districts that became elementary districts after the 2012-13 school year will be reduced for the 2020-21 school year. The section also provides for the adjustment of baseline funding per weighted student unit when a district becomes an elementary district. The section also provides for the phase out of baseline funding per weighted student unit. The changes provide, beginning with the 2021-22 school year, for a 15 percent reduction of the amount by which the district's baseline funding per weighted student unit exceeds the payment provided per weighted student unit. For each year thereafter, the reduction percentage is increased by an additional 15 percent until it is equal to the payment provided per weighted student unit.
- **Integrated formula payment rate** - Section 10 amends Section 15.1-27-04.1 related to state aid to increase the per pupil payment by 2 percent each year of the biennium, to provide \$9,839 per weighted student unit in the 2019-20 school year and \$10,036 per weighted student unit in the 2020-21 school year.
- **Transition minimum payments** - Section 10 amends Section 15.1-27-04.1 related to state aid to adjust the calculation of transition minimum payments to provide a 1 percent increase over the new baseline in the 1st year of the biennium and a 2 percent increase over the new baseline in the 2nd year of the biennium. In addition, the amendment provides weighted student units over the baseline weighted student units are reimbursed at the formula payment rate, instead of the baseline funding per weighted student unit rate. Provisions are added to begin phasing out the dollar amount transition minimum during the 2021-22 school year.
- **Transition maximum payments** - Section 10 amends Section 15.1-27-04.1 related to state aid to increase transition maximum payments by 5 percent in 2019-20 and 5 percent in 2020-21.
- **Local property tax deduction** - Section 10 amends Section 15.1-27-04.1 related to state aid to provide for an adjustment to increase the local property tax deduction calculation each year beginning in 2020-21 to transition all districts to a deduction of 60 mills in the 2025-26 school year. Section 11 amends Section 15.1-27-04.1, effective July 1, 2025, to require the deduction of 60 mills from the state school aid formula beginning in the 2025-26 school year. Section 12, effective July 1, 2019 through June 30, 2025, creates Section 15.1-27-04.3 to increase the deduction for local property tax in the state school aid formula, each year over a 5-year period, beginning with the 2020-21 school year. The deduction is increased by a percentage of the difference between the amount calculated under current law and the amount based on 60 mills. Section 17, effective for taxable years beginning after December 31, 2018,

amends Section 57-15-14.2 to allow school districts to levy additional tax to recover the increase in the deduction in the state school aid formula pursuant to Section 15.1-27-04.3 and the phasing in of the 60 mill deduction from state school aid. Section 18, effective for taxable years beginning after December 31, 2024, amends Section 57-15-14.2 to remove the additional levy authority when Section 15.1-27-04.3 expires and all districts are levying and deducting 60 mills in the state school aid formula.

- **Deduction for in lieu of revenue** - Section 10 amends Section 15.1-27-04.1 related to state aid to reduce the deduction for in lieu of revenue to 75 percent for all revenue types listed; exempt tuition from nonresident students residing in a state with which the state has not entered a cross-border education contract; exempt tuition received from an adjacent school district by certain accepting school districts; and reduce all in lieu of revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018.
- **South Dakota cross border attendance** - Section 15 amends Section 15.1-29-02.1 related to a cross-border attendance contract with South Dakota to provide the Superintendent of Public Instruction use funding provided for state aid to pay South Dakota if more North Dakota students attend South Dakota schools. If South Dakota students exceed North Dakota students, the payment received by the Superintendent must be deposited in the general fund. Language requiring the Superintendent to withhold school districts' state aid for students attending South Dakota schools is removed.
- **Tuition** - Section 16 amends Section 15.1-29-12 related to tuition payments to require admitting school districts meeting certain criteria to charge 200 percent of the tuition payment calculated in the section or \$4,000, whichever is greater.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
2017-19 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES,
2019-21 BIENNIUM BASE BUDGET AND LEGISLATIVE APPROPRIATIONS, AND COMPARISONS TO THE 2017-19 BIENNIUM**

	2017-19 Appropriation	2017-19 Estimated Expenditures	2019-21 Base Budget	2019-21 Legislative Appropriation	2019-21 Legislative Appropriation Increase (Decrease) Compared to 2019-21 Base Budget
State school aid program					
State school aid - Integrated formula payments	\$1,935,204,163 ¹	\$1,918,851,114 ²	\$1,750,204,163	\$2,098,202,429 ¹	\$347,998,266
Transportation aid payments	55,400,000	54,408,620 ²	55,400,000	56,500,000	1,100,000
Rapid enrollment grants	6,000,000 ¹	6,000,000		3,000,000 ¹	3,000,000
Special education - Contracts	19,300,000	23,300,000 ²	19,300,000	24,000,000	4,700,000
Total - State school aid program	\$2,015,904,163	\$2,002,559,734	\$1,824,904,163	\$2,181,702,429	\$356,798,266
General fund	\$1,409,357,258	\$1,396,012,829	\$1,409,357,258	\$1,690,938,429	\$281,581,171
Foundation aid stabilization fund	301,000,000 ¹	301,000,000	110,000,000	113,000,000 ¹	3,000,000
State tuition fund	305,546,905	305,546,905	305,546,905	377,764,000	72,217,095
Total state school aid program	\$2,015,904,163	\$2,002,559,734	\$1,824,904,163	\$2,181,702,429	\$356,798,266
Other program grants - General fund					
Adult education matching grants	\$3,100,000	\$3,100,000	\$3,100,000	\$4,400,000	\$1,300,000
School food services matching grants	1,380,000	1,380,000	1,380,000	1,380,000	
Free breakfast program	200,000	200,000	200,000	200,000	
Program grant pool	1,530,000 ³	1,855,711	1,530,000	1,500,000 ³	(30,000)
Leadership professional development				200,000	200,000
Total - Other program grants - General fund	\$6,210,000	\$6,535,711	\$6,210,000	\$7,680,000	\$1,470,000
Other grants - Other funds					
Federal grants	\$253,837,705	\$253,837,705	\$253,837,705	\$286,837,705	\$33,000,000
Governor's School program - Student loan trust fund	220,000 ⁴	220,000			
Regional education association merger grants - Foundation aid stabilization fund	100,000 ⁵	100,000			
English language learner grants - Foundation aid stabilization fund	500,000 ⁶	500,000			
Music grants - Foundation aid stabilization fund				800,000	800,000
Displaced homemaker program	225,000	225,000	225,000	225,000	
Total - Other grants - Other funds	\$254,882,705	\$254,882,705	\$254,062,705	\$287,862,705	\$33,800,000
Total state school aid and other grants - All funds	\$2,276,996,868	\$2,263,978,150	\$2,085,176,868	\$2,477,245,134	\$392,068,266

	2017-19 Appropriation	2017-19 Estimated Expenditures	2019-21 Base Budget	2019-21 Legislative Appropriation	2019-21 Legislative Appropriation Increase (Decrease) Compared to 2019-21 Base Budget
Agency administration and other passthrough grants					
Administration - General fund	\$11,486,726	\$11,486,726	\$11,486,726	\$14,270,944 ⁷	\$2,784,218
Administration - Other funds	36,117,455	36,117,455	36,117,455	38,927,038 ⁸	2,809,583
Total - Agency administration	\$47,604,181	\$47,604,181	\$47,604,181	\$53,197,982	\$5,593,801
National writing projects	\$20,000	\$20,000	\$20,000	\$50,000	\$30,000
Rural art outreach project	350,000	350,000	350,000	360,000	10,000
North Central Council for Educational Media Services	238,000	238,000	238,000	238,000	
Mentoring program	2,050,000	2,050,000	2,050,000	2,125,764	75,764
Global Bridges (Atlantik-Brucke) exchange	200,000	200,000	200,000	0	(200,000)
Young entrepreneur education program	30,000	30,000	30,000	0	(30,000)
"We the People" program	10,000	10,000	10,000	50,000	40,000
Cultural heritage grants	0	0	0	40,000	40,000
PowerSchool	5,500,000	5,500,000	5,500,000	5,500,000	
Transportation efficiency	30,000	5,000	30,000	0	(30,000)
National board certification	120,000	50,000	120,000	108,000	(12,000)
Total - Other passthrough grants - General fund	\$8,548,000	\$8,453,000	\$8,548,000	\$8,471,764	(\$76,236)
Total - Agency administration and other passthrough grants - All funds	\$56,152,181	\$56,057,181	\$56,152,181	\$61,669,746	\$5,517,565
Total Department of Public Instruction - All funds	\$2,333,149,049	\$2,320,035,331	\$2,141,329,049	\$2,538,914,880	\$397,585,831
Department of Public Instruction - Funding					
Total - General fund	\$1,435,601,984	\$1,422,488,266	\$1,435,601,984	\$1,721,361,137	\$285,759,153
Total - Other funds	897,547,065	897,547,065	705,727,065	817,553,743	111,826,678
Total Department of Public Instruction - All funds	\$2,333,149,049	\$2,320,035,331	\$2,141,329,049	\$2,538,914,880	\$397,585,831
FTE positions	91.75	91.75	91.75	89.25	(2.50)

¹ In 2017 the Legislative Assembly provided a total of \$295 million from the foundation aid stabilization fund for integrated formula payments during the 2017-19 biennium, of which \$185 million was considered one-time funding. In Senate Bill No. 2272 (2017) the Legislative Assembly provided \$6 million of one-time funding from the foundation aid stabilization fund for rapid enrollment grants. In 2019 the Legislative Assembly provided a total of \$110 million of ongoing funding from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium and, in Senate Bill No. 2265 (2019), provided \$3 million of one-time funding from the foundation aid stabilization fund for rapid enrollment grants during the 1st year of the 2019-21 biennium.

² The Department of Public Instruction anticipates general fund turnback will total approximately \$17.3 million. However, the department estimates claims for special education contract grants may exceed funding in the grants - special education line item during the 2017-19 biennium and the Legislative Assembly allowed the department to transfer up to \$4 million from the integrated formula payments line item to the grants - special education line item for the purposes of providing special education grants during the 2017-19 biennium. In addition, the Legislative Assembly authorized the department to continue up to \$850,000 remaining in the integrated formula payments line item into the 2019-21 biennium for a dyslexia screening pilot program (\$250,000) and for the purpose of providing advanced placement examinations, advanced placement teacher training, and the college-ready English and mathematics programs (\$600,000), leaving approximately \$12.4 million unspent.

- ³ The 2017 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition, the Legislative Assembly provided, in Section 9 of House Bill No. 1013 (2017), the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, was not subject to the provisions of North Dakota Century Code Section 54-44.1-11 at the end of the 2015-17 biennium and was continued into the 2017-19 biennium for the purpose of increasing the program grant pool. The Department of Public Instruction continued \$700,711 in the 2017-19 biennium to increase the program grant pool, which is not included in the department's 2017-19 appropriation above. In 2019, the Legislative Assembly added family engagement initiatives and transportation efficiency to the program grant pool and provided \$1,500,000 for the program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency.
- ⁴ The Legislative Assembly provided \$220,000 of one-time funding from the student loan trust fund for the Governor's School program, \$240,000 less than the \$460,000 general fund appropriation provided during the 2015-17 biennium. Funding provided by the state for the Governor's School must be used for science, technology, engineering, and mathematics programs. The Legislative Assembly did not provide funding for the Governor's School program during the 2019-21 biennium.
- ⁵ The Legislative Assembly provided one-time funding of \$100,000 from the foundation aid stabilization fund for regional education association merger grants. The Legislative Assembly did not provide funding for regional education association merger grants during the 2019-21 biennium.
- ⁶ The Legislative Assembly, in Senate Bill No. 2272 (2017), provided \$500,000 of one-time funding from the foundation aid stabilization fund for supplemental English language learner grants to school districts during the 2017-19 biennium. The Legislative Assembly did not provide funding for supplemental English language learner grants during the 2019-21 biennium. Funding provided through the state school aid formula is estimated to provide approximately \$8.4 million for English language learners during the 2019-21 biennium.
- ⁷ In Senate Bill No. 2013 (2019), the Legislative Assembly provided \$2.1 million from the general fund to transfer the teacher shortage loan forgiveness program from the North Dakota University System to the Department of Public Instruction. The Legislative Assembly, in House Bill No. 1429 (2019), transferred the teacher shortage loan forgiveness program from the University System to the Department of Public Instruction and allowed the department to continue any funding remaining for the program at the end of the 2017-19 biennium to the 2019-21 biennium to provide loan forgiveness benefits. The department anticipates approximately \$750,000 of additional funding will be continued in the 2019-21 biennium to provide a total of \$2.85 million for the teacher shortage loan forgiveness
- ⁸ In Senate Bill No. 2013 (2019), the Legislative Assembly provided \$1.2 million of one-time funding from the foundation aid stabilization fund for a rewrite of the Department of Public Instruction's school district data collection system.

**STATE SCHOOL AID PER STUDENT INTEGRATED PAYMENT RATES
AND WEIGHTED STUDENT UNITS FOR THE 2017-19 AND 2019-21 BIENNIUMS**

	2017-19 Legislative Appropriation	2017-19 Actual	2019-21 Legislative Appropriation
1 st year per-student integrated payment rates	\$9,646	\$9,646	\$9,839
2 nd year per-student integrated payment rates	\$9,646	\$9,646	\$10,036
Weighted student units			
1 st year	126,002	125,632	130,618 ¹
2 nd year	127,914	128,066 ²	134,903 ¹
¹ The anticipated increase in weighted student units for the 2019-21 biennium is the result of projected student growth and partial on-time funding effective the 2 nd year of the biennium.			
² Estimated.			

SECTION F - HIGHER EDUCATION

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HIGHER EDUCATION - OVERVIEW

The Legislative Assembly in 2019 made the following higher education funding changes compared to 2017-19 legislative appropriations for higher education:

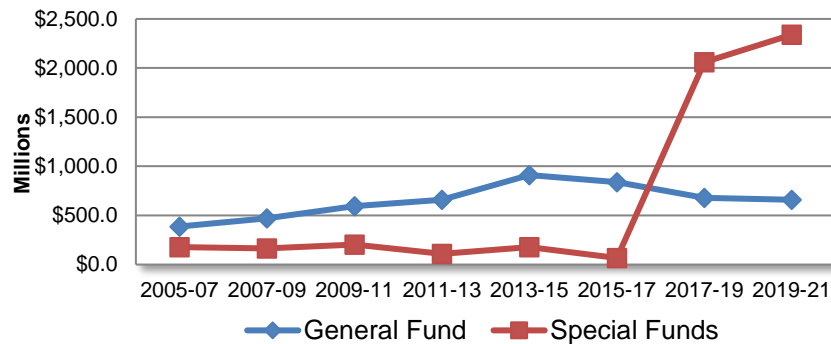
- Increased ongoing **general fund** support by \$35.4 million and decreased one-time general fund support by \$54.3 million as follows:

	2017-19 Legislative Appropriations ¹	2019-21 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$613,242,154	\$648,667,805	\$35,425,651	5.8%
One-time general fund appropriations	66,196,476	11,850,000	(54,346,476)	(82.1%)
Total	\$679,438,630	\$660,517,805	(\$18,920,825)	(2.8%)

¹Amounts for the 2017-19 biennium have been adjusted to reflect supplemental appropriations approved by the 2019 Legislative Assembly.

- Increased appropriations from **special funds** by \$279,410,839, or 13.6 percent. The increase relates primarily to increases in funding for capital projects and compensation adjustments.
- Decreased the authorized number of **full-time equivalent (FTE) positions** from 6,767.76 to 6,609.87, a decrease of 157.89. The 157.89 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

Higher Education Appropriations



NOTE: Beginning with the 2017-19 biennium, other funds amounts include appropriation authority for all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special

funds appropriations were provided only for certain items, such as capital projects.

Biennium	General Fund	Special Funds	Total
2005-07	\$387,157,893	\$178,552,108	\$565,710,001
2007-09	\$472,036,237	\$165,419,701	\$637,455,938
2009-11	\$593,355,047	\$202,764,364	\$796,119,411
2011-13	\$657,838,539	\$108,817,759	\$766,656,298
2013-15	\$910,632,494	\$177,980,941	\$1,088,613,435
2015-17	\$837,849,212	\$66,644,264	\$904,493,476
2017-19	\$679,438,630	\$2,059,950,275	\$2,739,388,905
2019-21	\$660,517,805	\$2,339,361,114	\$2,999,878,919

Major higher education funding items include:

- Formula base funding** for campuses is increased by \$30.0 million from the general fund as follows:
 - \$5.9 million increase relating to the student credit-hour funding formula to adjust the base budget to 2015-17 actual completed student credit-hour levels;
 - \$20.6 million increase for increases in formula rates to provide funding for employee compensation and health insurance premium rate increases;
 - \$710,879 increase to provide funding for Minot State University relating to the higher education funding formula hold harmless clause; and
 - \$2.8 million increase to provide funding for an increase in the weighting factor for credits completed at the University of North Dakota (UND) School of Law.
- Funding of \$11,850,000 for **one-time general fund appropriations**, including:

Education challenge grants	\$9,400,000
Capital building fund program - Tier III	2,000,000
UND School of Law matching grants	250,000
Dickinson State University digitization of documents	200,000
Total	\$11,850,000
- Funding of \$23.92 million from the general fund for the **student financial assistance grant program**. This represents an increase of \$2 million from the 2017-19 biennium appropriation of \$21.92 million. The increased funding provides for the maximum annual award to be increased from \$1,950 to \$2,200.
- Funding of \$10.7 million from the general fund for **student residency positions** at the UND School of Medicine and Health Sciences.

5. Funding of \$1 million from the general fund for **tribal college grants**. This represents an increase of \$400,000 from the 2017-19 biennium appropriation of \$600,000, which included \$500,000 from the student loan trust fund and \$100,000 from the general fund.
6. One-time funding of \$9.4 million from the general fund for the **higher education challenge grant program** to provide matching grants for academic enhancements to North Dakota University System institutions. An additional \$250,000 of one-time funding from the general fund is included under the education incentive programs line item for UND School of Law matching grants. For every \$2 of private funds donated to an institution, a match of \$1 is to be provided from the program fund.
7. The following **2017-19 biennium supplemental general fund appropriations**:

University System office - Campus workforce initiative	\$2,700,000
Bismarck State College - Nursing building	8,900,000
Lake Region State College - Precision agriculture center	1,000,000
Williston State College - Institution operations	491,850
UND - Gamble Hall	9,000,000
North Dakota State University (NDSU) - Agriculture products development center	20,000,000
NDSU - Dunbar Hall	8,000,000
Dickinson State University digitization of documents	550,000
Valley City State University - Communications and Fine Arts Building	2,000,000
Dakota College at Bottineau - Dining hall and other projects	1,000,000
Total	\$53,641,850

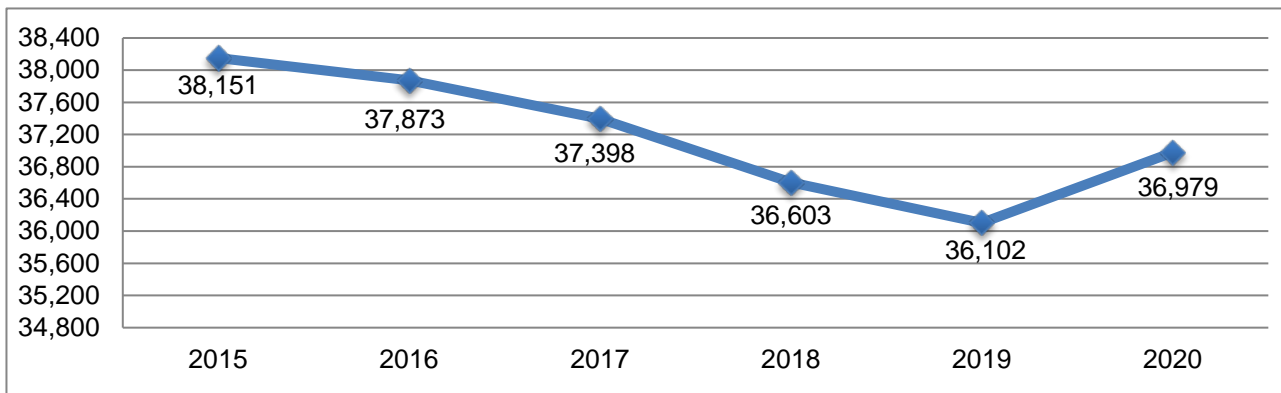
8. Funding of \$453.7 million for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	\$0	\$408,500,000 ¹	\$408,500,000
Base campus extraordinary repairs and capital payments	11,117,046		11,117,046
Capital bond payments	4,959,448		4,959,448
Capital building fund program	2,000,000	27,000,000	29,000,000
Forest Service extraordinary repairs and equipment over \$5,000	118,728		118,728
Total	\$18,195,222	\$435,500,000	\$453,695,222

¹Includes authority to issue \$120.1 million of revenue bonds and \$130 million of appropriation bonds.

Please refer to the schedules under the **CAPITAL CONSTRUCTION** section for additional information regarding capital improvements.

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS¹



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020
Bismarck State College	2,912	2,861	2,646	2,611	2,650	2,700
Dakota College at Bottineau	459	490	527	590	575	590
Dickinson State University	1,070	1,114	1,128	1,090	1,123	1,156
Lake Region State College	981	971	995	1,005	1,002	1,000
Mayville State University	796	782	784	817	825	834
Minot State University	2,570	2,592	2,467	2,483	2,510	2,535
North Dakota State University	12,834	12,783	12,784	12,394	12,400	12,500
North Dakota State College of Science	2,305	2,298	2,253	2,126	2,084	2,126
University of North Dakota	12,455	12,182	11,964	11,585	11,006	11,585
Valley City State University	1,031	1,044	1,086	1,096	1,105	1,115
Williston State College	738	756	764	806	822	838
Total	38,151	37,873	37,398	36,603	36,102	36,979

¹State Board of Higher Education policy provides that a full-time equivalent (FTE) undergraduate student is equal to 15 undergraduate student credit-hours completed per semester. The policy also provides that a graduate FTE student is equal to 12 graduate-level student credit-hours completed per semester and a professional student is counted as 1 FTE student. The information presented in this schedule for the fall 2015 through fall 2018 semesters was provided by the North Dakota University System office. The estimates for the fall 2019 and fall 2020 semesters were provided by representatives of University System institutions.

HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2016-17 through 2019-20. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. The 2017 Legislative Assembly restored recognition of tuition income in the appropriation process, but provided continuing appropriation authority through June 30, 2019, for any additional funds received by the institutions. House Bill No. 1003 (2019) extended the continuing appropriation authority through June 30, 2021, for any additional funds received by the institutions. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	2016-17	2017-18	2018-19 ¹⁶	2019-20 ¹⁶
Bismarck State College ¹				
Undergraduate (basic rate)				
Resident	\$3,645 1.9%	\$3,791 4.0%	\$3,990 5.2%	\$4,150 4.0%
Minnesota resident ²	\$4,082 1.9%	\$4,245 4.0%	\$4,469 5.3%	\$4,648 4.0%
Contiguous state/province ³	\$4,556 1.9%	\$4,738 4.0%	\$5,985 26.3%	\$6,225 4.0%
Other nonresident	\$9,731 1.9%	\$10,120 4.0%	\$5,985 (40.9%)	\$6,225 4.0%
International students	\$9,731 1.9%	\$10,120 4.0%	\$6,983 (31.0%)	\$7,262 4.0%
Dakota College at Bottineau				
Undergraduate				
Resident	\$3,469 2.5%	\$3,607 4.0%	\$3,751 4.0%	\$4,066 8.4%
Minnesota resident ²	\$3,885 2.5%	\$4,040 4.0%	\$4,201 4.0%	\$4,554 8.4%
South Dakota and Montana residents	\$4,336 2.5%	\$4,509 4.0%	\$4,689 4.0%	\$5,083 8.4%
All Canadian provinces ⁴	\$3,469 2.5%	\$3,607 4.0%	\$3,751 4.0%	\$4,066 8.4%
Other nonresident	\$5,203 2.5%	\$5,411 4.0%	\$5,627 4.0%	\$6,100 8.4%
International students	\$5,203 2.5%	\$5,411 4.0%	\$5,627 4.0%	\$7,116 26.5%
Dickinson State University				
Undergraduate				
Resident	\$5,138 2.5%	\$5,344 4.0%	\$5,558 4.0%	\$6,020 8.3%
Minnesota resident ²	\$5,755 2.5%	\$5,985 4.0%	\$6,225 4.0%	\$6,742 8.3%
Contiguous state/province ³	\$6,423 2.5%	\$6,680 4.0%	\$6,947 4.0%	\$7,525 8.3%
Other nonresident ⁵	\$7,707 2.5%	\$8,015 4.0%	\$8,336 4.0%	\$9,030 8.3%

Institution	2016-17	2017-18	2018-19 ¹⁶	2019-20 ¹⁶
International students	\$7,707 2.5%	\$8,015 4.0%	\$9,170 14.4%	\$10,535 14.9%
Lake Region State College ⁶				
Undergraduate				
Resident	\$3,326 2.0%	\$3,459 4.0%	\$3,598 4.0%	\$3,778 5.0%
Minnesota resident ²	\$3,326 (8.9%)	\$3,459 4.0%	\$3,598 4.0%	\$3,778 5.0%
Contiguous state/province ³	\$3,326 2.0%	\$3,459 4.0%	\$3,598 4.0%	\$3,778 5.0%
Other nonresident	\$3,326 2.0%	\$3,459 4.0%	\$3,598 4.0%	\$3,778 5.0%
International students	\$8,316 2.0%	\$8,648 4.0%	\$8,994 4.0%	\$9,445 5.0%
Mayville State University				
Undergraduate (basic rate)				
Resident	\$5,053 2.5%	\$5,255 4.0%	\$5,465 4.0%	\$5,793 6.0%
Minnesota resident ²	\$5,660 2.5%	\$5,886 4.0%	\$6,121 4.0%	\$6,488 6.0%
Contiguous state/province ³	\$6,317 2.5%	\$6,569 4.0%	\$6,832 4.0%	\$7,241 6.0%
All Canadian provinces except Saskatchewan and Manitoba	\$7,580 2.5%	\$7,883 4.0%	\$8,198 4.0%	\$8,690 6.0%
Other nonresident	\$7,580 2.5%	\$7,883 4.0%	\$8,198 4.0%	\$8,690 6.0%
International students	\$13,492 2.5%	\$14,032 4.0%	\$14,593 4.0%	\$10,138 (30.5%)
Minot State University ⁷				
Undergraduate	\$5,193 2.5%	\$5,400 4.0%	\$5,616 4.0%	\$6,088 8.4%
Graduate	\$6,865 2.5%	\$7,140 4.0%	\$7,425 4.0%	\$8,049 8.4%
North Dakota State University				
Undergraduate (basic rate) ⁸				
Resident	\$6,924 2.4%	\$7,201 4.0%	\$7,957 10.5%	\$8,275 4.0%
Minnesota resident ²	\$7,755 2.4%	\$8,065 4.0%	\$8,912 10.5%	\$9,268 4.0%
Contiguous state/province ³	\$10,386 2.4%	\$10,802 4.0%	\$9,548 (11.6%)	\$9,930 4.0%
Other nonresident	\$18,488 2.4%	\$19,227 4.0%	\$11,936 (37.9%)	\$12,413 4.0%
International students	\$18,488 2.4%	\$19,227 4.0%	\$13,925 (27.6%)	\$14,482 4.0%

Institution	2016-17	2017-18	2018-19 ¹⁶	2019-20 ¹⁶
Graduate (basic rate) ⁸				
Resident	\$7,427 2.4%	\$7,724 4.0%	\$8,645 11.9%	\$8,991 4.0%
Minnesota resident ²	\$9,432 2.4%	\$9,810 4.0%	\$10,979 11.9%	\$11,418 4.0%
Contiguous state ³	\$11,141 2.4%	\$11,586 4.0%	\$12,967 11.9%	\$13,486 4.0%
Other nonresident	\$19,830 2.4%	\$20,623 4.0%	\$12,967 (37.1%)	\$13,486 4.0%
International students	\$19,830 2.4%	\$20,623 4.0%	\$15,129 (26.6%)	\$15,734 4.0%
North Dakota State College of Science ^{9,10,11}				
Undergraduate				
Resident	\$3,774 2.5%	\$3,925 4.0%	\$4,082 4.0%	\$4,204 3.0%
Minnesota resident ²	\$4,226 2.5%	\$4,396 4.0%	\$4,571 4.0%	\$4,708 3.0%
Contiguous state/province ³	\$4,717 2.5%	\$4,906 4.0%	\$5,102 4.0%	\$5,045 (1.1%)
Other nonresident	\$10,076 2.5%	\$10,479 4.0%	\$10,898 4.0%	\$5,045 (53.7%)
International students	\$10,076 2.5%	\$10,479 4.0%	\$10,898 4.0%	\$7,357 (32.5%)
University of North Dakota				
Undergraduate				
Resident	\$6,679 2.0%	\$6,946 4.0%	\$7,224 4.0%	\$8,212 13.7%
Minnesota resident ²	\$7,480 2.0%	\$7,780 4.0%	\$8,091 4.0%	\$9,197 13.7%
Contiguous state/province ³	\$10,018 2.0%	\$10,419 4.0%	\$10,836 4.0%	\$12,318 13.7%
Other nonresident	\$17,833 2.0%	\$18,546 4.0%	\$19,288 4.0%	\$12,318 (36.1%)
International students	\$17,833 2.0%	\$18,546 4.0%	\$19,288 4.0%	\$16,424 (14.8%)
Graduate				
Resident	\$7,185 2.0%	\$7,688 7.0%	\$8,227 7.0%	\$10,533 28.0%
Minnesota resident ²	\$9,125 2.0%	\$9,764 7.0%	\$10,448 7.0%	\$13,377 28.0%
Contiguous state/province ³	\$10,777 2.0%	\$11,532 7.0%	\$12,340 7.0%	\$15,800 28.0%
Other nonresident	\$19,184 2.0%	\$20,526 7.0%	\$21,965 7.0%	\$15,800 (28.1%)

Institution	2016-17	2017-18	2018-19 ¹⁶	2019-20 ¹⁶
International students	\$19,184 2.0%	\$20,526 7.0%	\$21,965 7.0%	\$21,067 (4.1%)
School of Law ¹²				
Resident	\$8,106 2.5%	\$8,835 9.0%	\$9,631 9.0%	\$13,176 36.8%
Minnesota resident ²	\$12,159 2.5%	\$13,253 9.0%	\$14,446 9.0%	\$19,764 36.8%
Contiguous state/province ³	\$12,159 2.5%	\$13,253 9.0%	\$14,446 9.0%	\$19,764 36.8%
Other nonresident	\$21,644 2.5%	\$23,592 9.0%	\$25,715 9.0%	\$39,527 53.7%
School of Medicine and Health Sciences				
Resident	\$28,781 2.5%	\$29,932 4.0%	\$31,129 4.0%	\$32,063 3.0%
Minnesota resident ²	\$31,658 2.5%	\$32,924 4.0%	\$34,242 4.0%	\$35,269 3.0%
Other nonresident	\$53,272 2.5%	\$55,403 4.0%	\$57,619 4.0%	\$59,348 3.0%
Physical therapy ¹³				
Resident	\$13,302 2.5%	\$13,834 4.0%	\$14,387 4.0%	\$14,820 3.0%
Minnesota resident ²	\$13,302 2.5%	\$13,834 4.0%	\$14,387 4.0%	\$14,820 3.0%
Other nonresident	\$18,404 2.5%	\$19,140 4.0%	\$19,906 4.0%	\$22,230 11.7%
Valley City State University ¹⁴				
Undergraduate				
Resident	\$5,282 2.5%	\$5,493 4.0%	\$5,713 4.0%	\$5,884 3.0%
Minnesota resident ²	\$5,916 2.5%	\$6,152 4.0%	\$6,398 4.0%	\$6,590 3.0%
Contiguous state/province ³	\$6,602 2.5%	\$6,866 4.0%	\$7,141 4.0%	\$7,355 3.0%
Other nonresident	\$14,103 2.5%	\$14,667 4.0%	\$15,253 4.0%	\$10,297 (32.5%)
Graduate	\$7,026 2.5%	\$7,308 4.0%	\$7,601 4.0%	\$7,829 3.0%
Williston State College ¹⁵				
Undergraduate (basic rate)				
Resident	\$3,399 2.5%	\$3,535 4.0%	\$3,676 4.0%	\$3,750 2.0%
Minnesota resident ²	\$3,399 (8.5%)	\$3,535 4.0%	\$3,676 4.0%	\$4,200 14.3%
Contiguous state/province ³	\$3,399 2.5%	\$3,535 4.0%	\$3,676 4.0%	\$3,750 2.0%

Institution	2016-17	2017-18	2018-19 ¹⁶	2019-20 ¹⁶
Other nonresident	\$3,399 2.5%	\$3,535 4.0%	\$3,676 4.0%	\$3,750 2.0%
International students	\$4,589 2.5%	\$4,772 4.0%	\$4,963 4.0%	\$6,563 32.2%

¹Bismarck State College implemented a per-credit tuition model beginning in the 2000-01 academic year. 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. As detailed in footnote 16, the State Board of Higher Education approved a new tuition model for Bismarck State College beginning with the 2018-19 academic year.

²Under the 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. Beginning with the 2009-10 academic year, the reciprocity agreement was revised to allow Lake Region State College, Minot State University, and Williston State College to charge Minnesota students the North Dakota resident tuition rate rather than the rate specified under the agreement. Beginning with the 2013-14 academic year, the reciprocity agreement was revised to charge Minnesota students attending North Dakota University System institutions 112 percent of resident undergraduate tuition rates and 127 percent of resident graduate tuition rates, with provisions to increase those rates to 115 percent and 130 percent in the future.

³The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

⁴Beginning with the 2002-03 academic year, Dakota College at Bottineau charges resident tuition rates to students from all Canadian provinces.

⁵Beginning with the 2012-13 academic year, the nonresident tuition rate at Dickinson State University is 150 percent of the resident tuition rate rather than 267 percent.

⁶Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

⁷Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.

⁸Beginning with the 2012-13 academic year, North Dakota State University charges a differentiated tuition rate for certain programs that combine tuition and program fees. The amounts shown reflect the basic undergraduate and graduate tuition rates. As detailed in footnote 16, the State Board of Higher Education approved a new tuition model for North Dakota State University for the 2018-19 academic year.

⁹Beginning with the 2002-03 academic year, the North Dakota 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:

	2016-17	2017-18	2018-19	2019-20
Undergraduate				
Contiguous state/province	\$3,774	\$3,925	\$4,082	\$4,204
Other nonresidents	\$3,774	\$3,925	\$4,082	\$4,204

¹⁰The North Dakota State College of Science implemented a per-credit tuition model beginning in the 2004-05 academic year. 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.

¹¹Beginning with the 2001-02 academic year, the North Dakota 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.

¹²The University of North Dakota School of Law implemented a per-credit tuition model beginning in the 2008-09 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 law student.

¹³Physical therapy students pay undergraduate tuition rates during the first 2 years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

¹⁴Valley City State University implemented a per-credit tuition model beginning in the 2005-06 academic year. 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 full-time graduate student. Beginning with the 2010-11 academic year, Valley City State University charges the same online tuition rate to all graduate students.

¹⁵Williston State College implemented a per-credit tuition model beginning in the 2002-03 academic year. From the 2002-03 through the 2010-11 academic years, the institution charged a per-credit (part-time) tuition rate for all credit-hours except for the 14th, 15th, and 16th credits, which are at no charge. During the 2011-12 academic year, the institution charged students for all credits taken except the 15th and 16th credits. Beginning with the 2012-13 academic year, the institution charges students for all credits taken except the 16th credit. 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. Beginning with the 2009-10 academic year, Williston State College charges all students the resident tuition rate except for international students. International students were charged the resident tuition rate during the 2009-10 and 2010-11 academic years and began to be charged an international student tuition rate beginning with the 2011-12 academic year.

¹⁶The State Board of Higher Education approved a new statewide tuition model that combines tuition and nonmandatory fees, provides consistent on-campus and online tuition rates, charges a flat tuition rate if a student enrolls in more than 12 or 13 credits, and adjusts tuition rates for Minnesota resident students, other nonresident students, and international students. The tuition model principles approved by the board provides for the assessment of tuition based on residency as follows:

- Minnesota resident students - 1.12 times the resident rate.
- Other nonresident United States, Manitoba, and Saskatchewan students - No lower than 1.2 times the resident rate.
- Other international students - No lower than 1.75 times the resident rate.

The State Board of Higher Education implemented the new tuition model at Bismarck State College and North Dakota State University during the 2018-19 academic year. The State Board of Higher Education approved the new tuition model for the other nine campuses for the 2019-20 academic year.

**North Dakota University System Office
Budget No. 215
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	148.90	\$113,977,097	\$31,002,206	\$144,979,303
2019-21 base budget	149.40	101,639,530	26,412,106	128,051,636
Legislative increase (decrease) to base budget	(0.50)	\$12,337,567	\$4,590,100	\$16,927,667

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$102,327,097	\$11,650,000	\$113,977,097
2017-19 legislative appropriations	101,639,530	4,970,000 ¹	106,609,530 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$687,567	\$6,680,000	\$7,367,567
Percentage increase (decrease) to 2017-19 appropriations	0.7%	134.4%	6.9%

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$2.7 million made in House Bill No. 1003 (2019). See the **2017-19 Biennium Supplemental Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$776	(\$226,876)	(\$226,100)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		634,861	309,934	944,795
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		410,894	218,258	629,152
Increased funding for student financial assistance grants to increase the maximum annual grant award from \$1,950 to \$2,200.		2,000,000		2,000,000
Adjusted the funding source for the professional student exchange program.		465,307	(465,307)	0

Reduced funding for ConnectND.		(539,437)	(539,437)
Adjusted funding for tribal college grants to provide a total of \$1 million from the general fund.	900,000	(500,000)	400,000
Restored funding for Midwestern Higher Education Compact dues.	230,000		230,000
Increased funding for Western Commission on Higher Education dues to provide a total of \$339,000.	45,000		45,000
Increased funding for audit fees.	250,000		250,000
Removed funding for the dual-credit instructor assistance program.		(200,000)	(200,000)
Removed funding for the science, technology, engineering, and mathematics loan forgiveness program.	(500,000)		(500,000)
Removed federal funding for Title II.		(1,006,472)	(1,006,472)
Transferred the teacher shortage loan forgiveness program to the Department of Public Instruction.	(2,103,393)		(2,103,393)
Reduced funding for capital bond payments.	(1,645,878)		(1,645,878)
Added one-time funding for higher education challenge grants, including \$250,000 for University of North Dakota (UND) School of Law matching grants.	9,650,000		9,650,000
Added one-time funding, including \$7 million from Bank of North Dakota profits, for Tier III of the capital building fund program.	2,000,000	7,000,000	9,000,000
Adjusted FTE positions.	(0.50)		
Total	(0.50)	\$12,337,567	\$4,590,100

FTE Changes

The Legislative Assembly authorized 148.90 FTE positions for the North Dakota University System office for the 2019-21 biennium, a decrease of 0.50 FTE positions from the number authorized by the 2017 Legislative Assembly. The 0.50 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly identified \$450.35 million of funding as one-time funding for the University System. These amounts are not to be considered part of the University System's base budget for the 2021-23 biennium, and the University System is to report to the Appropriations Committees of the 67th Legislative Assembly on the use of this funding. The table below summarizes one-time funding provided to the University System for the 2019-21 biennium.

	General Fund	Other Funds	Total
Education challenge grants	\$9,400,000		\$9,400,000
UND School of Law matching grants	250,000		250,000
Tier II and Tier III capital building funds	2,000,000	\$27,000,000	29,000,000
Lake Region State College - Precision agriculture center		3,000,000	3,000,000
UND - Campus network upgrades		1,500,000	1,500,000
UND - Deferred maintenance and parking projects		30,000,000	30,000,000
UND - Memorial Union		80,000,000	80,000,000
UND - High Performance Center Phase 2		35,000,000	35,000,000
UND - Gamble Hall (Senate Bill No. 2297)		61,000,000	61,000,000
North Dakota State University (NDSU) - Campus network upgrades		1,500,000	1,500,000
NDSU - Barry Hall		3,000,000	3,000,000
NDSU - Indoor practice facility		37,200,000	37,200,000
NDSU - Indoor softball facility		2,000,000	2,000,000
NDSU - University Village Phase 2		37,600,000	37,600,000
NDSU - Dunbar Hall (Senate Bill No. 2297)		43,200,000	43,200,000
NDSU - Agriculture products development center (Senate Bill No. 2297)		40,000,000	40,000,000
Dickinson State University - Digitization of documents at the Theodore Roosevelt Center	200,000		200,000
Dickinson State University - Pulver Hall (Senate Bill No. 2297)		4,000,000	4,000,000
Valley City State University - Communication and Fine Arts Building		30,000,000	30,000,000
Dakota College at Bottineau - Dining facility		2,500,000	2,500,000
Total	\$11,850,000	\$438,500,000	\$450,350,000

2017-19 Biennium Supplemental Appropriations

Section 3 of House Bill No. 1003 provides a supplemental appropriation of \$491,850 from the general fund to Williston State College for institution operations.

Section 4 of House Bill No. 1003 provides a supplemental appropriation of \$550,000 from the general fund to Dickinson State University for the digitization of documents at the Theodore Roosevelt Center.

Section 5 of House Bill No. 1003 provides a supplemental appropriation of \$2.7 million from the general fund to the State Board of Higher Education for campus workforce initiative projects, including \$1 million for the Bismarck State College polytechnic transition, \$1 million for the Dickinson State University dual-mission transition, and \$700,000 for Williston State College.

Senate Bill No. 2297 provides supplemental appropriations totaling \$49.9 million from the general fund for higher education capital projects as follows:

	General Fund
Bismarck State College - Nursing Building	\$8,900,000
Dakota College at Bottineau - Dining hall and other projects	1,000,000
Lake Region State College - Precision agriculture center	1,000,000
NDSU - Agriculture products development center	20,000,000
NDSU - Dunbar Hall	8,000,000
UND - Gamble Hall	9,000,000
Valley City State University - Communications and Fine Arts Building	2,000,000
Total	\$49,900,000

Competitive Research

The Legislative Assembly provided \$6.03 million from the general fund for competitive research. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	\$1,980,000
1997-99	\$1,980,000
1999-2001	\$1,971,000
2001-03	\$4,000,000
2003-05	\$4,750,000 ¹
2005-07	\$5,190,000
2007-09	\$5,650,000
2009-11	\$7,050,000 ²
2011-13	\$7,050,000
2013-15	\$7,050,000
2015-17	\$6,588,225
2017-19	\$6,027,750
2019-21	\$6,027,750 ³

¹The 2003 Legislative Assembly provided that \$100,000 of the \$4.75 million be used for a public-private partnership for establishment of a design center at UND.

²The 2009 Legislative Assembly provided that \$400,000 of the \$7.05 million be used for the National Aeronautics and Space Administration Experimental Program to Stimulate Competitive Research.

³The 2019 Legislative Assembly provided that \$342,000 of the \$6,027,750 be used for the National Aeronautics and Space Administration Experimental Program to Stimulate Competitive Research.

Student Financial Assistance Grants

The Legislative Assembly provided \$23,917,306 from the general fund for student financial assistance grants. The maximum grant award amount under the program is \$2,200 per year. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. The following is a summary of funding for student financial assistance grants:

Biennium	Maximum Grant Award	Legislative Appropriations			
		General Fund	Federal Funds	Other Funds	Total
1995-97	\$600	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$600	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$600	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$600	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$600	\$2,730,215	\$200,000		\$2,930,215
2005-07	\$1,000	\$3,332,402	\$172,000		\$3,504,402
2007-09	\$1,000	\$5,823,497	\$164,000		\$5,987,497
2009-11	\$1,500	\$19,025,594	\$348,428		\$19,374,022
2011-13	\$1,500	\$19,025,594	\$348,428		\$19,374,022
2013-15	\$1,650	\$21,245,679			\$21,245,679
2015-17	\$1,950	\$23,886,160			\$23,886,160
2017-19	\$1,950	\$21,917,306			\$21,917,306
2019-21	\$2,200	\$23,917,306			\$23,917,306

Professional Student Exchange Program

The Legislative Assembly provided \$3,699,342 from the general fund for the professional student exchange program. The program assists North Dakota students enrolling in professional programs not offered in the state including dentistry, optometry, and veterinary medicine. The Legislative Assembly also provided statutory repayment provisions relating to the professional student exchange program for individuals initially entering a program after June 30, 2020. The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total
1995-97	\$1,326,756		\$1,326,756
1997-99	\$1,389,801		\$1,389,801
1999-2001	\$1,310,716		\$1,310,716
2001-03	\$1,560,716		\$1,560,716
2003-05	\$1,678,300		\$1,678,300
2005-07	\$1,864,780	\$262,500	\$2,127,280
2007-09	\$2,199,566	\$523,380	\$2,722,946
2009-11	\$2,346,130	\$990,970	\$3,337,100
2011-13	\$2,856,131	\$465,307	\$3,321,438
2013-15	\$3,809,708	\$465,307	\$4,275,015
2015-17	\$3,476,447	\$465,307	\$3,941,754
2017-19	\$3,234,035	\$465,307	\$3,699,342
2019-21	\$3,699,342		\$3,699,342

Scholars Program

The Legislative Assembly provided \$1,807,115 from the general fund for the scholars program. The scholars program provides full-tuition scholarships to resident students who score in the upper fifth percentile of North Dakota ACT test takers and enroll in an undergraduate program in the state. The following is a summary of funding for the scholars program:

Biennium	General Fund	Special Funds	Total
1995-97	\$496,403		\$496,403
1997-99	\$473,786	\$185,500	\$659,286
1999-2001	\$520,730	\$185,500	\$706,230
2001-03	\$770,730		\$770,730
2003-05	\$816,386		\$816,386
2005-07	\$862,077		\$862,077
2007-09	\$1,478,566		\$1,478,566
2009-11	\$2,113,584		\$2,113,584
2011-13	\$2,113,584		\$2,113,584
2013-15	\$2,113,584		\$2,113,584
2015-17	\$2,113,584		\$2,113,584
2017-19	\$1,807,115		\$1,807,115
2019-21	\$1,807,115		\$1,807,115

Native American Scholarship Program

The Legislative Assembly provided \$555,323 from the general fund for Native American scholarships. The following is a summary of funding for the Native American scholarship program:

Biennium	General Fund
1995-97	\$200,000
1997-99	\$204,000
1999-2001	\$204,082
2001-03	\$204,082
2003-05	\$204,086
2005-07	\$251,988
2007-09	\$380,626
2009-11	\$381,292
2011-13	\$574,267
2013-15	\$649,267

2015-17	\$649,267
2017-19	\$555,323
2019-21	\$555,323

Career and Technical Education and Academic Scholarships

The Legislative Assembly provided \$12,016,749 from the general fund for career and technical education and academic scholarships. To be eligible for a scholarship, a student must be a resident of the state, complete the requirements for a high school diploma, and meet the following program requirements for one of the programs as follows:

Career and Technical Education Scholarship	Academic Scholarship
Complete four units of English language arts	Complete four units of English language arts
Complete three units of mathematics, including one unit of Algebra II and two units of other mathematics	Complete one unit of Algebra II and one unit of mathematics for which Algebra II is a prerequisite
Complete three units of science	Complete three units of science
Complete three units of social studies	Complete three units of social studies
Complete one unit of physical education or one-half unit of physical education and one-half unit of health	Complete one unit of physical education or one-half unit of physical education and one-half unit of health
Complete two units of a coordinated study plan as recommended by the Department of Career and Technical Education	Complete two units of the same foreign language, the same Native American language, American sign language, or career and technical education from a coordinated study plan approved by the Superintendent of Public Instruction
Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education	Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education
Complete five additional units, two of which must be in the area of career and technical education	Complete any five additional units
Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship	Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship
Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship	Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship
Receive a composite score of at least 24 on the ACT or a score of at least 5 on each of three WorkKeys assessments	Receive a composite score of at least 24 on the ACT
	Fulfill one unit required for the scholarship through an advanced placement course or fulfill one-half unit required for the scholarship through a dual-credit course

Any student that meets the requirements for a career and technical education scholarship or an academic scholarship is to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000.

Education Incentive Programs

The Legislative Assembly provided \$510,000 from the general fund for education incentive programs, a reduction of \$2,353,393 from the base level. Funding for the teacher shortage loan forgiveness program was transferred to the Department of Public Instruction and funding for the science, technology, engineering, and mathematics occupations loan forgiveness program was removed by the Legislative Assembly. Of the \$510,000 appropriated, \$250,000 is for matching grants for the UND School of Law. The remaining funding may be allocated for education incentive programs, including funding for graduate programs, as determined by the State Board of Higher Education.

Higher Education Challenge Grants Program

The Legislative Assembly provided \$9.4 million from the general fund for higher education challenge grants. An additional \$250,000 from the general fund was appropriated in the education incentive programs line item for UND School of Law matching grants. The following is a summary of funding for the higher education challenge grants program:

Biennium	General Fund	Student Loan Trust Fund	Total
2013-15	\$29,000,000		\$29,000,000
2015-17	\$21,000,000	\$2,500,000	\$23,500,000
2017-19	\$2,000,000		\$2,000,000
2019-21	\$9,400,000		\$9,400,000

Capital Project Bond Payments

The Legislative Assembly provided \$4,959,448 from the general fund for University System capital project bond payments. The payments are to repay bonds issued by the North Dakota Building Authority to finance higher education capital projects approved by the Legislative Assembly. The 2019 Legislative Assembly approved the issuance of bonds through the North Dakota Building Authority for higher education capital projects for the first time since 2005. The following is a summary of the 2019-21 biennium legislative appropriation compared to the 2017-19 biennium legislative appropriation for capital bond payments:

	2017-19 Biennium Legislative Appropriation	2019-21 Biennium Legislative Appropriation	Increase (Decrease) From 2017-19 Biennium
Capital bond payments - General fund	\$6,605,326	\$4,959,448	(\$1,645,878)

Special funds authority to repay revenue bonds issued by institutions is included in each institution's budget. Revenue bonds are issued by institutions to finance capital projects for income-producing auxiliary services, such as student housing and dining facilities.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Improvements

The following schedule identifies the higher education capital improvement funding contained in appropriations approved by the Legislative Assembly for the 2019-21 biennium. The schedule reflects general fund appropriations for extraordinary repairs and special fund authorization provided for major capital projects.

Entity/Project	2017-19 General Fund Appropriation	2019-21 Legislative Appropriations		
		General Fund	Special Funds	Total
Bismarck State College				
Nursing Building	\$8,900,000			\$8,900,000
Capital building fund - Tier II			\$851,386	851,386
Extraordinary repairs		\$417,673		417,673
Total	\$8,900,000	\$417,673	\$851,386	\$10,169,059
Lake Region State College				
Precision agriculture center	\$1,000,000		\$3,000,000	\$4,000,000
Capital building fund - Tier II			354,750	354,750
Extraordinary repairs		\$155,367		155,367
Total	\$1,000,000	\$155,367	\$3,354,750	\$4,510,117

Entity/Project	2017-19 General Fund Appropriation	2019-21 Legislative Appropriations		
		General Fund	Special Funds	Total
Williston State College				
Capital building fund - Tier II			\$275,894	\$275,894
Extraordinary repairs		\$197,801		197,801
Total		\$197,801	\$275,894	\$473,695
UND				
Deferred maintenance and parking projects (appropriation bonds to be repaid by UND)			\$30,000,000	\$30,000,000
Memorial Union (revenue bonds)			80,000,000	80,000,000
High Performance Center Phase 2			35,000,000	35,000,000
Gamble Hall (including \$6 million of special funds from appropriation bond proceeds)	\$9,000,000		61,000,000	70,000,000
Capital building fund - Tier II			8,723,602	8,723,602
Extraordinary repairs		\$4,411,566		4,411,566
Total	\$9,000,000	\$4,411,566	\$214,723,602	\$228,135,168
NDSU				
Barry Hall			\$3,000,000	\$3,000,000
Indoor practice facility			37,200,000	37,200,000
Indoor softball facility			2,000,000	2,000,000
Dunbar Hall (including \$40 million from appropriation bonds)	\$8,000,000		43,200,000	51,200,000
Agriculture products development center (including \$20 million from appropriation bonds)	20,000,000		40,000,000	60,000,000
University Village Phase 2 (revenue bonds)			37,600,000	37,600,000
Capital building fund - Tier II			5,799,192	5,799,192
Extraordinary repairs		\$2,732,244		2,732,244
Total	\$28,000,000	\$2,732,244	\$168,799,192	\$199,531,436
North Dakota State College of Science				
Capital building fund - Tier II			\$1,001,390	\$1,001,390
Extraordinary repairs		\$1,012,379		1,012,379
Total		\$1,012,379	\$1,001,390	\$2,013,769
Dickinson State University				
Pulver Hall (appropriation bonds)			\$4,000,000	\$4,000,000
Capital building fund - Tier II			537,724	537,724
Extraordinary repairs		\$409,078		409,078
Total		\$409,078	\$4,537,724	\$4,946,802
Mayville State University				
Capital building fund - Tier II			\$480,058	\$480,058
Extraordinary repairs		\$358,992		358,992
Total		\$358,992	\$480,058	\$839,050
Minot State University				
Capital building fund - Tier II			\$1,145,602	\$1,145,602
Extraordinary repairs		\$899,620		899,620
Total		\$899,620	\$1,145,602	\$2,045,222
Valley City State University				
Communications and Fine Arts Building (appropriation bonds)	\$2,000,000		\$30,000,000	\$32,000,000
Capital building fund - Tier II			618,274	618,274
Extraordinary repairs		\$408,319		408,319
Total	\$2,000,000	\$408,319	\$30,618,274	\$33,026,593

Entity/Project	2017-19 General Fund Appropriation	2019-21 Legislative Appropriations		
		General Fund	Special Funds	Total
Dakota College at Bottineau				
Dining facility (revenue bonds)			\$2,500,000	\$2,500,000
Dining hall and other projects	\$1,000,000			1,000,000
Capital building fund - Tier II			212,128	212,128
Extraordinary repairs		\$114,007		114,007
Total	\$1,000,000	\$114,007	\$2,712,128	\$3,826,135
Forest Service				
Extraordinary repairs and equipment over \$5,000		\$118,728		\$118,728
Total		\$118,728		\$118,728
Total Higher Education	\$49,900,000	\$11,235,774	\$428,500,000	\$489,635,774

Other Sections in House Bill No. 1003

Campus workforce initiative - Section 5 provides a supplemental appropriation of \$2.7 million from the general fund to the State Board of Higher Education for campus workforce initiative projects, including \$1 million for the Bismarck State College polytechnic transition, \$1 million for the Dickinson State University dual-mission transition, and \$700,000 for Williston State College. Section 36 provides that this section is an emergency measure.

Midwestern Higher Education Compact - Section 6 restores the Midwestern Higher Education Compact to the North Dakota Century Code.

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions, including Dickinson State University.

UND School of Law challenge grants - Section 9 establishes statutory language for a UND School of Law challenge grant program and provides for the distribution of \$250,000 of grant funds for School of Law matching grants.

Professional student exchange program - Section 12 provides statutory repayment provisions relating to the professional student exchange program. Section 35 provides the repayment provisions apply to individuals initially entering a professional student exchange program after June 30, 2020.

UND men's varsity golf - Section 13 provides statutory language relating to the potential sale of the Ray Richards Golf Course by UND.

Curtis and Annette Hofstad Agricultural Center - Section 14 names the Lake Region State College precision agriculture building the Curtis and Annette Hofstad Agricultural Center.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Student financial assistance grants - Section 17 increases the maximum annual award under the student financial assistance grant program from \$1,950 to \$2,200 per year.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Repeals - Section 19 repeals statutory provisions relating to the dual-credit instructor assistance program and the technology occupations student loan program.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Sale of property - Section 26 provides authority for the sale of certain properties owned by UND. Section 36 provides that this section is an emergency measure.

Appropriation bond authorization - Section 27 authorized the industrial commission to arrange for \$30 million of appropriation bonds for deferred maintenance and parking projects at UND. The University of North Dakota is responsible for the repayment of the bonds from institution operations funding or other local funds. Section 36 provides that this section is an emergency measure.

Revenue bond authorization - Section 28 authorizes the State Board of Higher Education to arrange for \$120.1 million of revenue bonds for the Memorial Union project at UND (\$80 million), University Village Phase 2 at NDSU (\$37.6 million), and the dining facility project at Dakota College at Bottineau (\$2.5 million). Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from Bank of North Dakota profits for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Campus network upgrades - Section 32 provides for transfers from Bank of North Dakota profits of \$1.5 million each to UND and NDSU for campus network upgrades.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Competitive research study - Section 34 provides for a Legislative Management study of University System competitive research programs.

Related Legislation

House Bill No. 1002 - UND central legal research - Removes base level funding of \$40,000 from the general fund for the judicial branch for UND central legal research.

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2017-19 biennium and the 2019-21 bienniums:

Institution	2017-19 Distribution	2019-21 Distribution	Increase (Decrease)
NDSU	\$4,738,000	\$5,916,000	\$1,178,000
UND	3,662,000	4,504,000	842,000
North Dakota State College of Science	1,446,286	1,736,000	289,714
Valley City State University	808,000	1,034,000	226,000
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	186,286	242,000	55,714
Dickinson State University	186,286	242,000	55,714
Minot State University	186,286	242,000	55,714
Total	\$11,755,144	\$14,584,000	\$2,828,856

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

House Bill No. 1120 - Dickinson State University arts building sale - Authorizes the conveyance of the Dickinson State University arts building.

House Bill No. 1171 - Skilled workforce recruitment and retention - Provides for a skilled workforce student loan repayment program and a skilled workforce student scholarship program.

House Bill No. 1429 - Teacher shortage loan forgiveness - Transfers the teacher shortage loan forgiveness program from the University System to the Department of Public Instruction.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2224 - Bioscience innovation - Provides \$700,000 for a bioscience innovation grant program.

Senate Bill No. 2249 - State energy research center - Establishes the state energy research center at the UND Energy and Environmental Research Center and provides for 1 percent of oil and gas taxes, up to \$5 million per biennium, to be deposited in the state energy research center fund.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium supplemental general fund appropriations for various higher education capital projects.

**Bismarck State College
Budget No. 227
House Bill No. 1003 and Senate Bill No. 2297**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	323.93	\$31,068,227	\$70,449,402	\$101,517,629
2019-21 base budget	358.35	30,600,597	72,991,998	103,592,595
Legislative increase (decrease) to base budget	(34.42)	\$467,630	(\$2,542,596)	(\$2,074,966)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$31,068,227	\$0	\$31,068,227
2017-19 legislative appropriations	30,600,597	9,024,374 ¹	39,624,971 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$467,630	(\$9,024,374)	(\$8,556,744)
Percentage increase (decrease) to 2017-19 appropriations	1.5%	(100.0%)	(21.6%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$8.9 million provided in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$822,345)		(\$822,345)
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		1,289,975		1,289,975
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$1,736,578	1,736,578
Adjusted other funds due to changes in institution estimates.			(5,130,560)	(5,130,560)
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			851,386	851,386

Adjusted FTE positions.	(34.42)			
Total	(34.42)	\$467,630	(\$2,542,596)	(\$2,074,966)

FTE Changes

The Legislative Assembly authorized 323.93 FTE positions for Bismarck State College for the 2019-21 biennium, a decrease of 34.42 FTE positions from the number authorized by the 2017 Legislative Assembly. The 34.42 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$851,386 of one-time funding, including \$425,693 from Bank of North Dakota profits and \$425,693 from institution matching funds, to Bismarck State College for the 2019-21 biennium relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$8.9 million from the general fund for the nursing building project at Bismarck State College.

Other Sections in House Bill No. 1003

Campus workforce initiative - Section 5 provides a supplemental appropriation of \$2.7 million from the general fund to the State Board of Higher Education for campus workforce initiative projects, including \$1 million for the Bismarck State College polytechnic transition, \$1 million for the Dickinson State University dual-mission transition, and \$700,000 for Williston State College. Section 36 provides that this section is an emergency measure.

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

House Bill No. 1171 - Skilled workforce recruitment and retention - Provides for a skilled workforce student loan repayment program and a skilled workforce student scholarship program.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

**Lake Region State College
Budget No. 228
House Bill No. 1003 and Senate Bill No. 2297**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	118.10	\$12,945,280	\$28,331,264	\$41,276,544
2019-21 base budget	129.61	12,700,623	24,111,092	36,811,715
Legislative increase (decrease) to base budget	(11.51)	\$244,657	\$4,220,172	\$4,464,829

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$12,945,280	\$0	\$12,945,280
2017-19 legislative appropriations	12,700,623	1,050,957 ¹	13,751,580 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$244,657	(\$1,050,957)	(\$806,300)
Percentage increase (decrease) to 2017-19 appropriations	1.9%	(100.0%)	(5.9%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$1 million provided in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$292,840)		(\$292,840)
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		537,497		537,497
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$626,544	626,544
Adjusted other funds due to changes in institution estimates.			238,878	238,878
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			354,750	354,750

Added one-time funding for the precision agriculture center project.			3,000,000	3,000,000
Adjusted FTE positions.	(11.51)			
Total	(11.51)	\$244,657	\$4,220,172	\$4,464,829

FTE Changes

The Legislative Assembly authorized 118.10 FTE positions for Lake Region State College for the 2019-21 biennium, a decrease of 11.51 FTE positions from the number authorized by the 2017 Legislative Assembly. The 11.51 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$3,354,750 of one-time funding to Lake Region State College for the 2019-21 biennium. The appropriation includes \$3,000,000 from the institution's capital building fund or other funds for the precision agriculture center project and \$177,375 from Bank of North Dakota profits and \$177,375 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$1 million from the general fund for the precision agriculture center project at Lake Region State College. The Legislative Assembly also provided authority for Lake Region State College to spend up to \$3 million from its capital building fund or other funds for the precision agriculture center project.

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Curtis and Annette Hofstad Agricultural Center - Section 14 names the Lake Region State College precision agriculture building the Curtis and Annette Hofstad Agricultural Center.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

House Bill No. 1171 - Skilled workforce recruitment and retention - Provides for a skilled workforce student loan repayment program and a skilled workforce student scholarship program.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

**Williston State College
Budget No. 229
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	100.48	\$10,067,743	\$24,066,179	\$34,133,922
2019-21 base budget	100.75	8,360,503	19,855,598	28,216,101
Legislative increase (decrease) to base budget	(0.27)	\$1,707,240	\$4,210,581	\$5,917,821

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$10,067,743	\$0	\$10,067,743
2017-19 legislative appropriations	8,360,503	526,694 ¹	8,887,197 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,707,240	(\$526,694)	\$1,180,546
Percentage increase (decrease) to 2017-19 appropriations	20.4%	(100.0%)	13.3%

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$491,850 made in House Bill No. 1003. See the **2017-19 Biennium Supplemental Appropriation** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		\$1,289,220		\$1,289,220
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		418,020		418,020
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$559,623	559,623
Adjusted other funds due to changes in institution estimates.			3,375,064	3,375,064
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			275,894	275,894

Adjusted FTE positions.	(0.27)			
Total	(0.27)	\$1,707,240	\$4,210,581	\$5,917,821

FTE Changes

The Legislative Assembly authorized 100.48 FTE positions for Williston State College for the 2019-21 biennium, a decrease of 0.27 FTE positions from the number authorized by the 2017 Legislative Assembly. The 0.27 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$275,894 of one-time funding, including \$137,947 from Bank of North Dakota profits and \$137,947 from institution matching funds, to Williston State College for the 2019-21 biennium relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

2017-19 Biennium Supplemental Appropriation

Section 3 of House Bill No. 1003 provides a 2017-19 biennium supplemental appropriation of \$491,850 from the general fund to Williston State College for institution operations.

Other Sections in House Bill No. 1003

Campus workforce initiative - Section 5 provides a supplemental appropriation of \$2.7 million from the general fund to the State Board of Higher Education for campus workforce initiative projects, including \$1 million for the Bismarck State College polytechnic transition, \$1 million for the Dickinson State University dual-mission transition, and \$700,000 for Williston State College. Section 36 provides that this section is an emergency measure.

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

House Bill No. 1171 - Skilled workforce recruitment and retention - Provides for a skilled workforce student loan repayment program and a skilled workforce student scholarship program.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

University of North Dakota
 Budget No. 230
 House Bill No. 1003 and Senate Bill No. 2297

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	2,132.17	\$150,279,869	\$960,409,279	\$1,110,689,148
2019-21 base budget	2,218.07	140,096,090	728,870,450	868,966,540
Legislative increase (decrease) to base budget	(85.90)	\$10,183,779	\$231,538,829	\$241,722,608

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$150,279,869	\$0	\$150,279,869
2017-19 legislative appropriations	140,096,090	9,763,665 ¹	149,859,755 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$10,183,779	(\$9,763,665)	\$420,114
Percentage increase (decrease) to 2017-19 appropriations	7.3%	(100.0%)	0.3%

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$9 million made in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		\$3,544		\$3,544
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		7,386,853		7,386,853
Added funding relating to an increase in the higher education funding formula weighting factor for University of North Dakota (UND) School of Law credits.		2,793,382		2,793,382
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$15,376,224	15,376,224
Adjusted other funds due to changes in institution estimates.			(60,997)	(60,997)

Added one-time funding from Bank of North Dakota profits for campus network upgrades.		1,500,000	1,500,000
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.		8,723,602	8,723,602
Added one-time funding from appropriation bond proceeds (to be repaid from operations funding or other local funds) for deferred maintenance and parking projects.		30,000,000	30,000,000
Added one-time funding from revenue bond proceeds for the Memorial Union project.		80,000,000	80,000,000
Added one-time funding from grants, gifts, and donations for Phase 2 of the High Performance Center project.		35,000,000	35,000,000
Added one-time funding, including \$6 million from appropriation bond proceeds and \$55 million from local or other funds, for the Gamble Hall project. (Senate Bill No. 2297)		61,000,000	61,000,000
Adjusted FTE positions.	<u>(85.90)</u>		
Total	<u>(85.90)</u>	<u>\$10,183,779</u>	<u>\$231,538,829</u>
			<u>\$241,722,608</u>

NOTE: The 2019-21 legislative appropriations include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 22 of House Bill No. 1003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

FTE Changes

The Legislative Assembly authorized 2,132.17 FTE positions for UND for the 2019-21 biennium, a decrease of 85.90 FTE positions from the number authorized by the 2017 Legislative Assembly. The 85.90 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$216,223,602 of one-time funding to UND for the 2019-21 biennium. The appropriation includes \$206,000,000 for capital projects (see **Capital Projects** section below for additional information), \$1,500,000 from Bank of North Dakota profits for campus network upgrades, and \$4,361,801 from Bank of North Dakota profits and \$4,361,801 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$9 million from the general fund for the Gamble Hall project at UND. The Legislative Assembly also authorized the following capital projects at UND for the 2019-21 biennium:

	Other Funds	2017-19 General Fund Appropriation	Total
Deferred maintenance and parking projects (appropriation bonds to be repaid from operations funding and other local funds)	\$30,000,000	\$0	\$30,000,000
Memorial Union (revenue bonds)	80,000,000	0	80,000,000
High Performance Center Phase 2 (grants, gifts, and donations)	35,000,000	0	35,000,000
Gamble Hall (\$6 million from appropriation bonds and \$55 million from local or other funds)	61,000,000	9,000,000	70,000,000
Total	\$206,000,000	\$9,000,000	\$215,000,000

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

UND School of Law challenge grants - Section 9 establishes statutory language for a UND School of Law challenge grant program and provides for the distribution of \$250,000 of grant funds for School of Law matching grants.

UND men's varsity golf - Section 13 provides statutory language relating to the potential sale of the Ray Richards Golf Course by UND.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Sale of property - Section 26 provides authority for the sale of certain properties owned by UND. Section 36 provides that this section is an emergency measure.

Appropriation bond authorization - Section 27 authorized the Industrial Commission to arrange for \$30 million of appropriation bonds for deferred maintenance and parking projects at UND. The University of North Dakota is responsible for the repayment of the bonds from institution operations funding or other local funds. Section 36 provides that this section is an emergency measure.

Revenue bond authorization - Section 28 authorizes the State Board of Higher Education to arrange for \$120.1 million of revenue bonds for the Memorial Union project at UND (\$80 million), University Village Phase 2 at North Dakota State University (\$37.6 million), and the dining facility project at Dakota College at Bottineau (\$2.5 million). Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Campus network upgrades - Section 32 provides for transfers from the Bank of North Dakota of \$1.5 million each to UND and North Dakota State University for campus network upgrades.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Competitive research study - Section 34 provides for a Legislative Management study of University System competitive research programs.

Related Legislation

House Bill No. 1002 - UND central legal research - Removes base level funding of \$40,000 from the general fund for the judicial branch for UND central legal research.

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 distribution of \$4,504,000 to UND.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2224 - Bioscience innovation - Provides \$700,000 for a bioscience innovation grant program.

Senate Bill No. 2249 - State energy research center - Establishes the state energy research center at the UND Energy and Environmental Research Center and provides for 1 percent of oil and gas taxes, up to \$5 million per biennium, to be deposited in the state energy research center fund.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	485.32	\$62,935,789	\$159,037,011	\$221,972,800
2019-21 base budget	435.75	51,848,092	154,078,620	205,926,712
Legislative increase (decrease) to base budget	49.57	\$11,087,697	\$4,958,391	\$16,046,088

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$62,935,789	\$0	\$62,935,789
2017-19 legislative appropriations	51,848,092	0	51,848,092
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$11,087,697	\$0	\$11,087,697
Percentage increase (decrease) to 2017-19 appropriations	21.4%	N/A	21.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		\$6,580,445		\$6,580,445
Added funding for the University of North Dakota (UND) School of Medicine and Health Sciences residency program, to provide total ongoing funding of \$10,676,150 from the general fund for 35 residency positions.		4,507,252		4,507,252
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$3,062,776	3,062,776
Adjusted other funds due to changes in institution estimates.			1,895,615	1,895,615
Adjusted FTE positions.	49.57			
Total	49.57	\$11,087,697	\$4,958,391	\$16,046,088

NOTE: The 2019-21 legislative appropriations include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 22 of House Bill No. 1003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

FTE Changes

The Legislative Assembly authorized 485.32 FTE positions for the UND School of Medicine and Health Sciences for the 2019-21 biennium, an increase of 49.57 FTE positions from the number authorized by the 2017 Legislative Assembly. The 49.57 FTE positions were added pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

Other Sections in House Bill No. 1003

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

UND School of Medicine and Health Sciences funding - Section 22 provides that a portion of the operations funding appropriated to UND may be transferred to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2224 - Bioscience innovation - Provides \$700,000 for a bioscience innovation grant program.

North Dakota State University
 Budget No. 235
 House Bill No. 1003 and Senate Bill No. 2297

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	1,870.16	\$132,714,983	\$789,158,884	\$921,873,867
2019-21 base budget	1,895.66	128,591,042	611,881,329	740,472,371
Legislative increase (decrease) to base budget	(25.50)	\$4,123,941	\$177,277,555	\$181,401,496

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$132,714,983	\$0	\$132,714,983
2017-19 legislative appropriations	128,591,042	28,535,193 ¹	157,126,235 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$4,123,941	(\$28,535,193)	(\$24,411,252)
Percentage increase (decrease) to 2017-19 appropriations	3.2%	(100.0%)	(15.5%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$28 million made in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$716,330)		(\$716,330)
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		4,840,271		4,840,271
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$13,290,906	13,290,906
Adjusted other funds due to changes in institution estimates.			(6,312,543)	(6,312,543)
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			5,799,192	5,799,192

Added one-time funding from Bank of North Dakota profits for campus network upgrades.			1,500,000	1,500,000
Added one-time funding from grants, gifts, and donations for the Barry Hall renovation.			3,000,000	3,000,000
Added one-time funding from grants, gifts, and donations for an indoor practice facility.			37,200,000	37,200,000
Added one-time funding from grants, gifts, and donations for an indoor softball facility.			2,000,000	2,000,000
Added one-time funding from revenue bonds for Phase 2 of the University Village project.			37,600,000	37,600,000
Added one-time funding, including \$40 million from appropriation bond proceeds and \$3.2 million from local or other funds, for the Dunbar Hall project. These amounts are in addition to an \$8 million 2017-19 biennium supplemental appropriation. (Senate Bill No. 2297)			43,200,000	43,200,000
Added one-time funding, including \$20 million from appropriation bond proceeds and \$20 million from local or other funds, for the agriculture products development center project. These amounts are in addition to a \$20 million 2017-19 biennium supplemental appropriation. (Senate Bill No. 2297)			40,000,000	40,000,000
Adjusted FTE positions.	(25.50)			
Total	<u>(25.50)</u>	<u>\$4,123,941</u>	<u>\$177,277,555</u>	<u>\$181,401,496</u>

FTE Changes

The Legislative Assembly authorized 1,870.16 FTE positions for North Dakota State University (NDSU) for the 2019-21 biennium, a decrease of 25.50 FTE positions from the number authorized by the 2017 Legislative Assembly. The 25.50 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$170,299,192 of one-time funding to NDSU for the 2019-21 biennium. The appropriation includes \$163,000,000 for capital projects (see the **Capital Projects** section below for additional information), \$1,500,000 from Bank of North Dakota profits for campus network upgrades, and \$2,899,596 from Bank of North Dakota profits and \$2,899,596 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the

state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$20 million from the general fund for the agriculture products development center project and \$8 million from the general fund for the Dunbar Hall project at NDSU. The Legislative Assembly also authorized the following capital projects at NDSU for the 2019-21 biennium:

	Other Funds	2017-19 General Fund Appropriation	Total
Barry Hall (grants, gifts, and donations)	\$3,000,000	\$0	\$3,000,000
Indoor practice facility (grants, gifts, and donations)	37,200,000	0	37,200,000
Indoor softball facility (grants, gifts, and donations)	2,000,000	0	2,000,000
University Village Phase 2 (revenue bonds)	37,600,000	0	37,600,000
Dunbar Hall (\$40 million from appropriation bonds and \$3.2 million from local or other funds)	43,200,000	8,000,000	51,200,000
Agriculture products development center (\$20 million from appropriation bonds and \$20 million from local or other funds)	40,000,000	20,000,000	60,000,000
Total	\$163,000,000	\$28,000,000	\$191,000,000

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2 to \$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Revenue bond authorization - Section 28 authorizes the State Board of Higher Education to arrange for \$120.1 million of revenue bonds for the Memorial Union project at the University of North Dakota (\$80 million), University Village Phase 2 at NDSU (\$37.6 million), and the dining facility project at Dakota College at Bottineau (\$2.5 million). Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Campus network upgrades - Section 32 provides for transfers from the Bank of North Dakota of \$1.5 million each to the University of North Dakota and NDSU for campus network upgrades.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Competitive research study - Section 34 provides for a Legislative Management study of University System competitive research programs.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 distribution of \$5,916,000 to NDSU.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2224 - Bioscience innovation - Provides \$700,000 for a bioscience innovation grant program.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

**North Dakota State College of Science
Budget No. 238
House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	310.73	\$36,542,022	\$61,197,158	\$97,739,180
2019-21 base budget	345.04	35,089,376	57,605,613	92,694,989
Legislative increase (decrease) to base budget	(34.31)	\$1,452,646	\$3,591,545	\$5,044,191

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$36,542,022	\$0	\$36,542,022
2017-19 legislative appropriations	35,089,376	152,087	35,241,463
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,452,646	(\$152,087)	\$1,300,559
Percentage increase (decrease) to 2017-19 appropriations	4.1%	(100.0%)	3.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$64,604)		(\$64,604)
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		1,517,250		1,517,250
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$1,529,652	1,529,652
Adjusted other funds due to changes in institution estimates.			1,060,503	1,060,503
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			1,001,390	1,001,390
Adjusted FTE positions.	(34.31)			
Total	(34.31)	\$1,452,646	\$3,591,545	\$5,044,191

FTE Changes

The Legislative Assembly authorized 310.73 FTE positions for the North Dakota State College of Science for the 2019-21 biennium, a decrease of 34.31 FTE positions from the number authorized by the 2017 Legislative Assembly. The 34.31 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$1,001,390 of one-time funding, including \$500,695 from Bank of North Dakota profits and \$500,695 from institution matching funds, to the North Dakota State College of Science for the 2019-21 biennium relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly authorized the North Dakota State College of Science to spend up to \$6,708,000 from its capital building fund for the Hektner Student Center project.

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 biennium distribution of \$1,736,000 to the North Dakota State College of Science.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

House Bill No. 1171 - Skilled workforce recruitment and retention - Provides for a skilled workforce student loan repayment program and a skilled workforce student scholarship program.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Dickinson State University
 Budget No. 239
 House Bill No. 1003 and Senate Bill No. 2297

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	213.26	\$18,593,063	\$35,114,733	\$53,707,796
2019-21 base budget	168.90	17,806,843	29,737,827	47,544,670
Legislative increase (decrease) to base budget	44.36	\$786,220	\$5,376,906	\$6,163,126

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$18,393,063	\$200,000	\$18,593,063
2017-19 legislative appropriations	17,806,843	8,834,626 ¹	26,641,469 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$586,220	(\$8,634,626)	(\$8,048,406)
Percentage increase (decrease) to 2017-19 appropriations	3.3%	(97.7%)	(30.2%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$550,000 made in House Bill No. 1003. See the **Supplemental Appropriation** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$228,509)		(\$228,509)
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		814,729		814,729
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$869,087	869,087
Adjusted other funds due to changes in institution estimates.			(29,905)	(29,905)
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			537,724	537,724

Added one-time funding for the digitization of documents at the Theodore Roosevelt Center.	200,000		200,000
Added one-time funding from appropriation bond proceeds for the Pulver Hall project. (Senate Bill No. 2297)		4,000,000	4,000,000
Adjusted FTE positions.	<u>44.36</u>		
Total	<u>44.36</u>	<u>\$786,220</u>	<u>\$5,376,906</u>

FTE Changes

The Legislative Assembly authorized 213.26 FTE positions for Dickinson State University (DSU) for the 2019-21 biennium, an increase of 44.36 FTE positions from the number authorized by the 2017 Legislative Assembly. The 44.36 FTE positions were added pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$4,737,724 of one-time funding to DSU for the 2019-21 biennium. The appropriation includes \$4,000,000 from appropriation bond proceeds for the Pulver Hall project, \$200,000 from the general fund for the digitization of documents at the Theodore Roosevelt Center, and \$268,862 from Bank of North Dakota profits and \$268,862 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly appropriated \$4 million from appropriation bond proceeds for the Pulver Hall project at DSU.

Supplemental Appropriation

Section 4 of House Bill No. 1003 provides a supplemental appropriation of \$550,000 from the general fund to DSU for the digitization of documents at the Theodore Roosevelt Center.

Theodore Roosevelt Center and Theodore Roosevelt Presidential Library

A history of funding appropriated by the Legislative Assembly for the Theodore Roosevelt Presidential Library and Theodore Roosevelt Center is as follows:

- The 2007 Legislative Assembly provided \$150,000 of one-time startup funding from the general fund in House Bill No. 1003 for establishing a Theodore Roosevelt Center.
- The 2009 Legislative Assembly provided \$750,000 from the general fund in Senate Bill No. 2003 for the Theodore Roosevelt Center.
- The 2011 Legislative Assembly provided \$750,000 of one-time funding from the general fund in House Bill No. 1003 for the digitization of documents relating to the Theodore Roosevelt Center.
- The 2013 Legislative Assembly provided \$800,000 of one-time funding from the general fund in Senate Bill No. 2003 for operations of the Theodore Roosevelt Center. Of this amount, \$200,000 could be used for the planning and design of a facility to house the Theodore Roosevelt Presidential Library.

Separately, \$6 million was appropriated from the general fund in Senate Bill No. 2018 for the construction of a Theodore Roosevelt Presidential Library. The \$6 million could not be used until \$3 million of matching funds from nonstate sources was raised for the project. An additional \$6 million from the general fund was appropriated in Senate Bill No. 2003 for the Theodore Roosevelt Presidential Library. The \$6 million appropriated in Senate Bill No. 2003 also could not be used until \$3 million in matching funds was raised for the project.

- The 2015 Legislative Assembly provided \$800,000 of one-time funding from the general fund in House Bill No. 1003 for document digitization and operations of the Theodore Roosevelt Center.
- The 2017 Legislative Assembly authorized the State Board of Higher Education, in Section 24 of Senate Bill No. 2003, to continue unexpended 2013-15 biennium appropriations for the Theodore Roosevelt Presidential Library project into the 2017-19 biennium. The 2017 Legislative Assembly stipulated:

Of the unexpended appropriations identified in Section 24, up to \$750,000 may be used for the operations of the Theodore Roosevelt Presidential Library.

The Director of the Office of Management and Budget shall cancel any appropriation authority continued under this section on December 31, 2018, unless DSU has certified to the Director that construction commenced on the presidential library building prior to December 31, 2018.

- The Director of the Office of Management and Budget canceled \$9,809,945 of appropriation authority for the Theodore Roosevelt Presidential Library on December 31, 2018.
- The 2019 Legislative Assembly approved Senate Bill No. 2001 to provide a 2017-19 biennium supplemental appropriation of \$15 million from the general fund to be transferred to a newly created Theodore Roosevelt Presidential Library and Museum endowment fund. The 2019 Legislative Assembly also authorized the Governor to obtain and deposit the proceeds of a \$35 million Bank of North Dakota loan in the Theodore Roosevelt Presidential Library and Museum endowment fund. Funding deposited in the Theodore Roosevelt Presidential Library and Museum endowment fund may be used only for operating and maintenance costs of the presidential library and is available only after:

\$100 million has been raised for construction of the presidential library and for donations to DSU and the City of Dickinson;

\$10 million has been donated to DSU for the digitization of documents at the Theodore Roosevelt Center and to endow a Theodore Roosevelt conservation scholars program; and

\$300,000 has been donated to the City of Dickinson to repay costs incurred related to planning for a presidential library.

- The 2019 Legislative Assembly also provided \$750,000 to DSU for the digitization of documents at the Theodore Roosevelt Center, of which \$550,000 was a 2017-19 biennium supplemental appropriation from the general fund and \$200,000 was a one-time 2019-21 biennium general fund appropriation.

Other Sections in House Bill No. 1003

Campus workforce initiative - Section 5 provides a supplemental appropriation of \$2.7 million from the general fund to the State Board of Higher Education for campus workforce initiative projects, including \$1 million for the Bismarck State College polytechnic transition, \$1 million for the DSU dual-mission transition, and \$700,000 for Williston State College. Section 36 provides that this section is an emergency measure.

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions, including DSU.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 biennium distribution of \$242,000 to DSU.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

House Bill No. 1120 - DSU arts building sale - Authorizes the conveyance of the DSU arts building.

Senate Bill No. 2001 - Theodore Roosevelt Presidential Library - Provides funding for the Theodore Roosevelt Presidential Library and requires the library foundation to donate \$10 million to DSU to endow the digitization of documents at the Theodore Roosevelt Center and create a Theodore Roosevelt conservation scholars program.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	209.27	\$16,420,616	\$32,137,989	\$48,558,605
2019-21 base budget	210.53	14,249,605	30,307,148	44,556,753
Legislative increase (decrease) to base budget	(1.26)	\$2,171,011	\$1,830,841	\$4,001,852

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$16,420,616	\$0	\$16,420,616
2017-19 legislative appropriations	14,249,605	56,913	14,306,518
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,171,011	(\$56,913)	\$2,114,098
Percentage increase (decrease) to 2017-19 appropriations	15.2%	(100.0%)	14.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		\$1,443,653		\$1,443,653
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		727,358		727,358
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$1,281,589	1,281,589
Adjusted other funds due to changes in institution estimates.			69,194	69,194
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			480,058	480,058
Adjusted FTE positions.	(1.26)			
Total	(1.26)	\$2,171,011	\$1,830,841	\$4,001,852

FTE Changes

The Legislative Assembly authorized 209.27 FTE positions for Mayville State University for the 2019-21 biennium, a decrease of 1.26 FTE positions from the number authorized by the 2017 Legislative Assembly. The 1.26 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$480,058 of one-time funding, including \$240,029 from Bank of North Dakota profits and \$240,029 from institution matching funds, to Mayville State University for the 2019-21 biennium relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 biennium distribution of \$668,000 to Mayville State University.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	407.58	\$39,896,693	\$64,673,602	\$104,570,295
2019-21 base budget	441.65	39,750,979	62,058,916	101,809,895
Legislative increase (decrease) to base budget	(34.07)	\$145,714	\$2,614,686	\$2,760,400

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$39,896,693	\$0	\$39,896,693
2017-19 legislative appropriations	39,750,979	165,777	39,916,756
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$145,714	(\$165,777)	(\$20,063)
Percentage increase (decrease) to 2017-19 appropriations	0.4%	(100.0%)	(0.1%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$2,300,918)		(\$2,300,918)
Added funding relating to the hold harmless provision of the higher education funding formula.		710,879		710,879
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		1,735,753		1,735,753
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$2,169,169	2,169,169
Adjusted other funds due to changes in institution estimates.			(700,085)	(700,085)
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			1,145,602	1,145,602

Adjusted FTE positions.	(34.07)			
Total	(34.07)	\$145,714	\$2,614,686	\$2,760,400

FTE Changes

The Legislative Assembly authorized 407.58 FTE positions for Minot State University for the 2019-21 biennium, a decrease of 34.07 FTE positions from the number authorized by the 2017 Legislative Assembly. The 34.07 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$1,145,602 of one-time funding, including \$572,801 from Bank of North Dakota profits and \$572,801 from institution matching funds, to Minot State University for the 2019-21 biennium relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly provided authority for Minot State University to spend up to \$1,130,335 from its capital building fund for dome wellness emergency generators.

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 biennium distribution of \$242,000 to Minot State University.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Valley City State University
 Budget No. 242
 House Bill No. 1003 and Senate Bill No. 2297

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	180.68	\$22,658,933	\$56,592,092	\$79,251,025
2019-21 base budget	202.75	20,429,502	28,470,657	48,900,159
Legislative increase (decrease) to base budget	(22.07)	\$2,229,431	\$28,121,435	\$30,350,866

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$22,658,933	\$0	\$22,658,933
2017-19 legislative appropriations	20,429,502	2,086,596 ¹	22,516,098 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,229,431	(\$2,086,596)	\$142,835
Percentage increase (decrease) to 2017-19 appropriations	10.9%	(100.0%)	0.6%

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$2 million made in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		\$1,225,743		\$1,225,743
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		1,003,688		1,003,688
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$712,375	712,375
Adjusted other funds due to changes in institution estimates.			(3,209,214)	(3,209,214)
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			618,274	618,274

Added one-time funding from appropriation bond proceeds for the Communications and Fine Arts Building. The funding is in addition to a \$2 million supplemental general fund appropriation for the 2017-19 biennium (Senate Bill No. 2297)

30,000,000

30,000,000

Adjusted FTE positions.

(22.07)

Total

(22.07)

\$2,229,431

\$28,121,435

\$30,350,866

FTE Changes

The Legislative Assembly authorized 180.68 FTE positions for Valley City State University for the 2019-21 biennium, a decrease of 22.07 FTE positions from the number authorized by the 2017 Legislative Assembly. The 22.07 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$30,618,274 of one-time funding to Valley City State University for the 2019-21 biennium. One-time appropriations include \$30,000,000 from appropriation bond proceeds for the Communications and Fine Arts Building and \$309,137 from Bank of North Dakota profits and \$309,137 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly authorized the following capital projects at Valley City State University for the 2019-21 biennium:

	2017-19 Biennium General Fund Appropriation	Other Funds	Total
Life safety projects (institution capital building fund)	\$0	\$2,529,323	\$2,529,323
Communications and Fine Arts Building (appropriation bond proceeds)	2,000,000	30,000,000	32,000,000
Total	\$2,000,000	\$32,529,323	\$34,529,323

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 biennium distribution of \$1,034,000 to Valley City State University.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

**Dakota College at Bottineau
Budget No. 243
House Bill No. 1003 and Senate Bill No. 2297**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	82.29	\$7,740,826	\$16,525,915	\$24,266,741
2019-21 base budget	84.30	7,652,945	9,629,173	17,282,118
Legislative increase (decrease) to base budget	(2.01)	\$87,881	\$6,896,742	\$6,984,623

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$7,740,826	\$0	\$7,740,826
2017-19 legislative appropriations	7,652,945	1,029,594 ¹	8,682,539 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$87,881	(\$1,029,594)	(\$941,713)
Percentage increase (decrease) to 2017-19 appropriations	1.1%	(100.0%)	(10.8%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$1 million made in Senate Bill No. 2297. See the **Capital Projects** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours.		(\$233,523)		(\$233,523)
Added funding through the higher education funding formula to provide for employee salary and health insurance premium rate increases.		321,404		321,404
Added special funds to provide funding for employee salary and health insurance premium rate increases.			\$301,126	301,126
Adjusted other funds due to changes in institution estimates.			3,883,488	3,883,488
Added one-time funding from Bank of North Dakota profits and institution \$1-to-\$1 matching funds for Tier II of the capital building fund program.			212,128	212,128

Added one-time funding from revenue bond proceeds for the dining facility project.			2,500,000	2,500,000
Adjusted FTE positions.	(2.01)			
Total	(2.01)	\$87,881	\$6,896,742	\$6,984,623

FTE Changes

The Legislative Assembly authorized 82.29 FTE positions for Dakota College at Bottineau for the 2019-21 biennium, a decrease of 2.01 FTE positions from the number authorized by the 2017 Legislative Assembly. The 2.01 FTE positions were removed pursuant to Section 21 of Senate Bill No. 2003 (2017), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust positions at institutions under its control during the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$2,712,128 of one-time funding to Dakota College at Bottineau for the 2019-21 biennium. The appropriation includes \$2,500,000 from revenue bond proceeds for the dining facility project and \$106,064 from Bank of North Dakota profits and \$106,064 from institution matching funds relating to the capital building fund program.

Capital Building Fund Program

The Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation includes \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the North Dakota University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions may use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which do not exceed \$700,000 and do not increase the square footage of a building.

Capital Projects

The Legislative Assembly authorized the following capital projects at Dakota College at Bottineau for the 2019-21 biennium:

	2017-19 General Fund Appropriation	Other Funds	Total
Dining facility (revenue bonds)	\$0	\$2,500,000	\$2,500,000
Nelson Science Center (capital building fund)	0	1,177,758	1,177,758
Dining facility and other campus projects	1,000,000	0	1,000,000
Total	\$1,000,000	\$3,677,758	\$4,677,758

Other Sections in House Bill No. 1003

Capital projects - Budget Section approval - Section 7 allows for Budget Section approval of building projects that, net of removed buildings, do not result in additional square footage on campus.

Higher education challenge grants - Sections 8, 10, and 11 adjust the higher education challenge grant program statutory language and provides for the distribution of \$9.4 million of grant funds to eligible institutions.

Higher education funding formula - Sections 15 and 16 adjust the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including adjusting the credit weighting for medical school and law school credits and adjusting the base credit-hour funding rates.

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Project management oversight - Section 21 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity. Section 36 provides that this section is an emergency measure.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs. This section was amended by Section 25 of Senate Bill No. 2015 (2019) to provide authority to transfer funds from an institution's capital assets line item to the institution's operations line item after 75 percent of extraordinary repairs funding has been matched and used. Section 36 provides that this section is an emergency measure.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Extraordinary repairs matching funds - Section 25 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding. Section 36 provides that this section is an emergency measure.

Revenue bond authorization - Section 28 authorizes the State Board of Higher Education to arrange for \$120.1 million of revenue bonds for the Memorial Union project at the University of North Dakota (\$80 million), University Village Phase 2 at North Dakota State University (\$37.6 million), and the dining facility project at Dakota College at Bottineau (\$2.5 million). Section 36 provides that this section is an emergency measure.

Capital building funds - Sections 29, 30, and 31 provide for transfers from the Bank of North Dakota for the establishment of capital building funds at each institution, establish matching fund requirements, and authorize the use of capital building fund money for certain capital projects. Section 36 provides these sections are an emergency measure.

Tuition rate increase limitation - Section 33 limits tuition rate increases for certain resident undergraduate tuition rates to 4 percent per year.

Related Legislation

House Bill No. 1013 - Permanent funds distributions - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions, including an estimated 2019-21 biennium distribution of \$242,000 to Dakota College at Bottineau.

House Bill No. 1029 - Funding formula study - Provides for a Legislative Management Higher Education Funding Formula Review Committee.

Senate Bill No. 2015 - Institution extraordinary repairs - Allows the State Board of Higher Education to transfer appropriation authority from an institution's capital assets line item to its operations line item after the institution has matched and used 75 percent of the funding appropriated from the general fund in the capital assets line item for extraordinary repairs.

Senate Bill No. 2016 - National Guard tuition waivers - Increases the National Guard tuition waiver from 25 to 35 percent.

Senate Bill No. 2297 - Higher education capital projects - Provides \$100 million of bonding authority and \$49.9 million of 2017-19 biennium general fund appropriations for various higher education capital projects.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	27.00	\$4,676,664	\$10,665,400	\$15,342,064
2019-21 base budget	27.00	4,426,427	10,650,748	15,077,175
Legislative increase (decrease) to base budget	0.00	\$250,237	\$14,652	\$264,889

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$4,676,664	\$0	\$4,676,664
2017-19 legislative appropriations	4,426,427	0	4,426,427
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$250,237	\$0	\$250,237
Percentage increase (decrease) to 2017-19 appropriations	5.7%	N/A	5.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			\$14,652	\$14,652
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$129,761		129,761
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		120,476		120,476
Total	0.00	\$250,237	\$14,652	\$264,889

FTE Changes

The Legislative Assembly authorized 27.00 FTE positions for the Forest Service for the 2019-21 biennium, the same number authorized by the 2017 Legislative Assembly. Section 24 of House Bill No. 1003 (2019) continues the authorization of the board to adjust FTE positions at institutions and entities under its control during the 2019-21 biennium.

Other Sections in House Bill No. 1003

Carryover authority - Section 18 continues the authorization through July 31, 2021, for institutions and entities under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

Additional funds appropriation authority - Section 20 appropriates any additional special funds received by entities under the control of the State Board of Higher Education to the respective entities.

Transfer authority - Section 23 provides that the State Board of Higher Education may transfer funds from an entity's operations line item to the entity's capital assets and capital building fund line items if the board determines that additional funds are needed for capital projects or extraordinary repairs.

FTE positions - Section 24 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

Related Legislation

Senate Bill No. 2064 - Eliminates the requirement that the State Forester's office be located in Bottineau.

Senate Bill No. 2065 - Adjusts the maximum and minimum balances for the State Forester reserve account.

SECTION G - HUMAN SERVICES

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DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

Total funding - The table below provides a comparison of the legislative appropriation for the department for the 2019-21 biennium compared to the 2017-19 biennium funding level.

Department of Human Services Total	2017-19 Biennium Appropriation			2019-21 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General fund	\$1,313,081,350	\$26,150,000	\$1,339,231,350	\$1,461,150,884	\$1,512,603	\$1,462,663,487	\$148,069,534	(\$24,637,397)	\$123,432,137
Other funds	2,169,380,782	404,500,000	2,573,880,782	2,623,604,181	20,556,323	2,644,160,504	454,223,399	(383,943,677)	70,279,722
Total	\$3,482,462,132	\$430,650,000	\$3,913,112,132	\$4,084,755,065	\$22,068,926	\$4,106,823,991	\$602,292,933¹	(\$408,581,074)¹	\$193,711,859
FTE	2,162.23		2,162.23	2,230.23		2,230.23	68.00		68.00

¹The 2017-19 legislative appropriations included \$226 million of one-time funding for Medicaid Expansion rate increases and \$160.7 million of one-time funding for a county social service financing project. The 2019 Legislative Assembly continued these items into the 2019-21 biennium but provided ongoing funding for both items.

One-Time Funding

The Legislative Assembly identified \$22,068,926 of one-time funding for the Department of Human Services for the 2019-21 biennium, of which \$1,512,603 is from the general fund. The following schedule details the one-time funding items.

	General Fund	Other Funds	Total
Child welfare technology project (\$575,000 from the strategic investment and improvements fund (SIIF))		\$1,250,000	\$1,250,000
Medicaid management information system (MMIS) technology stack upgrade (\$1,776,000 from SIIF)		7,104,000	7,104,000
Self-Service Portal and Consolidated Eligibility System (SPACES) program support (\$2,369,030 from SIIF)		5,431,658	5,431,658
Medically complex children provider funding adjustment	\$977,603		977,603
Hyperbaric oxygen therapy pilot program	335,000		335,000
Life Skills and Transition Center remodeling projects (\$3,361,595 from SIIF)		3,361,595	3,361,595
Life Skills and Transition Center building demolition (\$915,570 from SIIF)		915,570	915,570
State Hospital roof replacement (\$562,500 from SIIF)		562,500	562,500
State Hospital coal boiler replacement (\$1,931,000 from SIIF)		1,931,000	1,931,000
Study of State Hospital services	200,000		200,000
Total	\$1,512,603	\$20,556,323	\$22,068,926

Full-Time Equivalent Positions and Salary and Benefit Adjustments

FTE positions - The Legislative Assembly authorized a total of 2,230.23 FTE positions for the Department of Human Services for the 2019-21 biennium, an increase of 68 FTE positions from the 2017-19 biennium authorized level of 2,162.23. The following schedule summarized the FTE position changes approved by the Legislative Assembly.

Description	FTE Positions
Removed as requested in the department's savings plan	(82.00)
Transferred to the Information Technology Department for the information technology unification initiative	(48.00)
Administration of Medicaid Expansion pharmacy services	2.00
Medicaid reimbursement for peer support services	0.50
Administration of 1915(i) plan waiver for children and adults	3.00
Administration of expanded home- and community-based services waiver for residential services	1.00

Estimated increase in service payment for elderly and disabled program participation	1.00
Aging and Disability Resource Link intake services	5.00
Suicide program transferred from State Department of Health	1.00
Expand free through recovery program	6.00
Substance use disorder voucher program expansion	2.00
Certification of peer support specialists	1.00
Vocational rehabilitation cooperative disability unit	1.00
Crisis services expansion	27.00
Life Skills and Transition Center CARES team expansion	7.50
County employees that may be transferred to department as a result of the county social and human service project	140.00
Total	68.00

Annual salary increase - The Legislative Assembly added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.

Employee health insurance premium increase - The Legislative Assembly added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month during the 2019-21 biennium.

Anticipated salary savings - The Legislative Assembly reduced salaries and wages funding by \$4,694,730 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2019-21 biennium. The following schedule summarizes the anticipated salary savings:

	General Fund
State Hospital	\$1,577,436
Life Skills and Transition Center	226,223
Human service centers	2,891,071
Total reduction	\$4,694,730

Inflationary Increases

The Legislative Assembly provided funding for a 2 percent provider inflationary increase the 1st year of the 2019-21 biennium and a 2.5 percent provider inflationary increase the 2nd year of the biennium. The cost of the inflationary increases is \$64,627,130, of which \$30,155,090 is from the general fund.

Cost-to-Continue

Federal medical assistance percentage (FMAP) - The federal medical assistance percentage determines the state and federal share of Medicaid, foster care, and other program costs within the department. The schedule below presents recent and projected FMAPs for North Dakota. The following schedule summarizes the state's estimated FMAP:

Federal Fiscal Year	North Dakota's FMAP	North Dakota's Enhanced FMAP
2009	63.15%	69.95%
2010	63.01%	69.95%
2011	60.35% (fourth quarter)	69.95% (first quarter) 66.95% (second quarter) 64.95% (third quarter)
2012	55.40%	N/A
2013	52.27%	N/A
2014	50.00%	N/A
2015	50.00%	N/A
2016	50.00%	N/A
2017	50.00%	N/A
2018	50.00%	N/A
2019	50.00%	N/A
2020	50.05% (estimate)	N/A
2021	52.66% (estimate)	N/A

NOTE: The changes in the FMAP for federal fiscal years 2020 and 2021 are estimated to reduce the state share of affected programs by \$25.7 million.

Medicaid Expansion - State share percentage change - The Legislative Assembly provided \$20,254,376 from the general fund for a reduction in federal matching for Medicaid Expansion from 93 to 90 percent beginning in January 2020. The schedule below presents the reduction in federal matching for Medicaid Expansion.

Calendar Year	Percentage of Medicaid Expansion Paid by Federal Government
2016	100%
2017	95%
2018	94%
2019	93%
After 2019	90%

Cost, caseload, and utilization changes - The Legislative Assembly provided funding increases for 2019-21 biennium cost, caseload, and utilization changes of \$56,546,675, of which \$51,128,377 is from the general fund.

Transfer Authority

The Legislative Assembly authorized the department to transfer appropriation authority between line items within the management, program and policy, and field services subdivisions of the department for the 2019-21 biennium. The department is also authorized to transfer appropriation authority from the management, program and policy, and field services subdivisions to the county social service financing subdivision. The department is to report to the Budget Section after June 30, 2020, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2021 Legislative Assembly regarding any transfers made.

MANAGEMENT

Management - The Management Division of the Department of Human Services includes administration and information technology services. The schedule below provides a comparison of funding for the Management Division for the 2019-21 biennium compared to the 2017-19 biennium.

Management	2017-19 Biennium Appropriation			2019-21 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General fund	\$57,120,407	\$0	\$57,120,407	\$64,690,274	\$0	\$64,690,274	\$7,569,867	\$0	\$7,569,867
Other funds	85,679,558	43,800,000	129,479,558	90,021,088	13,785,658	103,806,746	4,341,530	(30,014,342)	(25,672,812)
Total	\$142,799,965	\$43,800,000	\$186,599,965	\$154,711,362	\$13,785,658	\$168,497,020	\$11,911,397	(\$30,014,342)	(\$18,102,945)
FTE	170.95 ¹		170.95 ¹	107.95		107.95	(63.00)		(63.00)

¹Reflects an increase of 30.5 FTE positions due to positions transferred in from other department divisions during the 2017-19 biennium.

The following are major funding adjustments made by the Legislative Assembly for the Management Division:

- **Information technology unification initiative** - Transferred 48 FTE positions for the information technology unification initiative. As a result of the initiative, funding for information technology services was increased by \$643,313, of which \$425,927 is from the general fund. The increase relates to payments to be provided to the Information Technology Department for services provided.
- **MMIS maintenance** - Added funding of \$8,021,771, of which \$4,010,885 is from the general fund, for maintenance of the MMIS system.
- **SPACES maintenance** - Added funding of \$1,843,546, of which \$822,670 is from the general fund, for maintenance of the SPACES system.
- **MMIS tech stack upgrade** - Provided one-time funding of \$7,104,000, of which \$1,776,000 is from SIIF, to upgrade software components of MMIS tech stack and to transition the system to virtual servers.
- **SPACES project** - Provided one-time funding of \$5,431,658, of which \$2,369,030 is from SIIF, to continue the design and implementation of the SPACES system.
- **Child welfare technology project** - Added one-time funding of \$1.25 million, of which \$575,000 is from SIIF, to migrate the child welfare information technology system from the state mainframe system to a new platform.

PROGRAM AND POLICY

Program and policy - The Program and Policy Division of the Department of Human Services includes economic assistance, child support, medical services, long-term care, aging services, children and family services, mental health and substance abuse program, developmental disabilities council, developmental disabilities, aging services, and vocational rehabilitation services. The schedule below provides a comparison of funding for the Program and Policy Division of the Department of Human Services for the 2019-21 biennium compared to the 2017-19 biennium.

Program and Policy	2017-19 Biennium Appropriation			2019-21 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General fund	\$1,058,033,935	\$150,000	\$1,058,183,935	\$1,181,597,942	\$1,312,603	\$1,182,910,545	\$123,564,007	\$1,162,603	\$124,726,610
Other funds	1,945,157,519	226,000,000	2,171,157,519	2,232,568,138		2,232,568,138	287,410,619	(226,000,000)	61,410,619
Total	\$3,003,191,454	\$226,150,000	\$3,229,341,454	\$3,414,166,080	\$1,312,603	\$3,415,478,683	\$410,974,626	(\$224,837,397)	\$186,137,229
FTE	363.75 ¹		363.75 ¹	383.25		383.25	19.50		19.50

¹Reflects a decrease of 2.75 FTE positions due to positions transferred to other department divisions during the 2017-19 biennium.

Changes made by the Legislative Assembly affecting multiple division programs include:

- **Inflationary increases** - Added funding of \$63,715,738, of which \$29,254,890 is from the general fund, for provider inflation increases of 2 percent the 1st year of the 2019-21 biennium and 2.5 percent the 2nd year of the biennium.
- **FMAP adjustments** - Reduced funding from the general fund by \$24,656,101 and increased federal funding by \$24,149,902 to reflect a revised FMAP of 50.05 for federal fiscal year 2020 and to 52.66 for federal fiscal year 2021. The current FMAP rate is 50.00.

Economic Assistance

The schedule below provides a comparison of the funding for economic assistance for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Economic assistance			
General fund	\$9,259,978	\$9,633,686	\$373,708
Other funds	265,009,701	252,315,709	(12,693,992)
Total	\$274,269,679	\$261,949,395	(\$12,320,284)

The following are major funding adjustments made by the Legislative Assembly for economic assistance:

- **Temporary assistance for needy families (TANF)** - Added funding of \$2 million from the general fund to expand TANF kinship care to children under the custody of tribal social service agencies.
- **Alternatives to abortion program** - Increased federal funding available for the alternatives to abortion program by \$100,000 to provide total program funding of \$600,000.

Aging Services

The schedule below provides a comparison of funding for aging services for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Aging services			
General fund	\$8,284,085	\$9,829,639	\$1,545,554
Other funds	14,770,506	15,366,558	596,052
Total	\$23,054,591	\$25,196,197	\$2,141,606

The following are major funding adjustments made by the Legislative Assembly for aging services:

- **Service payments for elderly and disabled program administration** - Added 1 FTE position and \$126,757, of which \$54,605 is from the general fund, to assist in an increased caseload for the service payments for elderly and disabled program due to program eligibility criteria being expanded.
- **Medicaid home- and community-based services waiver administration** - Added 1 FTE position and \$126,757, of which \$54,605 is from the general fund, to assist in an increased caseload due to the expansion of the Medicaid home- and community-based services waiver.
- **Aging and Disability Resource Link** - Added 5 FTE positions and \$1,449,730, of which \$769,186 is from the general fund, to expand the services offered through the Aging and Disability Resource Link service.
- **Dementia care services grant** - Increased funding from the general fund by \$150,000 for dementia care services grants to provide total grant funding of \$1.2 million.

Medical Services

The schedule below provides a comparison of funding for medical services for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Medical services			
General fund	\$283,087,165	\$339,085,522	\$55,998,357
Other funds	1,081,558,956	1,074,622,967	(6,935,989)
Total	\$1,364,646,121	\$1,413,708,489	\$49,062,368

The following are major funding adjustments made by the Legislative Assembly for medical services:

- **Medicaid Expansion** - Provided funding of \$634.7 million, of which \$64.1 million is from the general fund, to continue the Medicaid Expansion program. The Legislative Assembly added funding to continue the program using commercial rates for provider reimbursement. Two FTE positions were also added for the department to administer the pharmacy services portion of the program.
- **Hyperbaric oxygen therapy** - Added one-time funding of \$335,000 from the general fund for a hyperbaric oxygen therapy pilot program grant.
- **Children with disabilities buy-in program** - Added funding of \$2,482,861, of which \$1,213,374 is from the general fund, to expand the eligibility requirements of the Medicaid children with disabilities buy-in program from 200 to 250 percent of the federal poverty level.
- **1915(i) plan amendment** - Added 3 FTE positions and funding of \$9,397,991, of which \$4,053,273 is from the general fund, for the department to seek a Medicaid 1915(i) plan amendment to provide housing, employment, education, and other supports to individuals with a mental health condition, substance use disorder, or brain injury.
- **Medicaid coverage for pregnant women** - Provided funding of \$1,631,946, of which \$797,532 is from the general fund, to increase the Medicaid eligibility level for pregnant women to 162 percent of the federal poverty level.
- **Peer support services** - Added a 0.50 FTE position and funding of \$996,193, of which \$432,287 is from the general fund, to provide Medicaid reimbursement for peer support services.
- **Therapy services fee schedule** - Provided funding of \$3,278,411, of which \$1,507,876 is from the general fund, to increase the physical therapy, occupational therapy, and speech therapy fee reimbursement schedule to 100 percent of the rate established using the Medicare resource-based relative value scale pricing methodology.
- **Medicare drug clawback** - Added funding of \$1,222,206 from the general fund for revised estimates for required Medicare drug clawback funding to provide a total of \$41,583,702.

- **Special funds** - Provided funding of \$32.4 million from the community health trust fund and \$6,000,000 from the tobacco prevention and control trust fund for expenses of the Medical Services Division.

Long-Term Care

The schedule below provides a comparison of funding for long-term care for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Long-term care			
General fund	\$351,423,027	\$377,584,164	\$26,161,137
Other funds	339,047,589	359,779,567	20,731,978
Total	\$690,470,616	\$737,363,731	\$46,893,115

The following are major funding adjustments made by the Legislative Assembly for long-term care:

- **Service payments for elderly and disabled program** - Increased general fund support for the service payments for elderly and disabled program by \$3,508,742 to expand the program functional eligibility requirements (\$2,884,691) and to reduce client contribution levels (\$624,051).
- **Nursing home operating margin adjustments** - Provided \$1 million from the health care trust fund and \$1,062,000 from federal funds to increase the nursing home operating margin amount up to 4.4 percent for the period beginning January 1, 2020, and ending June 30, 2021.
- **Nursing facility software costs** - Added \$1,696,601, of which \$829,129 is from the general fund, to allow nursing facility software costs to be classified as a passthrough expense.
- **Home- and community-based services waiver** - Added \$7,734,649, of which \$3,867,333 is from the general fund, to expand the Medicaid home- and community-based services waiver to include residential habilitation and community residential services.
- **Pediatric subacute care facility licensure** - Provided \$3 million, of which \$1,466,100 is from the general fund, for the department to license pediatric subacute care facilities.
- **Medically complex children provider adjustment** - Added one-time funding of \$977,603 from the general fund for a funding adjustment for services provided by the Anne Carlson Center from April through September 2018.
- **Community of Care grants** - Increased funding from the general fund for Community of Care grants by \$540,000 to provide total grant funding of \$660,000. The grants are used to provide services to elderly citizens to allow them to remain in their homes and communities.
- **Adult residential rates** - Added \$200,000, of which \$100,000 is from the general fund, to rebase adult residential rates.

Developmental Disabilities

The schedule below provides a comparison of funding for developmental disabilities for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Developmental disabilities			
General fund	\$303,403,539	\$326,567,466	\$23,163,927
Other funds	311,390,410	344,660,859	33,270,449
Total	\$614,793,949	\$671,228,325	\$56,434,376

The following are major funding adjustments made by the Legislative Assembly for developmental disabilities:

- **Cost, caseload, and utilization rates** - Increased funding by \$36,549,261, of which \$18,742,014 is from the general fund, for estimated 2019-21 biennium program cost, caseload, and utilization rates.
- **Corporate guardianships** - Provided \$122,863 from the general fund to increase the estimated number of individuals receiving corporate guardianship services from 469 to 489.

Children and Family Services

The schedule below provides a comparison of funding for children and family services for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Children and family services			
General fund	\$77,558,905	\$84,628,145	\$7,069,240
Other funds	88,841,364	91,569,120	2,727,756
Total	\$166,400,269	\$176,197,265	\$9,796,996

The following are major funding adjustments made by the Legislative Assembly for children and family services:

- **Grants to children's advocacy centers** - Added \$600,000 from the general fund for grants to children's advocacy centers to provide total grant funding of \$1.6 million.

Behavioral Health

The schedule below provides a comparison of funding for behavioral health for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Behavioral health			
General fund	\$7,975,380	\$21,981,044	\$14,005,664
Other funds	35,853,789	50,420,587	14,566,798
Total	\$43,829,169	\$72,401,631	\$28,572,462

The following are major funding adjustments made by the Legislative Assembly for behavioral health:

- **Free through recovery program** - Added 6 FTE positions and \$4 million from the general fund to expand the free through recovery program to serve individuals outside of the correctional system.
- **Substance use disorder voucher** - Added 2 FTE positions and \$3,053,523 from the general fund to expand the substance use disorder voucher program to provide total funding of \$8,184,006.
- **Suicide prevention program** - Transferred 1 FTE position and \$1,260,512 from the State Department of Health to provide for the Department of Human Services to administer the suicide prevention program.
- **Peer support certification** - Added 1 FTE position and \$275,000 from the general fund to allow the department to certify peer support specialists.
- **Parents LEAD** - Increased general fund support for the Parents LEAD program by \$100,000 to provide total funding of \$200,000.
- **Children's system of care grant** - Added \$6 million of federal funds authority for a children's system of care grant.
- **Opioid response grants** - Added \$2,098,462 of federal funds authority for a state opioid response grant.
- **School behavioral health grants** - Added \$1.5 million from the general fund for the department to provide grants to schools for behavioral health needs. Funding of \$300,000 from the general fund was also added for school behavioral health pilot programs.
- **Early intervention services** - Provided \$300,000 from the general fund for early intervention services.
- **Behavioral health report implementation** - Provided \$300,000 from the general fund for the department to implement recommendations from a report prepared by the Human Services Research Institute regarding behavioral health in the state.

Developmental Disabilities Council

The schedule below provides a comparison of funding for the Developmental Disabilities Council for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Developmental Disabilities Council			
General fund	\$0	\$0	\$0
Other funds	978,935	\$1,015,042	36,107
Total	\$978,935	\$1,015,042	\$36,107

The Legislative Assembly did not provide for any major funding adjustments for the Developmental Disabilities Council.

Vocational Rehabilitation

The schedule below provides a comparison of funding for vocational rehabilitation for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Vocational rehabilitation			
General fund	\$5,206,625	\$5,431,681	\$225,056
Other funds	20,152,036	21,300,755	1,148,719
Total	\$25,358,661	\$26,732,436	\$1,373,775

The following are major funding adjustments made by the Legislative Assembly for vocational rehabilitation:

- **Cooperative disability investigation unit** - Added 1 FTE position and \$1,031,314 of federal funds for a cooperative disability investigation unit to investigate suspected fraud involving individuals applying for social security benefits.
- **Adaptive skiing grant** - Added \$200,000 from the general fund for a grant for an adaptive skiing program.

Child Support

The schedule below provides a comparison of funding for the child support program for the 2019-21 biennium compared to the 2017-19 biennium.

	2017-19 Biennium Appropriation	2019-21 Biennium Appropriation	Increase (Decrease)
Child support			
General fund	\$7,962,815	\$8,169,198	\$206,383
Other funds	21,345,446	21,516,974	171,528
Total	\$29,308,261	\$29,686,172	\$377,911

The Legislative Assembly did not provide for any major funding adjustments for child support.

FIELD SERVICES

Field services - The Field Services Division of the Department of Human Services includes human service centers and institutions. The schedule below provides a comparison of funding for the Field Services Division for the 2019-21 biennium compared to the 2017-19 biennium.

Field Services	2017-19 Biennium Appropriation			2019-21 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General fund	\$197,927,008	\$0	\$197,927,008	\$214,862,668	\$200,000	\$215,062,668	\$16,935,660	\$200,000	\$17,135,660
Other funds	138,543,705	0	138,543,705	127,314,955	6,770,665	134,085,620	(11,228,750)	6,770,665	(4,458,085)
Total	\$336,470,713	\$0	\$336,470,713	\$342,177,623	\$6,970,665	\$349,148,288	\$5,706,910	\$6,970,665	\$12,677,575
FTE	1,627.53 ¹		1,627.53 ¹	1,599.03		1,599.03	(28.50)		(28.50)

¹Reflects a decrease of 27.75 FTE positions due to positions transferred to other department divisions during the 2017-19 biennium.

Human Service Centers

The Legislative Assembly made the following major adjustments for human service centers:

- **Savings from vacant positions and employee turnover** - Reduced funding for salaries and wages by \$2,891,071 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2019-21 biennium.
- **Crisis services** - Added \$4,096,147 from the general fund and 27 FTE positions to expand crisis services.
- **Savings plan** - Reduced funding by \$993,514, of which \$523,245 is from the general fund, and removed 7 FTE positions as requested in the department's savings plan for the human service centers.
- **Supportive housing grant** - Increased funding from the general fund for supportive housing grants from \$550,000 to \$925,000.
- **Badlands Human Service Center lease costs** - Added \$264,000 from the general fund for increased lease costs at the Badlands Human Service Center.
- **Autism extended services** - Added \$170,000 from the general fund for autism extended services.

Institutions

The Legislative Assembly made the following major adjustments for institutions which includes the State Hospital and Life Skills and Transition Center:

- **Savings from vacant positions and employee turnover** - Reduced funding for salaries and wages by \$1,803,659 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2019-21 biennium.
- **Savings plan** - Reduced funding by \$4,952,015 and removed 56 FTE positions for the State Hospital and Life Skills and Transition Center as requested in the department's savings plan.
- **CARES services** - Added 7.5 FTE positions and \$939,921 of funding, of which \$469,961 is from the general fund, to expand the Life Skills and Transition Center Clinical Assistance, Resources, and Evaluation program.
- **Life Skills and Transition Center capital projects** - Added funding from the strategic investment and improvements fund for the following capital projects at the Life Skills and Transition Center:

	Strategic Investment and Improvements Fund
Building improvement projects	\$3,361,595
Demolition of Pleasant View and Refectory buildings	915,570
Total	\$4,277,165

- **State Hospital study** - Provided one-time funding from the general fund of \$200,000 for the department to study the services provided by the State Hospital.
- **State Hospital capital projects** - Added funding from the strategic investment and improvements fund for the following capital projects at the State Hospital:

	Strategic Investment and Improvements Fund
Roof replacement project	\$562,500
Coal boiler replacement project	1,931,000
Total	\$2,493,500

COUNTY SOCIAL AND HUMAN SERVICES PROJECT

County social and human services project - The schedule below provides a comparison of funding for the county social and human services project for the 2019-21 biennium compared to the 2017-19 biennium.

County social and human services project	2017-19 Biennium Appropriation			2019-21 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General Fund		\$26,000,000	\$26,000,000	\$0		\$0	\$0	(\$26,000,000)	(\$26,000,000)
Other Funds		134,700,000	134,700,000	173,700,000		173,700,000	173,700,000	(134,700,000)	39,000,000
Total		\$160,700,000	\$160,700,000	\$173,700,000		\$173,700,000	\$173,700,000	(\$160,700,000)	\$13,000,000
FTE				140.00		140.00	140.00		140.00

In Senate Bill No. 2124, the Legislative Assembly approved a new social and human service delivery system. Key components of the system include:

- Up to 19 multi-county zones may be established for the delivery of human services. Counties with a population over 60,000 may be a single county zone.
- A human service zone board, comprised of county commissioners and other local officials, are to govern each zone. The board may not exceed 15 members appointed by county commissioners with at least one commissioner from each county serving on the board.
- Each human service zone board is to hire a human service zone director to serve as presiding officer of the board and to oversee the operations of the human service zone.
- Funding formula payments for direct costs will be provided to each zone that is based on fiscal year 2018 data.
- Up to 33 full-time equivalent employees may be transferred from counties to the department if one or more human service zones transfers duties to the department. Funding formula payments may be withheld from a zone for any duties that are transferred to the department.
- Up to 107 full-time equivalent employees may be transferred from counties to the department for specific positions that provide services to the zones.

**Department of Human Services
Budget No. 325
Senate Bill No. 2012**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	2,230.23	\$1,462,663,487	\$2,644,160,504	\$4,106,823,991
2019-21 base budget	2,162.23	1,313,081,350	2,169,380,782	3,482,462,132
Legislative increase (decrease) to base budget	68.00	\$149,582,137	\$474,779,722	\$624,361,859

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,461,150,884	\$1,512,603	\$1,462,663,487
2017-19 legislative appropriations	1,313,081,350	26,150,000	1,339,231,350
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$148,069,534	(\$24,637,397)	\$123,432,137
Percentage increase (decrease) to 2017-19 appropriations	11.3%	(94.2%)	9.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Departmentwide				
Adjusted funding for base payroll changes.		(\$1,737,522)	\$4,792,952	\$3,055,430
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		6,216,444	4,836,882	11,053,326
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		5,150,174	4,108,120	9,258,294
Management				
Administration				
Adjusted funding for continued program changes.		(206,214)	(213,546)	(419,760)
Adjusted funding and FTE positions as requested in the department's savings plan.	(11.00)	(1,183,219)	(645,805)	(1,829,024)

Information Technology

Adjusted funding for continued program changes.		(1,800,138)	(1,524,064)	(3,324,202)
Adjusted funding and FTE positions as requested in the department's savings plan.	(4.00)	(527,763)	(329,485)	(857,248)
Added funding for Microsoft 365 licensing expenses.		906,744	226,685	1,133,429
Adjusted funding and FTE positions for the information technology unification initiative, including a reduction in salaries and wages and an increase in operating expenses.	(48.00)	425,927	217,386	643,313
Added funding for Medicaid management information system (MMIS) maintenance.		4,010,885	4,010,886	8,021,771
Added funding for Self Service Portal and Consolidated Eligibility System (SPACES) maintenance.		822,670	1,020,876	1,843,546
Added one-time funding, including \$575,000 from the strategic investment and improvements fund (SIIF), for a child welfare technology project.			1,250,000	1,250,000
Added one-time funding, including \$1,776,000 from SIIF, for an MMIS technology stack upgrade.			7,104,000	7,104,000
Added one-time funding, including \$2,369,030 from SIIF, for SPACES program support.			5,431,658	5,431,658
Program and Policy				
Added funding for provider inflationary increases of 2 percent the 1 st year of the biennium and 2.5 percent the 2 nd year of the biennium.		29,254,890	34,460,848	63,715,738
Adjusted the federal medical assistance percentage estimate to 50.05 for federal fiscal year 2020 and to 52.66 for federal fiscal year 2021.		(24,656,101)	24,149,902	(506,199)
Adjusted funding for continued program changes.		(756,608)	7,950,188	7,193,580
Adjusted funding and FTE positions as requested in the department's savings plan.	(4.00)	(3,327,850)	2,781,078	(546,772)
Adjusted funding for estimated grant cost and caseload changes.		50,979,247	5,614,548	56,593,795
Economic Assistance				
Added funding for temporary assistance for needy families tribal kinship care.		2,000,000		2,000,000
Increased funding for the alternatives to abortion services program to provide total funding of \$600,000.			100,000	100,000

Medical Services

Replaced funding provided in the 2017-19 biennium from the tobacco prevention and control trust fund.		34,175,000	(34,175,000)	0
Replaced one-time funding provided in the 2017-19 biennium for Medicaid Expansion commercial rates.		13,300,000	212,700,000	226,000,000
Added funding for adjustments to the federal medical assistance percentage for the Medicaid Expansion program (\$20,254,376) and the children's health insurance program (\$6,152,757).		26,407,133	(26,407,133)	0
Provided for the children's health insurance program to be administered by the department on a fee-for-service basis.		(1,889,626)	(4,167,513)	(6,057,139)
Provided for the department to administer pharmacy benefits for the Medicaid Expansion program.	2.00	(551,686)	(4,940,257)	(5,491,943)
Adjusted the funding source for a portion of the Medicaid program from the general fund to the department's operating fund.		(6,679,246)	6,679,246	0
Added funding for Medicaid reimbursement for peer support services.	0.50	432,287	563,906	996,193
Added funding to allow the department to administer services to children and adults through a Medicaid 1915(i) plan amendment.	3.00	4,053,273	5,344,718	9,397,991
Increased funding to adjust the fee schedule for physical, occupational, and speech therapy services to 100 percent of the rate established using the Medicare resource-based relative value scale pricing methodology.		1,507,876	1,770,535	3,278,411
Added funding to increase the eligibility levels for the children with disabilities buyin program to 250 percent of the federal poverty level.		1,213,374	1,269,487	2,482,861
Adjusted estimated estate tax collections due to a lawsuit regarding debt collections.		1,500,000	(1,500,000)	0
Adjusted funding for Medicaid funeral cost exemption changes approved in House Bill No. 1318.		326,053	341,131	667,184
Adjusted funding to expand Medicaid coverage for pregnant women as approved in House Bill No. 1515.		797,532	834,414	1,631,946
Adjusted Medicare drug clawback funding based on revised estimates to provide a total of \$41,583,702.		1,222,206		1,222,206
Adjusted the funding sources for medical services to utilize funding from the community health trust fund rather than the general fund.		(32,400,000)	32,400,000	0

Added one-time funding for a hyperbaric oxygen therapy pilot program grant.		335,000		335,000
Long-Term Care				
Replaced funding provided in the 2017-19 biennium from the tobacco prevention and control trust fund.		2,136,191	(2,136,191)	0
Added funding to expand functional eligibility requirements of the service payments for elderly and disabled (SPED) program.		2,884,691		2,884,691
Added funding to expand income eligibility levels for the SPED program.		624,051		624,051
Increased funding for Community of Care grants to provide a total of \$660,000.		540,000		540,000
Added funding to expand the home- and community-based services waiver to provide residential services.		3,867,333	3,867,316	7,734,649
Added funding to rebase adult residential services rates.		100,000	100,000	200,000
Provided funding for the department to license pediatric subacute care facilities as approved in Senate Bill No. 2317.		1,466,100	1,533,900	3,000,000
Added funding, including \$1 million from the health care trust fund, to increase the nursing home operating margin amount up to 4.4 percent for the period beginning January 1, 2020, and ending June 30, 2021.			2,062,000	2,062,000
Adjusted funding to allow nursing facility software costs to be classified as a passthrough expense as approved in House Bill No. 1124.		829,129	867,472	1,696,601
Added one-time funding for a payment adjustment for a medically complex children service provider.		977,603		977,603
Aging Services				
Added funding for the administration of the expanded home- and community-based services waiver for residential services.	1.00	54,605	72,152	126,757
Increased funding for administration of the SPED program.	1.00	54,605	72,152	126,757
Added funding for the department to contract with subject matter experts for Aging Services programs.		500,000		500,000
Added funding for contracting and operating expenses of the Aging and Disability Resource Link service.		331,936	292,794	624,730
Added intake FTE positions for the Aging and Disability Resource Link service.	5.00	437,250	387,750	825,000

Increased funding for dementia care services grants to provide total funding of \$1.2 million.		150,000		150,000
Children and Family Services				
Increased funding for grants to children's advocacy centers to provide a total of \$1.6 million.		600,000		600,000
Behavioral Health				
Replaced funding provided in the 2017-19 biennium from the tobacco prevention and control trust fund.		1,854,159	(1,854,159)	0
Transferred the suicide prevention program from the State Department of Health.	1.00	1,260,512		1,260,512
Transferred tobacco reporting duties to the State Department of Health.		(75,000)		(75,000)
Expanded the Free Through Recovery program to provide services to individuals outside of the correctional system.	6.00	4,000,000		4,000,000
Added funding for behavioral health recovery home grants.		200,000		200,000
Added funding to allow the department to certify peer support specialists.	1.00	275,000		275,000
Increased funding for the Parents LEAD program to provide total funding of \$200,000.		100,000		100,000
Added funding to continue a school behavioral health program.		300,000		300,000
Added funding for the department to implement recommendations from a state behavioral health study.		300,000		300,000
Increased federal funds authority for a Children's System of Care grant.			6,000,000	6,000,000
Added funding to expand the eligibility of the substance use disorder voucher program to individuals 14 years of age or older.		37,029		37,029
Added funding to continue the substance use disorder voucher program to provide total funding of \$8,184,000.	2.00	3,053,523		3,053,523
Added funding for early intervention services.		300,000		300,000
Added funding to establish a trauma-informed practices group.		200,000		200,000
Added federal funding for a state opioid response grant.			2,098,462	2,098,462
Added funding for a new behavioral health grant program for schools.		1,500,000		1,500,000

	Vocational Rehabilitation		
Added funding to establish a cooperative disability investigation unit.	1.00	1,031,314	1,031,314
Restored funding removed during the August 2016 special legislative session for adaptive skiing programs.		200,000	200,000
	Developmental Disabilities		
Adjusted funding for federal medical assistance percentage changes for the children's health insurance program.		1,529,534	(1,529,534)
Adjusted funding related to the home- and community-based services waiver.		(556,916)	(556,925)
Added funding to increase corporate guardianships by 20 to provide a total of 489 guardianships.		122,863	122,863
	Field Services		
Added funding for provider inflationary increases of 2 percent the 1 st year of the biennium and 2.5 percent for the 2 nd year of the biennium.		900,200	11,192
Adjusted the federal medical assistance percentage estimate to 50.05 for federal fiscal year 2020 and to 52.66 for federal fiscal year 2021.		(1,026,739)	1,026,739
Adjusted funding for continued program changes.		11,123,359	(9,141,929)
Adjusted funding and FTE positions as requested in the department's savings plan.	(63.00)	57,014	(6,002,543)
Adjusted funding for estimated cost and caseload changes.		149,130	(196,250)
	Human Service Centers		
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(2,891,071)	(2,891,071)
Added funding to expand crisis services.	27.00	4,096,174	4,096,174
Added funding for supportive housing grants.		375,000	375,000
Increased funding for lease costs at the Badlands Human Service Center.		264,000	264,000
Added funding for autism extended services.		170,000	170,000
	Institutions		
Reduced funding for salaries and wages for anticipated savings resulting from vacant positions and employee turnover.		(1,803,659)	(1,803,659)
Removed one-time 2017-19 biennium capital funding.		(2,199,430)	(2,199,430)

Expanded CARES services provided by the Life Skills and Transition Center (LSTC).	7.50	469,961	469,960	939,921
Adjusted estimated estate tax collections due to a lawsuit regarding debt collections.		223,258	(223,258)	0
Added one-time funding from SIIF for LSTC building remodeling projects.			3,361,595	3,361,595
Added one-time funding from SIIF to demolish buildings at LSTC.			915,570	915,570
Added one-time funding from SIIF for a roof replacement project at the State Hospital.			562,500	562,500
Added one-time funding from SIIF for a coal boiler replacement project at the State Hospital.			1,931,000	1,931,000
Added one-time funding for a study of the services provided by the State Hospital.		200,000		200,000
County Social Service Financing				
Added funding for a state-paid economic assistance and human service program.	140.00		173,700,000	173,700,000
Total	<u>68.00</u>	<u>\$149,582,137</u>	<u>\$474,779,722</u>	<u>\$624,361,859</u>

FTE Changes

The 2019-21 biennium appropriation includes funding for 2,230.23 FTE positions, an increase of 68 FTE positions from the 2017-19 biennium authorized level of 2,162.23. The following is a summary of the FTE position changes.

Description	FTE Positions
Removed as requested in the department's savings plan	(82.00)
Transferred to Information Technology Department for the information technology unification initiative	(48.00)
Administration of Medicaid Expansion pharmacy services	2.00
Medicaid reimbursement for peer support services	0.50
Administration of 1915(i) plan waiver for children and adults	3.00
Administration of expanded home- and community-based services waiver for residential services	1.00
Estimated increase in SPED program participation	1.00
Aging and Disability Resource Link intake services	5.00
Suicide program transferred from State Department of Health	1.00
Expand Free Through Recovery Program	6.00
Substance use disorder voucher program expansion	2.00
Certification of peer support specialists	1.00
Vocational Rehabilitation cooperative disability unit	1.00
Crisis services expansion	27.00
LSTC CARES team expansion	7.50
County employees that may be transferred to the department as a result of the county social and human service project	140.00
Total	68.00

One-Time Funding

In Section 2 of Senate Bill No. 2012, the Legislative Assembly identified \$22,068,926 of one-time funding, of which \$1,512,603 is from the general fund. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2021-23 biennium executive budget, and the Department of Human Services (DHS) is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

	General Fund	Other Funds	Total
Child welfare technology project (\$575,000 from SIIF)		\$1,250,000	\$1,250,000
MMIS technology stack upgrade (\$1,776,000 from SIIF)		7,104,000	7,104,000
SPACES program support (\$2,369,030 from SIIF)		5,431,658	5,431,658
Medically complex children provider funding adjustment	\$977,603		977,603
Hyperbaric oxygen therapy pilot program	335,000		335,000
LSTC remodeling projects (\$3,361,595 from SIIF)		3,361,595	3,361,595
LSTC building demolition (\$915,570 from SIIF)		915,570	915,570
State Hospital roof replacement (\$562,500 from SIIF)		562,500	562,500
State Hospital coal boiler replacement (\$1,931,000 from SIIF)		1,931,000	1,931,000
Study of State Hospital services	200,000		200,000
Total	\$1,512,603	\$20,556,323	\$22,068,926

Other Sections in Senate Bill No. 2012

Peer support certification - Section 3 implements a peer support services certification program within DHS.

Community behavioral health program - Section 4 directs DHS to implement a community behavioral health program to provide services to individuals outside the correctional system who have serious behavioral health conditions.

Brain Injury Advisory Council - Section 5 amends North Dakota Century Code Section 50-06.4-10 relating to services provided to the Brain Injury Advisory Council.

Children with disabilities buyin program - Section 6 amends Section 50-24.1-31 to expand the eligibility of the children with disabilities buyin program from 200 to 250 percent of the federal poverty level.

Medicaid Expansion program - Section 7 amends Section 50-24.1-37 to extend the sunset clause for the Medicaid Expansion program to July 31, 2021. Section 8 amends Section 50-24.1-37 to provide for DHS to administer the Medicaid Expansion pharmacy benefits program effective January 1, 2020.

Tobacco settlement trust fund allocations - Section 9 amends Section 54-27-25 to allocate moneys in the tobacco settlement trust fund only to the community health trust fund rather than the community health trust fund, the common schools trust fund, and the water development trust fund.

Funding transfers - Sections 10 and 11 allow DHS to transfer appropriation authority between line items within subdivisions 1 through 3 of Section 1 and allow appropriation authority to be transferred from line items within subdivisions 1 through 3 to subdivision 4 of Section 1.

Strategic investment and improvements fund - Section 12 identifies \$11.5 million from the strategic investment and improvements fund for various DHS capital and information technology projects.

Human service finance fund - Section 13 identifies \$173.7 million from the human service finance fund for administering social service programs during the 2019-21 biennium.

Tobacco prevention and control trust fund - Section 14 identifies \$6 million from the tobacco prevention and control trust fund for expenses of the Medical Services Division during the 2019-21 biennium.

Community health trust fund - Section 15 identifies \$32.4 million from the community health trust fund for expenses of the Medical Services division during the 2019-21 biennium.

Health care trust fund - Section 16 identifies \$1 million from the health care trust fund and \$1,062,000 of federal funds to be used to increase the nursing home operating margin from January 1, 2020, to June 30, 2021.

Medicaid Expansion appropriations - Section 17 provides DHS may not spend more for the Medicaid Expansion program than the amount is appropriated in the bill with certain exceptions.

State Hospital services study - Section 18 requires DHS to develop a statewide plan to address acute psychiatric and residential care needs.

Nursing facility payment methodology - Section 19 requires DHS to develop an implementation plan for a revised payment methodology for nursing facility services.

Hyperbaric oxygen therapy pilot program - Section 20 identifies \$335,000 from the general fund for a hyperbaric oxygen therapy pilot program.

Adaptive skiing grant - Section 21 identifies \$200,000 from the general fund to be used for an adaptive skiing grant.

Supportive housing grants - Section 22 identifies \$925,000 from the general fund to be used for supportive housing grants in the northeast and southeast human service regions.

School behavioral health grants - Section 23 identifies \$1.5 million from the general fund to be provided for behavioral health grants to schools.

School behavioral health pilot programs - Section 24 identifies \$300,000 from the general fund for DHS to administer school behavioral health pilot programs at a rural school and a tribal school.

Carryover authority - Sections 25 through 32 allow DHS to continue unexpended appropriation authority for specific information technology projects, certain legal costs, and a school behavioral health program into the 2019-21 biennium.

Tompkins Rehabilitation and Corrections Center buildings - Section 33 authorizes DHS to convey certain buildings housing the Tompkins Rehabilitation and Corrections Center located on the State Hospital grounds to the Department of Corrections and Rehabilitation.

Capital projects - Section 34 authorizes DHS to proceed with capital projects at the State Hospital and LSTC.

Developmental disabilities case management - Section 35 allows DHS to hire temporary staff or change administrative rules if case management services exceed the ratio provided pursuant to North Dakota Administrative Code.

Behavioral health provider outcomes - Section 36 requires behavioral health services providers to submit process and outcome measures to DHS for services provided for state funded programs.

Telephone support and directory services - Section 37 requires the vendor of telephone and directory services, under contract with DHS, to include private behavioral health service providers in the vendor's directory at no cost to the private behavioral health service providers.

Adult companionship services - Section 38 requires DHS to include adult companionship services as an allowable service under the home- and community-based Medicaid waiver on or after January 1, 2020.

Adult residential rate rebasing - Section 39 requires DHS to rebase adult residential rates for services provided on or after January 1, 2020.

Targeted case management - Sections 40 and 41 require DHS to expand the types of providers recognized as Medicaid providers of targeted case management for individuals with serious emotional disturbance or serious mental illness.

Withdrawal management - Section 42 requires DHS to include withdrawal management as a covered service in the Medicaid state plan.

Medicaid 1915(i) state plan amendment - Section 43 requires DHS to implement and manage a 1915(i) Medicaid state plan amendment for children and adults.

Home- and Community-Based Services - Section 44 requires DHS to adopt rules to inform affected individuals about home- and community-based services.

Autism Spectrum Disorder Task Force - Section 45 allows DHS to expand the number of slots available or expand the eligibility requirements for the autism spectrum disorder Medicaid waiver.

Autism spectrum disorder voucher program - Section 46 directs DHS to propose administrative code changes to allow more individuals to qualify for the autism spectrum disorder voucher program.

Behavioral health study recommendations - Section 47 requires DHS to provide a report to the Legislative Management regarding the implementation of recommendations of the Human Services Research Institute's report on behavioral health in the state.

Health care delivery system study - Section 48 provides for a Legislative Management study of the state's health care delivery system.

Legislative intent regarding utilization rate adjustment - Section 49 provides intent that DHS seek a deficiency appropriation from the 67th Legislative Assembly for any expenditures that exceed appropriated amounts as a result of reductions made in estimated utilization rates for the 2019-21 biennium.

Related Legislation

House Bill No. 1032 - SPED sliding fee schedule. This bill requires DHS to establish and revise a sliding fee schedule annually for the SPED program.

House Bill No. 1033 - Independent home- and community-based case managers. This bill directs DHS to create a pilot program for independent home- and community-based services case managers for the SPED and expanded SPED programs.

House Bill No. 1034 - Home- and community-based services. This bill requires DHS to establish guidelines for long-term care services providers to deliver home- and community-based services.

House Bill No. 1099 - Medication distribution and adult foster care. This bill amends various sections of Century Code relating to medication administration and adult foster care.

House Bill No. 1100 - DHS Behavioral Health Division fees. This bill authorizes DHS to establish nonrefundable application fees for licensing and certification activities within the Behavioral Health Division.

House Bill No. 1103 - Licensing of opioid treatment medication unit. This bill requires DHS to license opioid treatment medication units and authorizes the department to charge a nonrefundable license application fee.

House Bill No. 1105 - Treatment services for children with emotional disorders and the substance use disorder treatment voucher system. This bill amends Sections 50-06-06.13 and 50-06-42 relating to the placement of Medicaid-eligible children with a serious emotional disorder and the use of licensed substance abuse treatment programs for the substance use disorder treatment voucher system.

House Bill No. 1108 - Child abuse and neglect assessments. This bill creates and amends various sections of Century Code relating to child abuse and neglect service assessments and evidence-based screening tool records.

House Bill No. 1115 - County jail medical services processing. This bill creates, amends, and repeals various sections of Century Code relating to medical assistance claims processing.

House Bill No. 1124 - Nursing home rate setting. This bill creates a new section of Century Code to require DHS to include information technology costs in nursing home rate setting.

House Bill No. 1194 - Tribal care coordination agreements. This bill amends various sections of Century Code to provide for DHS to enter medical assistance tribal care coordination agreements.

House Bill No. 1318 - Medicaid funeral cost exemption. This bill removes the \$6,000 limit for pre-need funeral services contracts, prepayments, or deposits from consideration in determining Medicaid eligibility.

House Bill No. 1374 - Pharmacy benefits management program. This bill creates a new pharmacy benefits management program to be utilized by the DHS medical assistance program.

House Bill No. 1515 - Medicaid coverage for pregnant women. This bill increases the Medicaid program income eligibility level for pregnant women to 162 percent of the federal poverty level.

House Bill No. 1517 - Life Skills and Transition Center program management and regional crisis services. This bill requires DHS to assign a program manager to each individual residing at the Life Skills and Transition Center and requires the department to establish regional crisis support services for individuals with an intellectual or developmental disability.

Senate Bill No. 2027 - Definition of brain injury. This bill broadens the definition of brain injury.

Senate Bill No. 2105 - Statewide Independent Living Council. This bill creates, amends, and repeals various sections of Century Code relating to the Statewide Independent Living Council and centers for independent living.

Senate Bill No. 2106 - Children's health insurance program. This bill amends various sections of Century Code to transition administration of the children's health insurance program to DHS and to operate the program under a fee for service arrangement.

Senate Bill No. 2112 - Adoption assistance for children with special needs. This bill amends Section 59-09-02.2 relating to the determination of a child with special needs eligible for adoption assistance.

Senate Bill No. 2113 - Electronic monitoring of health care facility residents. This bill creates and amends various sections of Century Code relating to authorized electronic monitoring of health care facility residents.

Senate Bill No. 2114 - Underage alcohol use evaluation. This bill amends Section 5-01-08 relating to the requirements for individuals under the age of 21 arrested for alcohol violations to participate in the DHS alcohol and drug education program.

Senate Bill No. 2115 - Child support program. This bill amends and repeals various sections of Century Code relating to the child support program.

Senate Bill No. 2124 - County social service zones. This bill implements state administration of county social services and provides for the administration of social service programs through multicounty social service zones.

Senate Bill No. 2149 - Youth behavioral health training. This bill provides for school districts to provide certain behavioral health services to students.

Senate Bill No. 2198 - Syringe and needle exchange program. This bill amends Section 23-01-44 to require DHS and the State Department of Health to develop a syringe exchange program.

Senate Bill No. 2218 - Records of individuals receiving human services. This bill creates a new section to Chapter 44-04 to provide an open records exemption for personal identifying information that is provided to a state or local agency providing human services.

Senate Bill No. 2240 - Behavioral health references. This bill amends various sections of Century Code to update terminology related to behavioral health.

Senate Bill No. 2247 - Developmental disabilities system reimbursement project. This bill amends Section 50-06-37 to adjust the provisions of the developmental disabilities reimbursement project.

Senate Bill No. 2313 - Children's cabinet. This bill creates a children's cabinet to assess, guide, and coordinate care for children and repeals Section 50-06-43 which establishes the task force on children's behavioral health.

Senate Bill No. 2317 - Licensure of pediatric subacute care facilities. This bill requires DHS to license pediatric subacute care facilities as nursing facilities.

Senate Bill No. 2347 - Medicaid fraud control unit. This bill establishes a Medicaid fraud control unit within the Attorney General's office.

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**Office of Management and Budget
Budget No. 110
Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	112.00	\$33,215,852	\$17,136,515	\$50,352,367
2019-21 base budget	117.00	30,720,260	9,434,087	40,154,347
Legislative increase (decrease) to base budget	(5.00)	\$2,495,592	\$7,702,428	\$10,198,020

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$32,915,852	\$300,000	\$33,215,852
2017-19 legislative appropriations	30,720,260	943,832 ¹	31,664,092 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,195,592	(\$643,832)	\$1,551,760
Percentage increase (decrease) to 2017-19 appropriations	7.1%	(68.2%)	4.9%

¹The 2017-19 biennium general fund appropriations reflect a deficiency appropriation of \$441,100 in Senate Bill No. 2024. See the **Deficiency Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$9,781	(\$50,000)	(\$40,219)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		526,815	107,949	634,764
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		385,579	81,210	466,789
Removed 5 FTE positions, including 3 custodians and 2 system mechanics.	(5.00)	(560,182)		(560,182)
Underfunded salaries and wages for anticipated savings from vacant positions and employee turnover.		(210,252)	(600,994)	(811,246)

Added funding to reclassify positions (\$560,678) and for temporary employees (\$56,400).	617,078		617,078
Reduced funding for information technology and maintenance costs.	(588,483)	(247,461)	(835,944)
Added funding for contract custodians (\$640,000), utility costs (\$427,650), state accounting software and an employee onboarding project (\$483,360), Microsoft Office 365 licensing (\$77,308), and statewide memberships and dues (\$93,614).	1,700,208	21,724	1,721,932
Reduced funding for the Emergency Commission contingency fund to provide total funding of \$500,000.	(100,000)		(100,000)
Reduced funding for bond payments to provide total funding of \$567,125.	(206,352)		(206,352)
Increased funding for guardianship grants by \$621,400, from \$1,328,600 to \$1,950,000.	621,400		621,400
Added one-time funding for the state student internship program (\$250,000) and an electronic procurement study (\$50,000).	300,000		300,000
Added one-time funding from the risk management fund for a risk management information technology project.		170,000	170,000
Added one-time funding from the Capitol building fund for a Capitol building south entrance project (\$2 million), extraordinary repairs (\$1.9 million), and special assessments on the Capitol grounds (\$320,000).		4,220,000	4,220,000
Added one-time funding from the strategic investment and improvements fund for a litigation funding pool (\$3.5 million) and an assessment of state lands and facilities (\$500,000).		4,000,000	4,000,000
Total	<u>(5.00)</u>	<u>\$2,495,592</u>	<u>\$7,702,428</u>

FTE Changes

The Legislative Assembly approved 112 FTE positions for the Office of Management and Budget (OMB) for the 2019-21 biennium, a decrease of 5 FTE positions from the 2017-19 biennium authorized level of 117 FTE positions. The Legislative Assembly removed 3 FTE custodian positions and 2 FTE system mechanic positions.

One-Time Funding

One-time appropriations for the 2019-21 biennium for OMB include the following:

	General Fund	Other Funds	Total
State student internship program	\$250,000	\$0	\$250,000
Electronic procurement study	50,000	0	50,000
Risk management information technology project (risk management fund)	0	170,000	170,000

Capitol building south entrance project (Capitol building fund)	0	2,000,000	2,000,000
Extraordinary repairs (Capitol building fund)	0	1,900,000	1,900,000
Special assessments on Capitol grounds (Capitol building fund)	0	320,000	320,000
Litigation funding pool (strategic investment and improvements fund)	0	3,500,000	3,500,000
Assessment of state lands and facilities (strategic investment and improvements fund)	0	500,000	500,000
Total	\$300,000	\$8,390,000	\$8,690,000

Capital Improvements

The Legislative Assembly provided \$1.9 million from the Capitol building fund for extraordinary repairs, including \$800,000 for parking lot and sidewalk repairs, \$400,000 to replace an electrical transformer, \$250,000 to replace cooling equipment, \$170,000 to refurbish and repair entrance doors on the Capitol building, \$80,000 to replace elevator floors, and \$200,000 for other electrical and mechanical projects. The Legislative Assembly also provided \$2 million from the Capitol building fund for a Capitol building south entrance project to enclose the existing tunnel for a new public entrance with integrated security and improved accessibility.

Statewide Memberships

The Legislative Assembly provided \$625,064 from the general fund for state dues and memberships, an increase of \$93,614 from the 2017-19 biennium. The schedule below provides information on statewide dues and memberships for the 2017-19 and 2019-21 bienniums.

	2017-19 Biennium	2019-21 Biennium	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues.)	\$117,450	\$155,200	\$37,750
Council of State Governments	169,200	213,864	44,664
Western Governors' Association	66,870	72,000	5,130
National Governors Association	73,350	75,800	2,450
National Lieutenant Governors Association	1,080	2,000	920
Education Commission of the States	103,500	106,200	2,700
Western Interstate Commission for Higher Education ¹	0	0	0
Total dues and memberships	\$531,450	\$625,064	\$93,614

¹Funding for the Western Intrastate Commission for Higher Education is included in the higher education budget. The 2017-19 biennium budget included \$230,000, and the 2019-21 biennium budget includes \$294,000.

Budget Stabilization Fund Transfer

North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65,000,000 must be transferred to the budget stabilization fund. The estimated transfer from the general fund to the budget stabilization fund at the end of the 2017-19 biennium totals \$285,084,979. After the transfer, the June 30, 2019, estimated general fund balance is \$65,000,000, and the June 30, 2019, estimated budget stabilization fund balance is \$399,903,648.

Special Fund Transfers

Strategic investment and improvements fund transfers - In Section 4 of Senate Bill No. 2015, the Legislative Assembly transferred \$764.4 million from the strategic investment and improvements fund to the general fund for the 2019-21 biennium. The Legislative Assembly also transferred \$100,000 from the strategic investment and improvements fund to the preliminary planning revolving fund for the 2019-21 biennium in Section 7 of Senate Bill No. 2015.

Tax relief fund transfers - In Section 5 of Senate Bill No. 2015, the Legislative Assembly transferred \$8.6 million from the tax relief fund to the general fund for the 2019-21 biennium. In Section 6 of the bill, the Legislative Assembly transferred \$173.7 million from the tax relief fund to the human service finance fund for the 2019-21 biennium.

Budgetary Changes for Other State Agencies

Attorney General - Section 3 of Senate Bill No. 2015 authorizes the Attorney General 1 FTE assistant attorney general position to assist in litigation relating to voter identification for the 2019-21 biennium. Funding for the position is available from the litigation funding pool.

Secretary of State - Section 24 of Senate Bill No. 2015 amends Section 54-09-05, as amended by Senate Bill No. 2002, to adjust the effective date of the salary increase for the Secretary of State.

North Dakota University System - Section 25 of Senate Bill No. 2015 amends Section 23 of House Bill No. 1003 to allow institutions of higher education to transfer funding from their capital assets line item to their operations line item.

Bank of North Dakota - Section 26 of Senate Bill No. 2015 amends Section 23 of House Bill No. 1014, which amended House Bill No. 1435 relating to the use of funding for the statewide interoperable radio network project, delaying the transfer of Bank of North Dakota profits until after \$25 million from a line of credit has been used.

Department of Commerce - Sections 27, 28, and 29 of Senate Bill No. 2015 amend House Bill No. 1018 to reduce funding in the Department of Commerce for the nonresident nurse employment recruitment program by \$300,000, from \$800,000 to \$500,000.

State Employee Compensation Package

Section 16 of Senate Bill No. 2015 provides guidelines for the 2019-21 biennium state employee compensation adjustments. The salary increases are to average 2 percent with a minimum of \$120 per month and a maximum of \$200 per month to eligible state employees in the 1st year and to average 2.5 percent in the 2nd year of the 2019-21 biennium. Agencies may use salaries and wages funding available due to vacant positions and employee turnover to provide additional salary increases for selected employees to address salary compression issues or to enhance merit-based increases for employees essential to the effective operations of the agency; however, an agency may not request additional funding for the 2021-23 biennium to continue the additional salary increases. The Office of Management and Budget is required to develop guidelines for the compensation adjustments for classified employees. Employees whose documented performance does not meet standards are not be eligible for compensation adjustments.

Legislative Management Studies

Legacy fund earnings study - Section 32 of Senate Bill No. 2015 creates a Legislative Management committee to study the potential uses of legacy fund earnings.

Olmstead Commission study - Section 33 of Senate Bill No. 2015 provides for a Legislative Management study regarding issues related to the Olmstead Commission.

Charitable gaming laws study - Section 34 of Senate Bill No. 2015 provides for a Legislative Management study of the state's charitable gaming laws.

Other uses of the Veterans' Home facilities study - Section 35 of Senate Bill No. 2015 provides for a Legislative Management study of the feasibility and desirability of developing other allowable revenue-generating uses of the Veterans' Home facilities and grounds.

Other Sections in Senate Bill No. 2015

State student internship program - Section 8 authorizes OMB to transfer funding from the state student internship program to other state agencies.

Litigation funding pool - Section 9 authorizes OMB to transfer funding from the litigation funding pool to other state agencies.

Grant and expense designations - Section 10 identifies the funding designated for boys' and girls' clubwork (\$53,000), statewide memberships and dues (\$625,064), unemployment insurance (\$2 million), and the Capitol Grounds Planning Commission (\$25,000).

Capitol building fund - Section 11 identifies \$4.22 million from the Capitol building fund, including \$2 million for a Capitol building south entrance project, \$1.9 million for extraordinary repairs, and \$320,000 for special assessments.

Risk management fund - Section 12 identifies \$170,000 from the risk management fund for an information technology project.

Strategic investment and improvements fund - Section 13 identifies \$4 million from the strategic investment and improvements fund, including \$3.5 million for the litigation funding pool and \$500,000 for a state lands facilities assessment.

Prairie Public Broadcasting matching grant - Section 14 authorizes OMB to provide a grant of up to \$200,000 to Prairie Public Broadcasting for essential equipment needs, but only to the extent Prairie Public Broadcasting provides \$1 of matching funds from nonstate sources for each dollar awarded.

Fiscal management exemption - Section 15 allows 2017-19 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2019-21 biennium.

Infrastructure revolving loan fund - Section 17 amends Section 6-09-49 to allow the Garrison Diversion Conservancy District and the Lake Agassiz Water Authority to access the infrastructure revolving loan fund for the Red River Valley Water Supply Project.

Specialty area teacher qualifications - Section 18 amends Section 15.1-18-10, as amended by Senate Bill Nos. 2265 and 2013, to allow individuals to teach certain subjects if the individual has the required qualifications.

Legacy fund earnings - Section 19 creates a new section to Chapter 21-10 to recognize legacy fund earnings as part of the beginning balance of the subsequent biennium rather than as revenue of the biennium in which the transfer is made for budgetary purposes. **The Governor vetoed this section.**

Capitol Grounds Planning Commission - Section 20 increases the spending limit of the Capitol Grounds Planning Commission from the Capitol building fund from \$175,000 to \$250,000 per biennium. Section 21 authorizes the Capitol Grounds Planning Commission to accept gifts of money for improvements to the Capitol grounds, including landscaping projects.

State employee suggestion incentive program - Section 22 amends Section 54-06-24 to require employees to submit recommendations prior to July 1, 2019. Section 31 repeals Section 54-06-24 relating to the state employee suggestion incentive program. Section 36 provides an effective date of June 30, 2021, related to the repeal.

State employee performance bonus program - Section 23 increases performance bonus limits from \$1,000 to \$1,500 per employee per year and removes a provision limiting performance bonuses to 25 percent of the agency's staff.

Placement of individuals in institutions study - Section 30 amends Section 18 of Senate Bill No. 2012, which relates to a study of the placement of individuals in institutions for mental disease, to change the reporting date from October 2020 to July 2020.

Emergency clause - Section 37 provides an emergency clause related to Senate Bill Nos. 2020 and 2297.

Related Legislation

There is no major related legislation affecting this agency.

**Information Technology Department
Budget No. 112
House Bill Nos. 1021 and 1435**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	402.00	\$28,565,311	\$321,032,334	\$349,597,645
2019-21 base budget	344.30	20,532,334	165,636,855	186,169,189
Legislative increase (decrease) to base budget	57.70	\$8,032,977	\$155,395,479	\$163,428,456

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$17,165,311	\$11,400,000	\$28,565,311
2017-19 legislative appropriations	20,532,334	0	20,532,334
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$3,367,023)	\$11,400,000	\$8,032,977
Percentage increase (decrease) to 2017-19 appropriations	(16.4%)	N/A	39.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$322,596	\$2,213,525	\$2,536,121
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		168,832	1,671,049	1,839,881
Removed 15 FTE undesignated positions and 1 FTE undesignated EduTech position.	(16.00)	(74,991)	(2,912,445)	(2,987,436)
Added 8 FTE cybersecurity positions.	8.00	2,322,680		2,322,680
Transferred 96 FTE positions from other agencies for the information technology (IT) unification initiative.	96.00		18,266,327	18,266,327
Added funding for temporary salaries for the IT unification initiative.			544,896	544,896

Added funding for operating expenses for the IT unification initiative.			8,835,127	8,835,127
Adjusted funding for operating expenses, including increases in IT data processing and IT software supplies and decreases in IT equipment under \$5,000, IT contractual services and repairs, and operating fees and services.	(97,594)		2,883,700	2,786,106
Added funding for Microsoft Office 365 licensing expenses.			4,209,893	4,209,893
Added funding from the department's operating services fund for IT projects, including an IT service management project (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).			4,225,000	4,225,000
Reduced funding for capital assets.			(4,041,883)	(4,041,883)
Reduced funding for the statewide longitudinal data system.		(1,056)		(1,056)
Removed funding for the Center for Distance Education and transferred the program to the Department of Career and Technical Education.	(29.80)	(6,029,116)	(3,050,000)	(9,079,116)
Transferred \$346,350 from the Educational Technology Council line item to the EduTech line item for the salaries and fringe benefits of the Director of EduTech, which includes a funding source change from the department's operating service fund to the general fund.		5,000	(5,000)	0
Removed funding for the Educational Technology Council.	(0.50)	(180,122)	(595,000)	(775,122)
Reduced funding for EduTech to provide a total of \$9,645,773.		(295,980)	(138,159)	(434,139)
Adjusted funding for the K-12 wide area network to provide a total of \$5,167,970.		600,000	(10,000)	590,000
Reduced funding for the geographic information system (GIS) to provide a total of \$2,202,629.		(107,272)		(107,272)
Reduced funding for the Health Information Technology Office to provide a total of \$4,879,146.			(481,551)	(481,551)
Reduced funding for the statewide interoperable radio network (SIRN) from the SIRN fund.			(1,370,000)	(1,370,000)
Added one-time funding from the general fund and the strategic investment and improvements fund (SIIF) for cybersecurity operating expenses.		11,400,000	4,000,000	15,400,000

Added one-time funding from SIIF for a GIS statewide land parcel project.			1,150,000	1,150,000
Added one-time funding for SIRN, including \$80 million from a Bank of North Dakota line of credit, \$20 million from Bank profits, and \$20 million from SIIF (House Bill No. 1435).			120,000,000	120,000,000
Total	57.70	\$8,032,977	\$155,395,479	\$163,428,456

FTE Changes

The Legislative Assembly approved 402.00 FTE positions for the Information Technology Department (ITD) for the 2019-21 biennium, an increase of 57.70 FTE positions from the 2017-19 biennium, as follows:

	FTE Increase (Decrease)
Removed undesignated FTE positions, including 1 undesignated EduTech FTE position	(16.00)
Added cybersecurity FTE positions	8.00
Removed Center for Distance Education FTE positions as part of the transfer to the Department of Career and Technical Education ¹	(29.80)
Removed Educational Technology Council FTE positions	(0.50)
Transferred 96 FTE positions from five agencies to ITD for the IT shared services unification initiative	
Department of Trust Lands	2.00
Department of Human Services	48.00
Adjutant General - Department of Emergency Services	4.00
Parks and Recreation Department	1.00
Department of Transportation	41.00
Total	57.70

¹The Legislative Assembly approved a total of 28.80 Center for Distance Education FTE positions in the Department of Career and Technical Education for the 2019-21 biennium.

One-Time Funding

The Legislative Assembly appropriated \$136,550,000 of one-time funding to ITD for the 2019-21 biennium, as follows:

	General Fund	SIIF	Bank of North Dakota Line of Credit	Bank of North Dakota Profits	Total Funds
Cybersecurity operating expenses	\$11,400,000	\$4,000,000			\$15,400,000
GIS statewide land parcel project		1,150,000			1,150,000
SIRN (House Bill No. 1435)		20,000,000	\$80,000,000	\$20,000,000	120,000,000
Total	\$11,400,000	\$25,150,000	\$80,000,000	\$20,000,000	\$136,550,000

Shared Services Information Technology Unification Initiative

The Legislative Assembly authorized a shared services IT unification initiative, including a transfer of 96 FTE positions from five agencies, as a pilot project to consolidate IT resources in state government as follows:

	ITD Operating Service Fund
Salaries for 96 FTE positions transferred to ITD from five agencies	\$18,266,327
Temporary salaries	544,896
Operating expenses for transferred FTE positions	8,835,127
Total	\$27,646,350

Unification study - Section 7 of House Bill No. 1021 requires the Legislative Management to study ITD's transition to the run-grow-transform model and the IT unification initiative. The study must include a review of changes in fees, services, operations, processes, and systems.

Unification legislative intent - Section 8 of House Bill No. 1021 provides legislative intent that ITD provide direction to the executive branch agencies in the Governor's cabinet not included in the IT unification initiative pilot project regarding IT strategic planning and operations. It is further the intent of the 66th Legislative Assembly that the 67th Legislative Assembly implement the findings and recommendations resulting from the IT unification initiative pilot project.

Statewide Interoperable Radio Network

House Bill No. 1435 relates to SIRN and provides for the following related to ITD:

- Section 1 amends North Dakota Century Code Section 37-17.3-02 to allow the Chief Information Officer (CIO) of ITD to purchase equipment for SIRN and be responsible for the operation and maintenance of SIRN rather than the Director of the Division of State Radio in the Adjutant General's office. The CIO may not use state funds, including resources from the SIRN fund, for dispatch consoles, connectivity, and associated necessary software, equipment, or services to support a public safety answering point unless these items are intended for use by a state agency or state department.
- Section 2 amends Section 37-17.3-02.2 to add additional members to the Statewide Interoperability Executive Committee (SIEC), including a representative of the North Dakota Association of Counties, a representative of the North Dakota League of Cities, the Executive Director of the Indian Affairs Commission, and one member from each chamber of the Legislative Assembly.
- Section 3 amends Section 37-17.3-03 to require the CIO to establish a process to register and audit users of SIRN and to allow ITD to provide a state cost-share for each SIRN radio. The state cost-share for each radio is \$1,500, unless the cost of the radio is less than \$1,500, in which case the state cost-share is the cost of the radio.
- Section 4 amends Section 10 of Chapter 247 of the 2017 Session Laws related to 2017 House Bill No. 1178 to remove the July 31, 2023 expiration date for the SIRN fund, for changes to SIEC membership, and for the authorization for political subdivisions to charge \$0.50 on assessed communication services and a 0.5 percent increase on prepaid wireless emergency 911 fees.
- Section 5 requires the Legislative Management to consider studying consolidated emergency and interoperable public safety communications system governance and funding options.
- Section 6 requires the Bank of North Dakota to extend a line of credit not to exceed \$80 million to ITD for SIRN. The Information Technology Department is required to repay the line of credit from funds available in the SIRN fund or other funds over a period not to exceed 20 years from the date of issuance of the line of credit, as appropriated by the Legislative Assembly. Section 9 includes an emergency clause related to the line of credit.
- Section 7 requires the Industrial Commission to transfer \$20 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the SIRN fund for the 2019-21 biennium. Section 9 includes an emergency clause related to the transfer.
- Section 8 appropriates the \$80 million line of credit, the \$20 million of Bank of North Dakota profits, and \$20 million from SIIF to ITD for SIRN for the 2019-21 biennium. Section 9 provides an emergency clause for the funding. House Bill No. 1014 and Senate Bill No. 2015 amended Section 8 of House Bill No. 1435 to delay the transfer of Bank profits until after \$25 million of the line of credit is used.

Sections in House Bill No. 1021 related to SIRN are as follows:

- Section 1 includes an appropriation of \$12.33 million in the SIRN line item from the SIRN fund, a decrease of \$1.37 million from the 2017-19 biennium authorized level of \$13.7 million. Including the \$120 million authorized for SIRN in House Bill No. 1435, funding for SIRN for the 2019-21 biennium totals \$132.33 million, of which \$80 million is from a BND line of credit, \$20 million is from BND profits, \$20 million is from SIIF, and \$12.33 million is from the SIRN fund.
- Section 10 provides for a mandatory Legislative Management study similar to the optional study provided for in Section 5 of House Bill No. 1435 regarding studying consolidated emergency and interoperable public safety communications system governance and funding options.

- Section 11 amends Section 37-17.3-02.2 to add additional members to the SIEC, including a representative of the North Dakota Association of Counties, a representative of the North Dakota League of Cities, and the Executive Director of the Indian Affairs Commission, the Director of the Game and Fish Department, and the State Health Officer.
- Section 12 amends Section 37-17.3-03 similar to the amendments in Section 3 of House Bill No. 1435 but specifies that SIRN radios furnished by counties and cities to law enforcement are personal and vehicular radios.

Health Information Network Expansion

Health information network expansion - Section 1 of Senate Bill No. 2021 (2017) included \$43.6 million for the North Dakota Health Information Network (NDHIN) expansion project, a project designed to provide for the secure exchange of health information to enable clinical users, such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical records. The project is intended to enhance the functionality of NDHIN by allowing Medicaid providers options to meet specific measures and objectives to achieve meaningful use and promote comprehensive interoperability between all providers throughout the state. The project will enhance the existing NDHIN infrastructure and allow for statewide repositories for analytics, care coordination, credentialing, advanced directives, and provide for necessary connections between providers.

Of the amount appropriated to ITD, \$40.5 million is from federal funds distributed by the federal Centers for Medicare and Medicaid Services to Department of Human Services. Federal funds are available through a Medicaid advanced planning document and require a 10 percent or 15 percent match. The matching funds are to be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding will be available for the project through the anticipated completion date of September 2021.

In Section 5 of House Bill No. 1021, the 2019 Legislative Assembly authorized ITD to continue the funding appropriated for the NDHIN expansion and care coordination project for the 2017-19 biennium into the 2019-21 biennium.

Other Sections in House Bill No. 1021

Transfers - Section 3 authorizes the Office of Management and Budget to make transfers of funds between line items of ITD as may be requested by the CIO as necessary for the development and implementation of information technology projects.

SIIF - Section 4 identifies \$5.15 million from SIIF, of which \$4 million is for cybersecurity operating expenses and \$1.15 million is for a GIS land parcel project.

Access to lands study - Section 6 requires the Legislative Management to study access to public and private lands for hunting, trapping, fishing, and related issues, including trespass violations and penalties, and provide recommendations regarding a land access database with the capability of electronic posting. At the direction of the Legislative Management, before August 1, 2020, ITD and the Game and Fish Department are required to establish a trial electronic posting and hunter access information system in up to three counties. The Information Technology Department and the Game and Fish Department may contract with a third party to assist with the electronic posting and hunter access information system development and operation. The Legislative Management is required to appoint a committee for this study.

ITD service rates review - Section 9 requires ITD to conduct a review of service rates charged to state agencies, including rate structure and agency billing during the 2019-20 interim. The Information Technology Department is required to report the results of its review to the Legislative Management by September 1, 2020.

Related Legislation

House Bill No. 1048 - Distributed ledger technologies pilot project - This bill adds a new section to Chapter 54-59 to require ITD to research and develop the use of distributed ledger-enabled platform technologies, such as blockchains for computer-controlled programs, data transfer and storage, and program regulation to protect against falsification, improve internal data security, and identify external hacking threats. Research must include efforts to protect the privacy of personal identifying information maintained within distributed ledger programs. The department is required to select a state agency, upon the request of the state agency, to serve as a pilot program for the implementation and use of distributed ledger-enabled platform technologies. The Chief Information Officer is required to report to the Legislative Management before June 1st of each even-numbered year regarding the implementation of distributed ledger technologies.

House Bill No. 1080 - Security background information - This bill amends Section 54-59-20 to allow the CIO to require any employees of contractors and subcontractors performing work for ITD be subject to a criminal history record check.

House Concurrent Resolution No. 3004 - Blockchain study - This resolution requests the Legislative Management consider studying the potential benefit value of blockchain technology implementation and utilization in state government administration and affairs.

Senate Bill No. 2101 - Student information system - Amends Section 15.1-07-33 to remove references to PowerSchool to provide ITD flexibility in selecting a state student information system.

Senate Bill No. 2110 - Cybersecurity strategy - This bill amends Sections 54-59-01 and 54-59-05 to require ITD to advise, oversee, and regulate cybersecurity strategy for all state executive branch agencies, including institutions under the control of the State Board of Higher Education, counties, cities, and school districts. The department is required to consult with the Attorney General and the legislative and judicial branches regarding cybersecurity strategy.

Senate Bill No. 2215 - Educational Technology Council - The bill repeals Sections 54-59-17 and 54-59-18 related to the Educational Technology Council and creates a Kindergarten Through Grade Twelve Education Coordination Council, which will be supervised by the Department of Public Instruction.

Senate Bill No. 2216 - Center for Distance Education - This bill changes the supervision of the Center for Distance Education from the Educational Technology Council to the Department of Career and Technical Education and allows the Department of Career and Technical Education to establish a scholarship fund for distance education rather than the Educational Technology Council. The bill also removes the authority of the Educational Technology Council to establish an administrative operating fund.

Senate Bill No. 2318 - Campus housing IT services - This bill provides legislative intent that ITD enter a contract to provide a solution to improve wired or wireless internal local area network service infrastructure in student housing facilities on higher education campuses. The Information Technology Department is required to report to the Legislative Management during the 2019-20 interim regarding this subject and to submit a copy of any related contract to the Legislative Council.

**Office of Administrative Hearings
Budget No. 140
House Bill No. 1017**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	5.00	\$0	\$2,830,664	\$2,830,664
2019-21 base budget	5.00	0	2,918,634	2,918,634
Legislative increase (decrease) to base budget	0.00	\$0	(\$87,970)	(\$87,970)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$1,483)	(\$1,483)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			35,653	35,653
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			22,310	22,310
Adjusted funding for operating exepnses.			(144,450)	(144,450)
Total	0.00	\$0	(\$87,970)	(\$87,970)

FTE Changes

The Legislative Assembly approved 5 FTE positions for the Office of Administrative Hearings for the 2019-21 biennium, the same as the 2017-19 biennium.

Related Legislation

House Bill No. 1064 - Workforce Safety and Insurance hearings - Creates a new section to North Dakota Century Code Chapter 54-57 to require the Office of Administrative Hearings to adopt case processing standards for Workforce Safety and Insurance hearings to provide for decisions to be issued within 215 days from a hearing.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	0.00	\$15,825,515	\$140,000	\$15,965,515
2019-21 base budget	0.00	14,159,170	0	14,159,170
Legislative increase (decrease) to base budget	0.00	\$1,666,345	\$140,000	\$1,806,345

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$15,307,755	\$517,760	\$15,825,515
2017-19 legislative appropriations	14,159,170	0	14,159,170
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,148,585	\$517,760	\$1,666,345
Percentage increase (decrease) to 2017-19 appropriations	8.1%	N/A	11.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for 2019-21 biennium legislative compensation adjustments of 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020, for regular and organizational sessions, legislators' monthly compensation, and additional monthly compensation for legislative leaders.		\$220,059		\$220,059
Increased funding for temporary salaries during the 2021 legislative session.		31,106		31,106
Added funding for legislator health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		594,255		594,255
Restored funding for legislative compensation and other expenses for 2 legislative days removed in 2017 to provide funding for 77 legislative days for the 2021 regular session.		160,000		160,000

Added funding to increase the maximum monthly lodging expense reimbursement to \$1,796 anticipated for the 2021 legislative session. The maximum monthly lodging reimbursement was \$1,758 for the 2019 session.	40,670	40,670
Increased funding for operating expenses, including increases in funding for service contracts and repairs, telecommunications, and information technology software. Increases were offset by decreases in information technology data processing, information technology equipment over \$5,000, and other operating expenses.	64,217	64,217
Increased funding for National Conference of State Legislatures dues, to provide for 100 percent of the estimated assessment, or \$263,433, for the 2019-21 biennium.	38,278	38,278
Added one-time funding for computer and iPad replacement.	517,760	517,760
Added one-time funding from the Capitol building fund for digital signage replacement.		\$40,000 40,000
Added one-time funding from the Capitol building fund for voting system upgrades.		100,000 100,000
Total	<u>0.00</u> <u>\$1,666,345</u>	<u>\$140,000</u> <u>\$1,806,345</u>

One-Time Funding

In Section 2 of House Bill No. 1001, the Legislative Assembly identified a total of \$657,760, of which \$517,760 is from the general fund and \$140,000 is from the Capitol building fund, for one-time funding items. Of this funding, \$40,000 is for digital signage replacement, \$100,000 is for voting system upgrades, and \$517,760 is for computer and iPad replacement. These amounts are not to be considered part of the Legislative Assembly's 2021-23 biennium base budget, and the Legislative Assembly is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1001 providing for legislative pay increases. Sections 7 and 8 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. Sections 9 and 10 of the bill increase legislators' interim meeting pay by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2019	Rate Effective July 1, 2020
Monthly compensation	\$495	\$505	\$518
Leaders' additional monthly compensation	\$355	\$362	\$371
Daily session pay	\$177	\$181	\$186
Interim meeting pay	\$177	\$181	\$186

Other Sections in House Bill No. 1001

Capitol building fund - Section 4 identifies \$140,000 from the Capitol building fund for digital signage replacement and voting system upgrades.

Transfers - Section 5 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management.

Continuation of appropriation authority - Section 6 allows transfers of funds between line items of the 2017-19 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. In addition, the section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2017-19 biennium be continued and that unexpended appropriations enacted prior to the 2017-19 biennium may be canceled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

Compensation of members of the Legislative Assembly - Sections 7 and 8 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. Sections 9 and 10 increase legislators' interim meeting pay by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. Section 11 provides for the effective dates of the legislative compensation increases.

Emergency - Section 12 declares the Act an emergency measure.

Related Legislation

House Bill No. 1521 - Relates to reporting campaign contributions and expenditures, restrictions on public officials and lobbyists, investigations of ethics violations, implementing requirements of Article XIV of the Constitution of North Dakota, and the North Dakota Ethics Commission. The bill appropriates \$517,155 from the general fund and authorizes 2 FTE positions to the Ethics Commission to provide for the operations of the commission.

House Concurrent Resolution No. 3022 - Designates House and Senate employment positions for the 2019 session and sets compensation rates for the positions.

Senate Bill No. 2110 - Requires the Information Technology Department to advise and consult with the legislative and judicial branches regarding cybersecurity strategy.

Senate Bill No. 2221 - Relates to exempting records of communications between legislators and public employees from open records laws.

Senate Bill No. 2313 - Establishes a Children's Cabinet and Commission on Juvenile Justice, which include members of the Legislative Assembly, and provides for per diem payments to legislators serving on the committees.

**Legislative Council
Budget No. 160
House Bill No. 1001**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	36.00	\$13,045,074	\$70,000	\$13,115,074
2019-21 base budget	36.00	11,891,138	70,000	11,961,138
Legislative increase (decrease) to base budget	0.00	\$1,153,936	\$0	\$1,153,936

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$12,890,318	\$154,756	\$13,045,074
2017-19 legislative appropriations	11,891,138	0	11,891,138
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$999,180	\$154,756	\$1,153,936
Percentage increase (decrease) to 2017-19 appropriations	8.4%	N/A	9.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$39,069		\$39,069
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		235,141		235,141
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		156,172		156,172
Added funding for 2019-21 biennium legislative compensation adjustments of 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020, for legislators' attendance at interim meetings.		21,817		21,817
Restored funding for one of two unfunded administrative positions.		125,579		125,579
Reduced funding for overtime salaries.		(5,091)		(5,091)
Added funding for a session retention program.		333,512		333,512

Decreased funding to continue reduced committee sizes during the 2019-21 biennium, including per diem (\$20,200) and travel (\$39,257).	(59,457)	(59,457)
Added funding for other meetings and out-of-state travel to restore 2017-19 biennium 10 percent reductions, including per diem (\$30,188) and travel (\$81,860).	112,048	112,048
Added funding for estimated increases in the lodging rate.	11,600	11,600
Reduced funding for operating expenses.	(37,210)	(37,210)
Increased funding for professional services to provide a total of \$200,000.	60,000	60,000
Added funding for capital assets for emergency equipment replacement.	6,000	6,000
Added one-time funding for computer replacement.	124,856	124,856
Added one-time funding for redistricting equipment.	22,400	22,400
Added one-time funding for a Council of State Governments conference.	7,500	7,500
Total	0.00	\$1,153,936

FTE Changes

The Legislative Assembly approved 36 FTE positions for the Legislative Council for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 3 of House Bill No. 1001, the Legislative Assembly identified a total of \$154,756 from the general fund for one-time funding items. Of this amount, \$22,400 is for redistricting equipment, \$124,856 is for computer replacement, and \$7,500 is for a Council of State Governments conference. These amounts are not to be considered part of the Legislative Council's 2021-23 biennium base budget, and the Legislative Council is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

Legislative Pay Increases

The Legislative Assembly approved House Bill No. 1001 providing for legislative pay increases. Sections 7 and 8 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. Sections 9 and 10 of the bill increase legislators' interim meeting pay by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2019	Rate Effective July 1, 2020
Monthly compensation	\$495	\$505	\$518
Leaders' additional monthly compensation	\$355	\$362	\$371
Daily session pay	\$177	\$181	\$186
Interim meeting pay	\$177	\$181	\$186

Other Sections in House Bill No. 1001

Capitol building fund - Section 4 identifies \$140,000 from the Capitol building fund for digital signage replacement and voting system upgrades for the Legislative Assembly.

Transfers - Section 5 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management.

Continuation of appropriation authority - Section 6 allows transfers of funds between line items of the 2017-19 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. In addition, the section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2017-19 biennium be continued and that unexpended appropriations enacted prior to the 2017-19 biennium may be canceled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

Compensation of members of the Legislative Assembly - Sections 7 and 8 increase legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. Sections 9 and 10 increase legislators' interim meeting pay by 2 percent on July 1, 2019, and 2.5 percent on July 1, 2020. Section 11 provides for the effective dates of the legislative compensation increases.

Emergency - Section 12 declares the Act an emergency measure.

Related Legislation

House Bill No. 1036 - Requires, in addition to initiated measures, the Legislative Council coordinate the determination of the estimated fiscal impact of the referred measures.

House Bill No. 1401 - Provides for a Legislative Management study of the use of technology to enable remote attendance at interim legislative committee meetings.

House Bill No. 1422 - Requires the Legislative Council publish the North Dakota Administrative Code and supplements on the legislative branch website.

House Bill No. 1521 - Relates to reporting campaign contributions and expenditures, restrictions on public officials and lobbyists, investigations of ethics violations, implementing requirements of Article XIV of the Constitution of North Dakota, and the North Dakota Ethics Commission. The bill appropriates \$517,155 from the general fund and authorizes 2 FTE positions to the Ethics Commission to provide for the operations of the commission.

Senate Bill No. 2055 - Creates a new section to North Dakota Century Code Chapter 54-35 relating to the establishment of the Budget Section and updates other references to the Budget Section.

Senate Bill No. 2110 - Requires the Information Technology Department to advise and consult with the legislative and judicial branches regarding cybersecurity strategy.

Senate Bill No. 2148 - Requires the Legislative Management to study the implementation and requirements of Article XIV of the Constitution of North Dakota concerning the transparency of funding sources, lobbyists, conflicts of interest, and related matters, the responsibilities of the Legislative Assembly and the Ethics Commission, and potential issues under the Constitution of the United States and the Constitution of North Dakota.

Senate Bill No. 2176 - Provides for a Legislative Management study of the feasibility and desirability of creating a road train pilot program and allows the Legislative Council to contract for consulting services to assist with the study.

Senate Bill No. 2221 - Relates to exempting records of communications between legislators and public employees from open records laws.

Senate Bill No. 2313 - Establishes a Children's Cabinet and Commission on Juvenile Justice, which include members of the Legislative Assembly, and provides for per diem payments to legislators serving on the committees.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	363.00	\$107,503,043	\$3,112,297	\$110,615,340
2019-21 base budget	355.50	102,257,770	1,821,839	104,079,609
Legislative increase (decrease) to base budget	7.50	\$5,245,273	\$1,290,458	\$6,535,731

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$107,355,691	\$147,352	\$107,503,043
2017-19 legislative appropriations	102,257,770	0	102,257,770
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$5,097,921	\$147,352	\$5,245,273
Percentage increase (decrease) to 2017-19 appropriations	5.0%	100.0%	5.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$493,396	(\$109,639)	\$383,757
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		2,293,060	22,721	2,315,781
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		1,601,494	31,627	1,633,121
Reduced funding for judges' retirement.		(143,722)		(143,722)
Added funding for 7.5 new FTE positions.	7.50	1,459,508	14,111	1,473,619
Added funding for the court improvement program.		53,916	404,306	458,222
Adjusted funding for miscellaneous expenses, including equipment, information technology, and other operating expenses.		(757,971)	(42,668)	(800,639)

Removed funding for University of North Dakota central legal research.	(40,000)	(40,000)
Added funding for drug court in the Southeast Judicial District.	125,240	125,240
Added funding for guardian continuing education.	13,000	13,000
Added one-time funding for copy machines.	82,500	82,500
Added one-time funding for district court audio and video equipment.	64,852	64,852
Added one-time funding from the Capitol building fund to remodel the Supreme Court Law Library.		970,000
Total	<u>7.50</u>	<u>\$5,245,273</u>
		<u>\$1,290,458</u>
		<u>\$6,535,731</u>

FTE Changes

The 2019-21 biennium appropriation includes funding for 363 FTE positions, an increase of 7.5 FTE positions from the 2017-19 biennium authorized level of 355.5 FTE positions. The Legislative Assembly added:

- 2 FTE deputy clerks of court
- 2 FTE law clerks
- 1 FTE court recorder
- 1 FTE district court judge
- 1 FTE court reporter
- 0.5 FTE Judicial Conduct Commission paralegal

One-Time Funding

The Legislative Assembly appropriated \$1,117,352 of one-time funding to the judicial branch for the 2019-21 biennium. The appropriation includes \$82,500 from the general fund for copy machines, \$64,852 from the general fund for district court audio and video equipment, and \$970,000 from the Capitol building fund to remodel the Supreme Court Law Library.

Other Sections in House Bill No. 1002

Capitol building fund - Law library remodel - Section 3 provides \$970,000 from the Capitol building fund for the law library renovation. The section also provides legislative intent that any remodel of Supreme Court space result in no fewer than two study rooms for use by attorneys appearing in cases before the Supreme Court. Section 18 declares this section to be an emergency measure.

Supreme Court justices' salaries - Section 4 provides the statutory changes to increase Supreme Court justices' salaries by \$200 per month for the 1st year of the biennium and 2.5 percent for the 2nd year of the biennium. Supreme Court justices' annual salaries are increased from the current level of \$157,009 to \$159,409 effective July 1, 2019, and \$163,394 effective July 1, 2020. The Chief Justice of the Supreme Court will continue to receive an additional \$4,508 per annum, and an additional \$4,621 per annum effective July 1, 2020.

Temporary court of appeals - Sections 5 through 13 extend authority for the temporary court of appeals through January 1, 2024.

District judges' salaries - Section 14 provides the statutory changes to increase district court judges' salaries by \$200 per month for the 1st year of the biennium and 2.5 percent for the 2nd year of the biennium. District court judges' annual salaries are increased from the current level of \$143,869 to \$146,269 effective July 1, 2019, and \$149,926 effective July 1, 2020. A presiding judge of a judicial district will continue to receive an additional \$4,156 per annum, and an additional \$4,260 per annum effective July 1, 2020.

Additional appropriation - Section 15 appropriates to the judicial branch all funds received pursuant to federal acts and private gifts, grants, and donations, for the purpose as designated in the federal acts or private gifts, grants, and donations, for the period beginning July 1, 2019, and ending June 30, 2021.

Line item transfers - Section 16 requires the Director of the Office of Management and Budget to transfer appropriation authority between line items for the judicial branch of government as requested by the Supreme Court upon a finding by the court that the nature of the duties of the court and its staff requires the transfers to carry on properly the functions of the judicial branch of government.

Legislative intent - Judgeships - Section 17 provides legislative intent that the judicial branch consider the relocation of a current judge prior to requesting any additional district court judge positions in future budget requests.

Judicial branch study - Court reporters - Section 18 provides for the judicial branch to study the need for one court reporter for each district court judge and to report its findings to the Budget Section.

Related Legislation

House Bill No. 1015 - Provides for a pretrial services program, including the placement of pretrial services officers in three judicial districts.

House Bill No. 1039 - Increases the age of culpability of a juvenile from 7 to 10 years.

House Bill No. 1068 - Repeals North Dakota Century Code Sections 27-04-01, 27-04-03, 27-04-04, 27-04-06, 27-04-07, and 27-04-08 relating to the Supreme Court reporter.

House Bill No. 1334 - Provides for the sealing of criminal records relating to driving under the influence after 7 years.

House Bill No. 1395 - Requires parental capacity evaluations for individuals convicted of child abuse.

House Bill No. 1516 - Increases the amount of fee revenue placed in the civil legal services fund from \$650,000 to \$750,000 per biennium.

Senate Bill No. 2087 - Reduces the record retention period for adult and juvenile case files and court records from 50 to 25 years.

**Commission on Legal Counsel for Indigents
Budget No. 188
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	40.00	\$18,384,627	\$1,990,035	\$20,374,662
2019-21 base budget	40.00	17,983,876	1,919,747	19,903,623
Legislative increase (decrease) to base budget	0.00	\$400,751	\$70,288	\$471,039

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$18,384,627	\$0	\$18,384,627
2017-19 legislative appropriations	17,983,876	0	17,983,876
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$400,751	\$0	\$400,751
Percentage increase (decrease) to 2017-19 appropriations	2.20%	N/A	2.20%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$1)	\$1	\$0
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		221,063	5,825	226,888
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		178,181	4,462	182,643
Added funding for Microsoft Office 365 licensing expenses.		1,508		1,508
Added salary equity funding for attorney positions located in Williams County.			60,000	60,000
Total	0.00	\$400,751	\$70,288	\$471,039

FTE Changes

The 2019-21 biennium appropriations for the Commission on Legal Counsel for Indigents includes funding for 40 FTE positions, the same as the 2017-19 biennium.

Other Sections in House Bill No. 1022

Salary equity funding - Section 3 identifies \$60,000 from other funds in Section 1 that may be used only to provide salary equity funding for attorney positions located in Williams County.

Related Legislation

House Bill No. 1069 - Records, files, and information - This bill provides for any file, record, or information regarding representation of a party by the Commission on Legal Counsel for Indigents and considered subject to attorney-client privilege can be disclosed to the party being provided representation, to the attorney providing representation, and to the newly assigned counsel with consent of the represented party.

House Bill No. 1070 - Juvenile court witness fees - This bill requires witness fees, mileage, and other travel expenses incurred by fact witnesses subpoenaed by indigent defense attorneys for juvenile court proceedings be paid by the Commission on Legal Counsel for Indigents rather than the Attorney General.

Senate Bill No. 2074 - Juvenile court records - This bill adds the Commission on Legal Counsel for Indigents to the list of state agencies not required to destroy juvenile court records, files, and index references.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	20.00	\$0	\$14,869,164	\$14,869,164
2019-21 base budget	19.00	0	5,340,054	5,340,054
Legislative increase (decrease) to base budget	1.00	\$0	\$9,529,110	\$9,529,110

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$15,251)	(\$15,251)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			133,673	133,673
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			89,242	89,242
Added 1 FTE investment analyst position.	1.00		309,446	309,446
Added funding for Microsoft Office 365 license expenses.			12,000	12,000
Added one-time funding for a pension administration system project.			9,000,000	9,000,000
Total	<u>1.00</u>	<u>\$0</u>	<u>\$9,529,110</u>	<u>\$9,529,110</u>

FTE Changes

The Legislative Assembly approved 20 FTE positions for the Retirement and Investment Office for the 2019-21 biennium, an increase of 1 FTE position from the 2017-19 biennium. The Legislative Assembly added 1 FTE investment analyst position.

One-Time Funding

In Section 2 of Senate Bill No. 2022, the Legislative Assembly identified \$9 million of one-time funding from other funds for a pension administration system project, of which \$50,000 is for salaries and wages, \$2.65 million is for operating expenses, and \$6.3 million is for capital assets.

Other Sections in Senate Bill No. 2022

Line item transfers - Section 3 requires the Office of Management and Budget, at the request of the State Investment Board, to transfer funds from the Retirement and Investment Office contingencies line item to other line items.

Related Legislation

House Bill No. 1368 - State Investment Board membership - This bill requires one member of the Legacy and Budget Stabilization Fund Advisory Board to serve on the State Investment Board as a nonvoting member of the board.

Senate Bill No. 2003 - Investment of Attorney General lawsuit settlement proceeds - Section 15 of this bill authorizes the State Investment Board to supervise the investment of up to \$1,215,561 of lawsuit settlement proceeds received by the Attorney General and deposited in the Attorney General refund fund during the 2017-19 biennium for the 2019-21, 2021-23, and 2023-25 bienniums.

Senate Bill No. 2017 - Investment of game and fish fund - Section 4 of this bill authorizes the State Investment Board to supervise the investment of up to \$15 million of funding in the game and fish fund if requested by the Game and Fish Department.

**Public Employees Retirement System
Budget No. 192
Senate Bill No. 2023**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	34.50	\$0	\$9,576,196	\$9,576,196
2019-21 base budget	34.50	0	9,258,390	9,258,390
Legislative increase (decrease) to base budget	0.00	\$0	\$317,806	\$317,806

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$28,804)	(\$28,804)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			200,143	200,143
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			165,096	165,096
Adjusted funding for information technology operating expenses.			(230,519)	(230,519)
Adjusted funding for other operating expenses.			(18,110)	(18,110)
Added one-time funding for an information technology risk assessment.			40,000	40,000
Added one-time funding to upgrade business system software.			190,000	190,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$317,806</u>	<u>\$317,806</u>

FTE Changes

The Legislative Assembly approved 34.50 FTE positions for the Public Employees Retirement System (PERS) for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2023, the Legislative Assembly identified \$40,000 for an information technology risk assessment and \$190,000 to upgrade business system software, for a total of \$230,000 of one-time funding from other funds.

Other Sections in Senate Bill No. 2023

Line item transfers - Section 3 requires the Office of Management and Budget, at the request of PERS, to transfer funds from the PERS contingencies line item to other line items.

Hospital and medical benefits coverage - Section 4 requires the PERS Board to solicit and receive bids during the 2019-21 biennium for 2021-23 biennium hospital benefits coverage and medical benefits coverage for state employees under North Dakota Century Code Section 54-52.1-04. The request for proposal must include an option for coverage through a self-insurance plan. During the 2019-21 biennium, the board shall report to the Majority and Minority Leaders of the House and Senate and the Chairmen of the Appropriations Committees, or their designees, when bids are received. The report must provide comparative information and the board's evaluation of the bids received, including information on the self-insurance option.

Related Legislation

House Bill No. 1028 - Self-insurance plans - This bill requires the Insurance Commissioner to regulate the financial condition, integrity, and equitable administration of a self-insurance health plan.

House Bill No. 1374 - Pharmacy benefits management services - This bill provides for a Legislative Management study of the feasibility and desirability of PERS to contract with a separate provider for prescription drug coverage.

House Concurrent Resolution No. 3027 - This resolution directs the Legislative Management to consider studying the expansion of the PERS's uniform group insurance health benefits for long-term state employees who separate from employment due to reduction in force or retirement.

Senate Bill No. 2046 - Retiree health insurance credit - This bill provides for employees hired after December 31, 2019, the 1.14 percent employer contribution currently provided for a retiree health insurance credit be reallocated for the main system defined benefit plan.

Senate Bill No. 2047 - Retirement service benefit - This bill provides for employees hired after December 31, 2019, the service benefit multiplier for the main system defined benefit plan be reduced from 2 percent to 1.75 percent.

Senate Bill No. 2049 - Retirement final average salary - This bill provides for employees who terminate employment after December 31, 2019, the final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of 12 consecutive months employed during the last 180 months of employment.

**Ethics Commission
Budget No. 195
House Bill No. 1521**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	2.00	\$517,155	\$0	\$517,155
2019-21 base budget	0.00	0	0	0
Legislative increase (decrease) to base budget	2.00	\$517,155	\$0	\$517,155

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$517,155	\$0	\$517,155
2017-19 legislative appropriations	0	0	0
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$517,155	\$0	\$517,155
Percentage increase (decrease) to 2017-19 appropriations	100.0%	0.0%	100.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added 2 FTE positions and funding for the salaries and operating costs of the Ethics Commission.	2.00	\$517,155	\$0	\$517,155
Total	<u>2.00</u>	<u>\$517,155</u>	<u>\$0</u>	<u>\$517,155</u>

FTE Changes

The Legislative Assembly authorized 2 FTE positions for the Ethics Commission.

Other Sections in Bill

The remaining sections of the bill establish the statutory requirements for the Ethics Commission and other provisions as required under Article XIV of the Constitution of North Dakota.

Related Legislation

Ethics Commission study - Senate Bill No. 2148 provides for a Legislative Management study of the implementation and requirements of Article XIV of the Constitution of North Dakota concerning the transparency of funding sources, lobbyists, conflicts of interest, and related matters, the responsibilities of the Legislative Assembly and the Ethics Commission, and potential issues under the Constitution of the United States and the Constitution of North Dakota.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	28.00	\$0	\$10,458,401	\$10,458,401
2019-21 base budget	31.00	0	7,881,273	7,881,273
Legislative increase (decrease) to base budget	(3.00)	\$0	\$2,577,128	\$2,577,128

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$293,941)	(\$293,941)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			162,882	162,882
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			133,862	133,862
Removed 3 FTE positions, including 2 administrative assistant positions and 1 audit technician position.	(3.00)		(288,863)	(288,863)
Added 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670).	2.00		415,492	415,492
Transferred 2 FTE positions to the Information Technology Department for the information technology unification project, reducing salaries and wages by \$365,933 and increasing operating expenses by \$385,672.	(2.00)		19,739	19,739
Reduced funding for operating expenses, primarily related to travel, equipment, information technology costs, professional development, and other services.			(504,949)	(504,949)
Added funding for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits.			384,564	384,564

Added funding for ongoing costs associated with new financial software (\$175,000) and Microsoft Office 365 licensing expenses (\$23,342).			198,342	198,342
Added one-time funding from the state lands maintenance fund for a mineral valuation study to hire a consultant to estimate the value of the state's mineral resources.			350,000	350,000
Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions.			2,000,000	2,000,000
Total	<u>(3.00)</u>	<u>\$0</u>	<u>\$2,577,128</u>	<u>\$2,577,128</u>

FTE Changes

The Legislative Assembly approved 28 FTE positions for the Department of Trust Lands for the 2019-21 biennium, a decrease of 3 FTE positions from the 2017-19 biennium authorized level of 31 FTE positions. The Legislative Assembly removed 2 administrative assistant positions and 1 audit technician position, added 1 administrative assistant position and 1 attorney position, and transferred 2 programmer analyst positions to the Information Technology Department.

One-Time Funding

One-time appropriations for the 2019-21 biennium for the Department of Trust Lands include \$350,000 from the state lands maintenance fund for a mineral valuation study and \$2 million from the oil and gas impact grant fund for grants to oil-impacted political subdivisions.

Oil and Gas Impact Grant Fund

North Dakota Century Code Section 57-62-03.1 establishes the oil and gas impact grant fund for grants to oil and gas development-impacted cities, counties, school districts, and other taxing districts. The 2017 Legislative Assembly changed the oil and gas tax allocation formulas to provide an allocation of \$25 million to the oil and gas impact grant fund during the 2017-19 biennium. Of the \$25 million, the 2017 Legislative Assembly designated \$20 million for a grant to the Williston airport and \$5 million for a grant to the Dickinson airport.

In Section 4 of House Bill No. 1013, the 2019 Legislative Assembly transferred \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund. Section 8 of the bill identifies \$2 million from the oil and gas impact grant fund for grants to political subdivisions. In Section 9 of the bill, the 2019 Legislative Assembly provided an exemption to continue unspent prior biennium appropriations into the 2019-21 biennium for undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund.

Energy Impact Fund

The 2017 Legislative Assembly created an energy impact fund and appropriated \$15 million from the fund to the department for a grant to the Williston airport. The \$15 million available from the fund included \$4 million of oil and gas tax revenue allocations, \$8 million transferred from the political subdivision allocation fund, and \$3 million transferred from the strategic investment and improvements fund.

Section 7 of House Bill No. 1013 repeals the energy impact fund on June 30, 2021, pursuant to an effective date in Section 11 of the bill. Section 5 of House Bill No. 1013 transfers any remaining funds in the energy impact fund to the oil and gas impact grant fund.

Distributions to State Institutions

Section 3 of House Bill No. 1013 provides the following distributions to state institutions pursuant to Article IX of the Constitution of North Dakota:

	2017-19 Biennium ¹	2019-21 Biennium	Increase (Decrease)
Common schools	\$288,264,000	\$366,756,000	\$78,492,000
North Dakota State University	4,738,000	5,916,000	1,178,000
University of North Dakota	3,662,000	4,504,000	842,000

Youth Correctional Center	800,814	1,864,000	1,063,186
School for the Deaf	1,598,000	1,898,000	300,000
North Dakota State College of Science	1,535,984	1,736,000	200,016
State Hospital	1,459,984	1,570,000	110,016
Veterans' Home	711,984	732,000	20,016
Valley City State University	808,000	1,034,000	226,000
North Dakota Vision Services - School for the Blind	929,984	1,122,000	192,016
Mayville State University	542,000	668,000	126,000
Dakota College at Bottineau	275,984	242,000	(33,984)
Dickinson State University	275,984	242,000	(33,984)
Minot State University	275,984	242,000	(33,984)
Total	\$305,878,702	\$388,526,000	\$82,647,298

¹The amounts shown reflect fund distributions as adjusted by the 2017 Legislative Assembly to correct errors identified in a performance audit conducted during the 2015-16 interim.

Other Sections in House Bill No. 1013

Investment reporting - Section 6 creates a new section to Chapter 15-02 requiring the Commissioner of University and School Lands to prepare investment reports in a manner similar to the State Investment Board's reports and to report to the Budget Section annually.

Information technology project exemption - Section 10 provides an exemption to continue unspent prior biennium appropriations related to an information technology project into the 2019-21 biennium and requires the department to provide a report to the interim Information Technology Committee regarding the status of the project.

Related Legislation

House Bill No. 1392 - Identifies records audited by the department related to royalty payments as confidential records.

Senate Bill No. 2036 - Repeals an obsolete provision relating to the repayment of developmentally disabled loans from the strategic investment and improvements fund.

Senate Bill No. 2081 - Allows the Department of Trust Lands to pay building maintenance costs and payments in lieu of taxes pursuant to a continuing appropriation from the trust funds rather than the department's budget.

Senate Bill No. 2082 - Repeals obsolete provisions that allowed the department to lease fallow state lands at a lower rate.

Senate Bill No. 2211 - Clarifies the determination of the ordinary high water mark and authorizes the department to contract with an engineering and surveying firm to determine the mineral revenue repayments pursuant to Senate Bill No. 2134 (2017).

Senate Bill No. 2212 - Authorizes the Department of Trust Lands to impose a penalty if a royalty owner does not provide requested information to the department in a timely manner.

Senate Bill No. 2264 - Exempts the department from the adjudicative proceeding requirements associated with administrative rules.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	27.75	\$5,781,419	\$2,374,361	\$8,155,780
2019-21 base budget	28.75	5,618,301	2,247,560	7,865,861
Legislative increase (decrease) to base budget	(1.00)	\$163,118	\$126,801	\$289,919

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$5,781,419	\$0	\$5,781,419
2017-19 legislative appropriations	5,618,301	0	5,618,301
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$163,118	\$0	\$163,118
Percentage increase (decrease) to 2017-19 appropriations	2.9%	N/A	2.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$29,959	(\$58,654)	(\$28,695)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		124,126	17,921	142,047
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		116,014	17,848	133,862
Removed 2 FTE library associate I positions.	(2.00)	(280,915)		(280,915)
Added 1 FTE librarian III position.	1.00	181,278		181,278
Adjusted funding for operating expenses.		(29,959)	25,186	(4,773)
Added funding for Microsoft Office 365 licensing expenses.		22,615		22,615
Added federal funding authority for a youth coding skills grant.			124,500	124,500
Total	(1.00)	\$163,118	\$126,801	\$289,919

FTE Changes

The Legislative Assembly approved 27.75 FTE positions for the State Library for the 2019-21 biennium, a decrease of 1 FTE position from the 2017-19 biennium. The Legislative Assembly removed 2 FTE library associate I positions and added 1 FTE librarian III position.

Other Sections in Senate Bill No. 2013

State aid to public libraries - Section 15 provides that of the \$1,737,528 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	44.61	\$7,528,850	\$2,700,358	\$10,229,208
2019-21 base budget	45.61	7,488,526	2,465,444	9,953,970
Legislative increase (decrease) to base budget	(1.00)	\$40,324	\$234,914	\$275,238

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$7,528,850	\$0	\$7,528,850
2017-19 legislative appropriations	7,488,526	0	7,488,526
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$40,324	\$0	\$40,324
Percentage increase (decrease) to 2017-19 appropriations	0.5%	N/A	0.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.	(1.00)	(\$293,445)	\$70,593	(\$222,852)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		225,415	13,147	238,562
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		221,855	14,635	236,490
Removed 1 FTE undesignated position.	(1.00)	(117,654)		(117,654)
Added 1 FTE adult services position.	1.00		159,996	159,996
Increased funding for temporary salaries.			27,500	27,500
Increased funding for teacher salaries.		144,153		144,153

Added funding for interactive information technology equipment.			15,000	15,000
Increased funding for meals.			10,000	10,000
Increased funding for audiology and speech contract costs.			20,000	20,000
Decreased funding for operating expenses.			(365,957)	(365,957)
Reduced funding for interpreter grants to state colleges and universities to provide \$40,000 from the general fund, \$140,000 less than the \$180,000 provided from the general fund during the 2017-19 biennium. In addition, the Legislative Assembly allowed the School for the Deaf to continue unused funding provided for interpreter grants in previous bienniums.		(140,000)		(140,000)
Added one-time funding for a dishwashing unit.			20,000	20,000
Added one-time funding for extraordinary repairs to the Smith Building related to the master facility plan.			250,000	250,000
Total		<u>(1.00)</u>	<u>\$40,324</u>	<u>\$234,914</u>
				<u>\$275,238</u>

FTE Changes

The Legislative Assembly approved 44.61 FTE positions for the School for the Deaf for the 2019-21 biennium, a decrease of 1 FTE position from the 2017-19 biennium. The Legislative Assembly removed 2 FTE undesignated positions and added 1 FTE adult services position.

One-Time Funding

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$270,000 of one-time funding from special funds for a dishwashing unit (\$20,000) and extraordinary repairs to the Smith Building related to the School for the Deaf's master facility plan (\$250,000). These amounts are not to be considered part of the School for the Deaf's 2021-23 biennium base budget, and the School for the Deaf is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$428,678 from special funds available from trust fund distributions, rents, and service revenue for extraordinary repairs and capital assets, including:

	Total Special Funds
One-time funding:	
Master facility repairs to the Smith Building	\$250,000
Dishwashing unit	20,000
Total one-time funding	\$270,000
Base budget extraordinary repairs	158,678
Total extraordinary repairs and capital assets	\$428,678

Other Sections in Senate Bill No. 2013

Higher education interpreter grant program - Section 16 identifies the \$40,000 from the general fund available for a grants program to assist institutions under the control of the State Board of Higher Education with the cost of interpreters and real-time captioning for students who are deaf or hearing impaired for the 2019-21 biennium. This funding is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section requires the School for the Deaf develop

a formula for distribution of the funds based on a uniform hourly reimbursement and may not distribute more than 50 percent of the amount appropriated during the 1st year of the biennium. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf may provide additional prorated grants to institutions that during the biennium incurred hourly expenses in excess of the formula reimbursement level. The Legislative Assembly has allowed the School for the Deaf to continue unused funding provided for interpreter grants in previous bienniums, resulting in \$209,115 of total carryover funding for a total of \$389,115 available for interpreter grants during the 2017-19 biennium. The School for the Deaf anticipates approximately \$200,000 will be continued into the 2019-21 biennium to provide a total of \$240,000 for interpreter grants.

Related Legislation

House Bill No. 1084 - Allows the School for the Deaf and North Dakota Vision Services - School for the Blind to require criminal history record checks.

House Bill No. 1089 - Relates to personnel policies for teachers.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	27.90	\$4,717,989	\$1,332,815	\$6,050,804
2019-21 base budget	28.50	4,394,146	1,079,247	5,473,393
Legislative increase (decrease) to base budget	(0.60)	\$323,843	\$253,568	\$577,411

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$4,717,989	\$0	\$4,717,989
2017-19 legislative appropriations	4,394,146	0	4,394,146
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$323,843	\$0	\$323,843
Percentage increase (decrease) to 2017-19 appropriations	7.4%	N/A	7.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$940)	(\$21,389)	(\$22,329)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		142,757	5,505	148,262
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		127,125	6,737	133,862
Removed a 0.60 FTE systems administrator I position.	(0.60)	(73,069)	(31,633)	(104,702)
Increased funding for teacher salaries.		119,203		119,203
Adjusted the funding source for operating expenses.		939	(939)	0
Added funding for Microsoft Office 365 licensing expenses.		7,828	14,787	22,615
Added one-time funding for adaptive technology equipment.			20,000	20,000

Added one-time funding for capital improvements.			260,500	260,500
Total	(0.60)	\$323,843	\$253,568	\$577,411

FTE Changes

The Legislative Assembly approved 27.9 FTE positions for North Dakota Vision Services - School for the Blind for the 2019-21 biennium, a decrease of 0.60 FTE position from the 2017-19 biennium. The Legislative Assembly removed a 0.60 FTE systems administrator I position.

One-Time Funding

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$280,500 of one-time funding from special funds available from trust fund distributions, rents, contributions, and service revenue for adaptive technology equipment (\$20,000), west wing roof repair (\$39,000), garage door replacement (\$16,000), gym floor replacement (\$42,000), daily living skills room remodel (\$25,000), south wing restroom remodel (\$120,000), and other repairs, including glycol installation, sprinkler heads, and carpeting (\$18,500).

Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$299,692 from special funds available from trust fund distributions, rents, contributions, and service revenue for extraordinary repairs and capital assets, including:

	Total Special Funds
One-time funding:	
South wing restroom remodel	\$120,000
Gym floor replacement	42,000
West wing roof repair	39,000
Daily living skills room remodel	25,000
Garage door replacement	16,000
Other repairs	18,500
Total one-time funding	\$260,500
Base budget extraordinary repairs	39,192
Total extraordinary repairs and capital assets	\$299,692

Other Sections in Senate Bill No. 2013

The Legislative Assembly did not include any other sections related to North Dakota Vision Services - School for the Blind.

Related Legislation

House Bill No. 1084 - Allows North Dakota Vision Services - School for the Blind and the School for the Deaf to require criminal history record checks.

House Bill No. 1089 - Relates to personnel policies for teachers.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	52.30	\$40,064,988	\$14,703,121	\$54,768,109
2019-21 base budget	24.50	29,306,283	9,616,666	38,922,949
Legislative increase (decrease) to base budget	27.80	\$10,758,705	\$5,086,455	\$15,845,160

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$40,064,988	\$0	\$40,064,988
2017-19 legislative appropriations	29,306,283	250,000	29,556,283
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$10,758,705	(\$250,000)	\$10,508,705
Percentage increase (decrease) to 2017-19 appropriations	36.7%	(100.0%)	35.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$3,782)	\$36,455	\$32,673
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		290,199		290,199
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		232,027		232,027
Removed 1 FTE assistant program supervisor position.	(1.00)	(159,737)		(159,737)
Added 28.80 FTE and related operating expenses for the Center for Distance Education (CDE) transferred from the Information Technology Department (ITD), including \$102,759 from the general fund for new CDE enrollments.	28.80	6,018,816	3,050,000	9,068,816
Added funding for anticipated federal funds increases.			2,000,000	2,000,000
Added funding for grants to school districts and area centers.		2,427,000		2,427,000

Reduced funding for part-time adult postsecondary grants (\$40,000) and science, technology, engineering, and mathematics infusion grants (\$180,000).	(220,000)	(220,000)
Reduced funding for postsecondary grants to provide a total of \$256,982.	(25,818)	(25,818)
Reduced funding for adult farm management grants to provide a total of \$1,894,249.	(250,000)	(250,000)
Added funding for the Marketplace for Kids program.	300,000	300,000
Added funding for new and expanding secondary programs.	1,150,000	1,150,000
Added funding for cost to continue to maintain current reimbursement rates for the department's center expenditures, including instructor salaries and supplies.	1,000,000	1,000,000
Total	27.80	\$10,758,705

FTE Changes

The Legislative Assembly approved 52.30 FTE positions for the Department of Career and Technical Education for the 2019-21 biennium, an increase of 27.80 FTE positions from the 2017-19 biennium. The Legislative Assembly removed 1 FTE assistant program supervisor position and added 28.80 FTE CDE positions as a result of the transfer of CDE from ITD.

Center for Distance Education

The Legislative Assembly approved the transfer of CDE from ITD to the Department of Career and Technical Education as follows:

Center for Distance Education	FTE	General Fund	Independent Study Operating Fund	Total
2019-21 Biennium - Department of Career and Technical Education				
Salaries and wages	28.80	\$5,978,429	\$0	\$5,978,429
Operating expenses		322,759	3,050,000	3,372,759
Subtotal	28.80	\$6,301,188	\$3,050,000	\$9,351,188
2017-19 Biennium - ITD				
Salaries and wages	29.80	\$5,808,366	\$0	\$5,808,366
Operating expenses		220,750	3,050,000	3,270,750
Subtotal	29.80	\$6,029,116	\$3,050,000	\$9,079,116
Change from 2017-19 Biennium to 2019-21 Biennium				
Salaries and wages increase (decrease)	(1.00)	\$170,063	\$0	\$170,063
Operating expenses increase (decrease)		102,009	0	102,009
Total increase (decrease)	(1.00)	\$272,072	\$0	\$272,072

Statutory changes to transfer CDE from the Educational Technology Council in ITD to the Department of Career and Technical Education are provided in Senate Bill No. 2216.

CDE new enrollments and fee structure - Section 3 of House Bill No. 1019 identifies \$6,301,188 of the \$9,351,188 appropriated to the Department of Career and Technical Education for CDE is from the general fund and of this general fund appropriation, \$102,759 may only be used for new enrollments during the 2019-21 biennium. The section provides legislative intent that CDE develop a fee structure during the 2019-20 interim to become self-sustaining beginning in the 2021-23 biennium. The department is required to report to the Appropriations Committees of the 67th Legislative Assembly regarding the development of the new CDE fee structure.

Line Item Transfers

The Legislative Assembly approved several transfers between line items in the Department of Career and Technical Education budget for the 2019-21 biennium, including establishing a new grants - secondary line item for grants related to secondary education. The following is a summary of the transfers approved by the Legislative Assembly:

Line Item Before Transfer	Line Item After Transfer	General Fund	Federal Funds	Total
Grants - postsecondary	Operating expenses	\$42,207		\$42,207
Grants	Operating expenses	100,000	\$575,000	675,000
Grants	Grants - secondary	20,010,780		20,010,780
Grants	Grants - postsecondary	28,800		28,800
Grants	Adult farm management	1,564,427		1,564,427
Total transfers between line items		\$21,746,214	\$575,000	\$22,321,214

Foundation Aid Stabilization Fund

During the November 2016 general election, Constitutional Measure No. 2 was approved by North Dakota voters, amending Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to use any excess principal balance of the foundation aid stabilization fund for education-related purposes whenever the balance exceeds 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium.

The 2017 Legislative Assembly, in Senate Bill No. 2272 and House Bill No. 1155, amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriations to the Department of Career and Technical Education for grants to school districts due to an allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

As a result of the line item transfers authorized by the 2019 Legislative Assembly, the general fund appropriation for career and technical education grants to school districts and area centers in the Department of Career and Technical Education is included in two line items: the grants - secondary line item and the Marketplace for Kids line item. The total of these line items for the 2019-21 biennium is \$24,887,780. Of this amount, \$3,733,167, or 15 percent must be included when calculating the required reserve in the foundation aid stabilization fund during the 2021-23 biennium.

The total 2017-19 biennium general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers was \$20,380,020, resulting in \$3,057,003, or 15 percent, to be included in the foundation aid stabilization fund required reserve for the 2019-21 biennium.

Marketplace for Kids

The 2019 Legislative Assembly provided a \$300,000 ongoing general fund appropriation to the Department of Career and Technical Education for the Marketplace for Kids program in a separate Marketplace for Kids line item for the 2019-21 biennium. The 2017 Legislative Assembly provided a one-time appropriation of \$300,000 for the program for the 2017-19 biennium, of which \$250,000 was from the general fund and \$50,000 was from the foundation aid stabilization fund. Prior to the 2017-19 biennium, the department was provided a \$300,000 ongoing general fund appropriation for the program.

Related Legislation

Senate Bill No. 2215 - Kindergarten Through Grade Twelve Education Coordination Council - The bill repeals Sections 54-59-17 and 54-59-18 related to the Educational Technology Council and creates a Kindergarten Through Grade Twelve Education Coordination Council, which will be supervised by the State Board of Public School Education. A representative appointed by the State Board for Career and Technical Education previously served as a member of the Educational Technology Council. The President of the board is now a member of the Kindergarten Through Grade Twelve Education Coordination Council.

Senate Bill No. 2216 - Center for Distance Education - This bill changes the supervision of CDE from the Educational Technology Council to the Department of Career and Technical Education and allows the Department of Career and Technical Education to establish a scholarship fund for distance education rather than the Educational Technology Council. The bill also removes the authority of the Educational Technology Council to establish an administrative operating fund.

**State Department of Health
Budget No. 301
House Bill No. 1004**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	204.00	\$36,360,590	\$123,919,233	\$160,279,823
2019-21 base budget	211.50	32,750,309	115,278,152	148,028,461
Legislative increase (decrease) to base budget	(7.50)	\$3,610,281	\$8,641,081	\$12,251,362

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$36,270,590	\$90,000	\$36,360,590
2017-19 legislative appropriations	32,750,309	0	32,750,309
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$3,520,281	\$90,000	\$3,610,281
Percentage increase (decrease) to 2017-19 appropriations	10.7%	N/A	11.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$6,683	\$55,045	\$61,728
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		504,871	568,004	1,072,875
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		444,510	528,224	972,734
Adjusted funding for base budget changes, including increases relating to technology, professional development, travel and other operating expenses; and various grant programs including the state-funded loan repayment programs and federal grant programs.		1,109,194	10,596,715	11,705,909

Provided funding from the general fund and the community health trust fund for various programs funded from the tobacco prevention and control trust fund during the 2017-19 biennium, including the tobacco prevention and control program, state aid to local public health units, the stroke and cardiac care program, cancer programs, medical and behavioral health loan repayment programs, and domestic violence offender treatment.		6,378,195	(6,378,195)	0
Removed 6.5 FTE undesignated positions and related funding for salaries and wages and operating expenses agencywide.	(6.50)	(3,184,844)	(584,041)	(3,768,885)
Removed 1 FTE office assistant III position, including salaries and wages, and related funding for the medical marijuana program because these costs will be paid through a continuing appropriation.	(1.00)	(451,267)	(1,146,592)	(1,597,859)
Transferred the suicide prevention program from the State Department of Health to the Department of Human Services, including 1 FTE position and related funding for salaries and wages, operating expenses, and grants.	(1.00)	(1,260,512)	(583,984)	(1,844,496)
Added 1 FTE food and lodging environmental health position, including salaries and wages and operating expenses.	1.00	185,905		185,905
Increased vital records fees and restored funding from vital records fee revenue for salaries and wages and operating expenses removed as part of the base budget reductions for the Vital Records Division.			1,923,322	1,923,322
Increased funding for temporary salaries related to life safety construction and renovation plan review to provide a total of \$130,000, of which \$50,000 is from the general fund and \$80,000 is from fee revenue.		50,000	30,000	80,000
Added funding for a federal opioid program.			325,615	325,615
Added funding to implement an emergency medical services data licensing and records management system.		126,000		126,000
Added funding for Microsoft Office 365 license expense.		42,377	82,261	124,638
Adjusted funding for bond and capital payments to provide a total of \$518,457, of which \$457,947 is from the general fund.		93,843	761	94,604
Increased funding for extraordinary repairs to provide a total of \$1,317,009, of which \$55,650 is from the general fund.		30,650	97,009	127,659
Adjusted funding for equipment over \$5,000 to provide a total of \$1,518,697 from other funds.			(245,941)	(245,941)

Provided funding from the tobacco prevention and control trust fund to restore local public health unit grants reduced in the department's base budget to provide a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the tobacco prevention and control trust fund. This level of funding is the same as the 2017-19 biennium.		525,000	525,000
Changed the funding source for cancer programs and domestic violence offender treatment grants to the tobacco prevention and control trust fund and increased domestic violence offender treatment grants by \$50,000. A total of \$880,324 is provided from the tobacco prevention and control trust fund for cancer programs (\$580,324) and domestic violence offender treatment grants (\$300,000).	(830,324)	880,324	50,000
Added funding to transfer reporting of youth access to tobacco from the Department of Human Services to the State Department of Health.	75,000		75,000
Increased funding for sexual violence primary prevention program grants to provide a total of \$2.45 million, of which \$2.11 million is from the general fund.	200,000		200,000
Added one-time funding from federal funds for operating expenses related to the continuation of the women, infants, and children electronic benefit transfer project.		354,554	354,554
Added one-time funding from the tobacco prevention and control trust fund for microbiology laboratory capital improvements.		1,220,000	1,220,000
Added one-time funding, including funding from federal funds and fee revenue, for microbiology laboratory information technology upgrades, to provide a total of \$483,000, of which \$90,000 is from the general fund, \$360,000 is from federal funds, and \$33,000 is from fee revenue.	90,000	393,000	483,000
Total	<u>(7.50)</u>	<u>\$3,610,281</u>	<u>\$8,641,081</u>
		<u>\$12,251,362</u>	

FTE Changes

The Legislative Assembly approved 204 FTE positions for the State Department of Health for the 2019-21 biennium, a decrease of 7.5 FTE positions from the 2017-19 biennium. The Legislative Assembly removed 1 FTE office assistant III position related to the medical marijuana program, 1 FTE suicide prevention program position transferred to the Department of Human Services, and 6.5 FTE undesignated positions. The Legislative Assembly added 1 FTE food and lodging environmental health position.

One-Time Funding

In Section 2 of House Bill No. 1004, the Legislative Assembly identified \$2,057,554 of one-time funding, of which \$90,000 is from the general fund. The Legislative Assembly provided \$354,554 from federal funds for the continuation of the women, infants, and children electronic benefit transfer project, \$1,220,000 from the tobacco prevention and control trust fund for microbiology laboratory capital improvements, and \$483,000, of which \$90,000 is from the general fund, \$360,000 is

from federal funds, and \$33,000 is from fee revenue, for microbiology laboratory information technology upgrades. These amounts are not to be considered part of the State Department of Health's 2021-23 biennium base budget, and the State Department of Health is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

Emergency Medical Services Funding

The Legislative Assembly provided a total of \$7,721,000, of which \$6,596,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund, for rural emergency medical services grants, the same level of funding as the 2017-19 biennium. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,750,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund. Funding provided from the insurance tax distribution fund was reduced by \$125,000 compared to the 2017-19 biennium and was replaced with funding from the general fund.

Tobacco Prevention and Control Funding

The Legislative Assembly, in Senate Bill No. 2024 (2017), repealed Chapter 23-42 related to the tobacco prevention and control program and transferred the responsibility for the statewide tobacco prevention and control plan from the Tobacco Prevention and Control Executive Committee to the State Department of Health. The Legislative Assembly, in House Bill No. 1004 (2019) provided \$12,911,676, of which \$1,183,000 is from the general fund, \$9,700,000 is from the community health trust fund, and \$2,028,676 is from federal funds for tobacco prevention and control, \$735,028 less than the 2017-19 biennium. This level of funding represents a decrease in funding from the tobacco prevention and control trust fund of \$8,453,333 and increases in funding from the general fund of \$1,183,000, the community health trust fund of \$6,500,000, and federal funds of \$35,305. Funding from the community health trust fund provides \$6,500,000 for grants to local public health units for tobacco prevention and control programs and \$3,200,000 for community health tobacco programs, the Tobacco Quitline, and a tobacco prevention coordinator.

Community Health Trust Fund

In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. In Senate Bill No. 2012 (2019), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, all future tobacco settlement proceeds will be deposited in the community health trust fund.

Local Public Health Unit Funding

The Legislative Assembly provided a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the tobacco prevention and control trust fund, for grants to local public health units. The Legislative Assembly reduced funding from the tobacco prevention and control trust fund and increased funding from the general fund by \$1,475,000 to provide the same level of funding for grants to local public health units compared to the 2017-19 biennium appropriation of \$3,250,000 from the general fund and \$2,000,000 from the tobacco prevention and control trust fund.

Medical Marijuana Division

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore the Legislative Assembly removed funding for the Medical Marijuana Division from the State Department of Health's base budget. The department presented a budget, funded through the continuing appropriation, totaling \$1,398,080, including 5 FTE positions.

Loan Repayment Programs

The Legislative Assembly provided funding as follows for various professional loan repayment programs administered by the State Department of Health:

Loan Repayment Program	General Fund	Special Funds (Community Health Trust Fund)	Federal Funds	Total
Dental loan repayment program	\$416,000	\$324,000		\$740,000
Medical personnel loan repayment program	704,000			704,000
Behavioral health loan repayment program	164,000	200,000		364,000
Veterinarian loan repayment program	480,000			480,000
Federal/state loan repayment program			\$1,200,000	1,200,000
Total	\$1,764,000	\$524,000	\$1,200,000	\$3,488,000

Other Sections in House Bill No. 1004

Insurance tax distribution fund - Section 3 identifies \$1,125,000 from the insurance tax distribution fund for rural emergency medical services grants during the 2019-21 biennium.

Tobacco prevention and control trust fund - Section 4 identifies \$2,625,324 from the tobacco prevention and control trust fund, of which \$300,000 is for domestic violence offender treatment grants, \$580,324 is for cancer programs, \$525,000 is for grants to local public health units, and \$1,220,000 is for microbiology laboratory capital improvements.

Vital records fees - Section 5 provides statutory changes to increase fees charged for vital records and deposits the fees into the State Department of Health operating account. The changes also require fees collected, in excess of fees appropriated, be transferred to the general fund at the end of the biennium. The department estimates the increase in vital records fees will result in an increase in general fund revenues of \$312,000 for the 2019-21 biennium.

Legislative intent - Life safety plan review fees - Section 6 provides legislative intent that the State Department of Health reduce the minimum fee charged for life safety construction or renovation plans review of small projects for facilities from \$750 to \$500.

Legislative intent - Electronic access to vital records - Section 7 provides legislative intent that the department implement a program of electronic access to vital records through web access or kiosk in cooperation with other state agencies in at least eight locations around the state. In addition, the section requires the department report to the Legislative Management by July 1, 2020, regarding the implementation of electronic access to vital records.

Emergency - Section 7 provides one-time funding of \$483,000, of which \$90,000 is from the general fund, \$360,000 from federal funds, and \$33,000 is from fee revenue for the microbiology laboratory technology upgrade is an emergency measure.

Related Legislation

House Bill No. 1119 - Removes the applicant's Social Security number from the department's **medical marijuana patient application**.

House Bill No. 1268 - Increases the maximum property tax levy for emergency medical services from 10 to 15 mills and establishes a formula for the **distribution of state financial assistance to eligible emergency medical services operations**.

House Bill No. 1283 - Adds physician assistant to the list of health care providers that may provide written **certification of a debilitating medical condition for purposes of obtaining medical marijuana** and removes the requirement for a health care provider's professional opinion regarding medical marijuana benefit.

House Bill No. 1337 - Relates to an **emergency medical services personnel licensure interstate compact**.

House Bill No. 1417 - Allows for an **increased amount of dried leaves or flowers for a qualifying medical marijuana patient** with the debilitating medical condition of cancer.

House Bill No. 1519 - Increases the list of **debilitating medical conditions that qualify for medical marijuana**.

Senate Bill No. 2012 - Provides for all tobacco settlement payment revenues deposited in the tobacco settlement trust fund to be transferred to the community health trust fund rather than the community health trust fund, the common schools trust fund, and the water development trust fund.

Senate Bill No. 2143 - Establishes maximum loan repayment under the **health care professional student loan repayment program**.

Senate Bill No. 2196 - Requires the State Health Officer to create a **drug fatalities review panel** and, with the University of North Dakota School of Medicine and Health Sciences, provide for or arrange for administrative services to assist the panel in performing its official duties.

Senate Bill No. 2198 - Requires the State Department of Health to collaborate with the Behavioral Health Division of the Department of Human Services to design a **syringe exchange program** and for the State Department of Health to administer the program.

Senate Bill No. 2210 - Changes the **medical marijuana manufacturing facility plant limit** from a maximum of 1,000 plants to allow a facility to grow an amount of marijuana sufficient to meet the qualifying patient population demands and provides for additional fees for plants in excess of 1,000 and prohibits a dispensary from having more than 3,500 ounces of usable marijuana at any time.

**Department of Environmental Quality
Budget No. 303
House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	165.50	\$12,480,922	\$46,233,574	\$58,714,496
2019-21 base budget	152.50	10,724,151	38,987,520	49,711,671
Legislative increase (decrease) to base budget	13.00	\$1,756,771	\$7,246,054	\$9,002,825

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$12,480,922	\$0	\$12,480,922
2017-19 legislative appropriations	10,724,151	0	10,724,151
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,756,771	\$0	\$1,756,771
Percentage increase (decrease) to 2017-19 appropriations	16.4%	N/A	16.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$175,616)	\$322,006	\$146,390
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		305,238	584,044	889,282
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		234,646	470,362	705,008
Adjusted funding for cost to continue changes to the base budget.		(162,976)	957,799	794,823
Removed 3 FTE positions, including 1 FTE administrative assistant, 1 FTE office assistant, and 1 FTE legal assistant, and related funding for salaries and wages.	(3.00)	(94,123)	(271,407)	(365,530)

Added 2 FTE positions and related funding from the general fund and the petroleum tank release compensation fund for salaries and wages and operating expenses to transfer the petroleum tank release program from the Insurance Department to the Department of Environmental Quality (DEQ).	2.00	297,217	277,852	575,069
Transferred the boiler inspection program, including 4 FTE positions, from the Insurance Department to DEQ. Funding is provided from the state fire and tornado fund for base salaries and wages of \$753,365 and operating expenses of \$89,000.	4.00		842,365	842,365
Added 2 FTE positions and funding for salaries and wages in the 1 st year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs.	2.00	384,356		384,356
Added 8 FTE positions and funding in the 2 nd year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, including funding for salaries and wages of \$889,640 and operating expenses of \$359,305.	8.00	1,056,767		1,056,767
Reduced funding for operating expenses related to training water treatment system operators to provide a total of \$125,000 from the general fund.		(55,000)		(55,000)
Added funding for Microsoft Office 365 license expenses.		20,048	64,538	84,586
Increased funding for bond and capital payments to provide a total of \$216,429, of which \$93,691 is from the general fund.		1,864	1,541	3,405
Reduced funding for extraordinary repairs to provide a total of \$27,000, of which \$6,866 is from the general fund.		(55,650)	(217,700)	(273,350)
Increased funding for equipment and information technology equipment over \$5,000 to provide a total ongoing appropriation of \$1.02 million from other funds.			275,125	275,125
Increased funding for grants to accept and disburse funding from the Volkswagen trust settlement to provide a total of \$5,399,529.			2,899,529	2,899,529
Added one-time funding from the strategic investment and improvements fund for capital assets of \$1 million and operating expenses of \$40,000 for air pollution program equipment related to the establishment of federal program supremacy.			1,040,000	1,040,000
Total	13.00	\$1,756,771	\$7,246,054	\$9,002,825

FTE Changes

The Legislative Assembly approved 165.5 FTE positions for DEQ for the 2019-21 biennium, an increase of 13 FTE positions from the 2017-19 biennium. The Legislative Assembly transferred 4 FTE positions from the Insurance Department for the boiler inspection program, added 2 FTE positions to transfer the petroleum tank release program from the Insurance Department, added 2 FTE positions related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, and removed 3 FTE positions, not identified, agencywide. The Legislative Assembly added an additional 8 FTE positions in the 2nd year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs.

One-Time Funding

In Section 2 of House Bill No. 1024, the Legislative Assembly identified \$1.04 million of one-time funding from the strategic investment and improvements fund for capital assets of \$1 million and operating expenses of \$40,000 for air pollution program equipment related to the establishment of federal program supremacy. These amounts are not to be considered part of DEQ's 2021-23 biennium base budget, and DEQ is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

Department of Environmental Quality Certification

Pursuant to Senate Bill No. 2327 (2017), on April 12, 2019, the Section Chief of the Environmental Health Section of the State Department of Health certified to the Director of the Legislative Council that the Environmental Health Section of the State Department of Health had completed the actions necessary to transfer authority for the administration and enforcement of environmental programs to the newly created Department of Environmental Quality. The section chief certified that all necessary federal approvals had been obtained and all necessary agreements with the federal government had been amended to ensure that the state would meet primacy requirements upon the transfer of authority from the State Department of Health to DEQ. The notice provided certification is effective as of April 29, 2019, and therefore the provisions of Sections 2 through 74 of Senate Bill No. 2327 become effective on April 29, 2019. In addition to establishing primacy over current federal programs, DEQ plans to petition the federal Environmental Protection Agency to establish federal program supremacy over the quad O and quad Oa federal air pollution programs during the 2019-21 biennium.

Other Sections in House Bill No. 1024

Environment and rangeland protection fund - Section 3 authorizes DEQ to spend \$250,000 from the environment and rangeland protection fund for the ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

State fire and tornado fund - Section 4 identifies \$882,249 of estimated income from the state fire and tornado fund for the boiler inspection program.

Petroleum release compensation fund - Section 5 authorizes DEQ to spend \$297,217 from the petroleum release compensation fund for 50 percent of the expenses related to the petroleum tank release program.

Strategic investment and improvements fund - Section 6 authorizes DEQ to spend \$1.04 million from the strategic investment and improvements fund for one-time funding of air pollution program equipment related to the establishment of federal program supremacy.

Federal program supremacy - Section 7 provides \$1,056,767 from the general fund and authority for 8 FTE positions, related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, are effective July 1, 2020.

Petroleum release remediation program transfer - Sections 8 through 28 provide the statutory amendments to North Dakota Century Code Chapter 23.1-12 to transfer the administration of the petroleum tank release compensation fund tank integrity testing from the Insurance Commissioner to DEQ and provide DEQ establish registration fees by rule. Section 17 establishes fee amounts until DEQ establishes registration fees by rule.

Boiler inspection program transfer - Section 29 creates Chapter 23.1-16 to transfer the boiler inspection program from the Insurance Commissioner to DEQ. Section 30 amends Section 23.1-16-13, created in Section 29 of the bill, to provide, effective July 1, 2020, fees related to the boiler inspection program are deposited in the DEQ operating fund instead of the state fire and tornado fund. Section 31 repeals the boiler inspection program in Chapter 26.1-22.1 because it is created in Chapter 23.1-16. Section 32 provides legislative intent requiring DEQ to review the boiler inspection program during the 2019-20 interim, develop a plan for program fees to meet program expenses, and report to the Legislative Management regarding the plan before June 30, 2020. Section 33 provides Section 30, related to the deposit of boiler inspection fees in the DEQ operating fund, is effective July 1, 2020.

Contingent expiration date - Section 34 provides a contingent expiration date for Section 17, which provides for petroleum tank fees to be assessed until DEQ adopts rules regarding fees.

Related Legislation

Senate Bill No. 2107 - Requires DEQ to establish and administer a certification program for environmental laboratories.

Senate Bill No. 2108 - Relates to coal combustion residuals.

Senate Bill No. 2109 - Relates to the duties and responsibilities of DEQ.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	120.72	\$5,679,324	\$19,275,822	\$24,955,146
2019-21 base budget	120.72	5,951,439	18,598,593	24,550,032
Legislative increase (decrease) to base budget	0.00	(\$272,115)	\$677,229	\$405,114

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$5,654,324	\$25,000	\$5,679,324
2017-19 legislative appropriations	5,951,439	0	5,951,439
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$297,115)	\$25,000	(\$272,115)
Percentage increase (decrease) to 2017-19 appropriations	(5.0%)	N/A	(4.6%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$239,433)	\$95,100	(\$144,333)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		134,514	420,613	555,127
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		160,020	500,368	660,388
Unfunded 6 FTE positions.		(355,309)	(483,731)	(839,040)
Reduced funding for operating expenses, to provide a total of \$5,108,731, of which \$1,452,040 is from the general fund and \$3,656,691 is from the soldiers' home fund.		(1,052)	(395,361)	(396,413)
Added funding for Microsoft Office 365 licensing expenses.		4,145	21,760	25,905
Adjusted funding for bond payments and interest.			1,230	1,230

Reduced funding for capital assets.			(6,800)	(6,800)
Added one-time funding for equipment.			99,400	99,400
Added one-time funding for a strategic plan.	25,000			25,000
Added one-time funding for a flooring project.			138,700	138,700
Added one-time funding for the demolition of the administrator's residence.			233,450	233,450
Added one-time funding for security system upgrades.			52,500	52,500
Total	<u>0.00</u>	<u>(\$272,115)</u>	<u>\$677,229</u>	<u>\$405,114</u>

FTE Changes

The Legislative Assembly approved 120.72 FTE positions for the Veterans' Home for the 2019-21 biennium, the same as the 2017-19 biennium. The Legislative Assembly unfunded 6 of these FTE positions, including 1.90 FTE licensed practical nurse positions and 4.10 FTE residential living specialist positions.

One-Time Funding

	General Fund	Other Funds ¹	Total
Equipment ²		\$99,400	\$99,400
Strategic plan	\$25,000		25,000
Skilled nursing flooring project		138,700	138,700
Administrator's residence demolition ³		233,450	233,450
Security system upgrades		52,500	52,500
Total	\$25,000	\$524,050	\$549,050

¹Funding for these items is from the soldiers' home fund.

²The one-time appropriation for equipment includes funding for a boilerless steamer (\$18,500), dish machines (\$21,900), a commercial refrigerator (\$9,000), a Toro broom (\$6,000), dryers (\$20,500), and a Whirlpool tub (\$23,500).

³The demolition of the administrator's residence includes the demolition of the house, driveway, and two underground tunnels.

Other Sections in House Bill No. 1007

Administrator housing stipend - Section 3 identifies \$48,000 in the operating expenses line item for a \$2,000 per month housing stipend to be provided to the Veterans' Home Administrator for housing costs off of the Veterans' Home campus.

Soldiers' home fund - Section 4 identifies \$524,050 of one-time funding from the soldiers' home fund, of which \$99,400 is for equipment, \$138,700 is for a flooring project, \$233,450 is for the demolition of the administrator's residence, and \$52,500 is for security system upgrades and additional security cameras.

Nurse call system upgrade - 2017-19 biennium line item transfer - Exemption - Section 5 transfers \$68,000 of soldiers' home funds from the operating expenses line item to the capital assets line item during the 2017-19 biennium for the nurse call system upgrade. The \$68,000 transfer is in addition to the \$82,500 of one-time funding from the soldiers' home fund appropriated by the 2017 Legislative Assembly for the upgrade. Section 5 also provides an exemption to allow the Veterans' Home to continue the \$150,500 for the nurse call system upgrade into the 2019-21 biennium. Section 6 provides an emergency clause related to Section 5.

Related Legislation

House Bill No. 1025 - Veterans' Home cemetery - This bill includes a one-time appropriation of \$291,500 to the Department of Veterans' Affairs for repairs and maintenance of the cemetery located on the Veterans' Home campus during the 2019-21 biennium. Of this amount, \$265,000 is from federal funds and \$26,500 is matching funds from the Melvin Norgard memorial fund.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	4.00	\$1,098,639	\$0	\$1,098,639
2019-21 base budget	4.00	1,112,111	0	1,112,111
Legislative increase (decrease) to base budget	0.00	(\$13,472)	\$0	(\$13,472)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,098,639	\$0	\$1,098,639
2017-19 legislative appropriations	1,112,111	0	1,112,111
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$13,472)	\$0	(\$13,472)
Percentage increase (decrease) to 2017-19 appropriations	(1.2%)	N/A	(1.2%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$20,462)		(\$20,462)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		24,286		24,286
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		17,848		17,848
Reduced funding for the North Dakota American Indian Business Development Office to provide total funding of \$64,856.		(35,144)		(35,144)
Total	0.00	(\$13,472)	\$0	(\$13,472)

FTE Changes

The Legislative Assembly approved 4 FTE positions for the Indian Affairs Commission for the 2019-21 biennium, the same as the 2017-19 biennium.

Related Legislation

House Bill No. 1313 - Amends North Dakota Century Code Section 54-12-34, relating to the criminal justice information sharing system, to require the Attorney General to implement a missing person repository for authorized users to include demographic data related to indigenous people.

Senate Concurrent Resolution No. 4017 - Urges the Indian Affairs Commission to consider studying archaeological resources to educate citizens and to preserve historic sites and to report any findings of the study to the 67th Legislative Assembly.

**Department of Veterans' Affairs
Budget No. 321
House Bill No. 1025**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	7.00	\$1,416,430	\$1,377,157	\$2,793,587
2019-21 base budget	7.00	1,136,562	2,091,571	3,228,133
Legislative increase (decrease) to base budget	0.00	\$279,868	(\$714,414)	(\$434,546)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,268,930	\$147,500	\$1,416,430
2017-19 legislative appropriations	1,136,562	18,600	1,155,162
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$132,368	\$128,900	\$261,268
Percentage increase (decrease) to 2017-19 appropriations	11.6%	693.0%	22.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$100,050	(\$200,103)	(\$100,053)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		30,631	6,142	36,773
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		26,030	5,206	31,236
Reduced funding for temporary salaries.		(100,053)		(100,053)
Added funding for travel expenses.		11,775		11,775
Added funding for desktop support.		7,935		7,935
Added funding for Microsoft Office 365 licensing expenses.		2,500		2,500
Added funding for stand down events to provide total funding of \$5,000.		5,000		5,000

Added funding for county and tribal veteran service officer outreach and training to provide total funding of \$30,000.	30,000		30,000
Added funding for veteran benefit specialist training to provide total funding of \$18,300.	18,300		18,300
Added funding for the State Approving Agency to provide total funding of \$285,658.		2,308	2,308
Reduced funding for the transportation grants program to provide total funding of \$800,000.		(819,467)	(819,467)
Added funding for transport vans to provide a total of \$18,800.	200		200
Added one-time funding for a temporary loan and grant position.	140,000		140,000
Added one-time funding for grant database enhancements.	7,500		7,500
Added one-time funding for a Veterans' Home cemetery program.		291,500	291,500
Total	0.00	\$279,868	(\$714,414)

FTE Changes

The Legislative Assembly approved 7 FTE positions for the Department of Veterans' Affairs for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

	General Fund	Other Funds	Total
Grant database enhancements	\$7,500		\$7,500
Temporary loan and grant position	140,000		140,000
Veterans' Home cemetery ¹		\$291,500	291,500
Total	\$147,500	\$291,500	\$439,000

¹Funding for repairs and maintenance of the cemetery located on the Veterans' Home campus during the 2019-21 biennium includes \$265,000 from federal funds and \$26,500 of matching funds from the Melvin Norgard memorial fund.

Service Dogs

Service dogs exemption - Section 3 allows the Department of Veterans' Affairs to continue the \$50,000 of funding received for the 2017-19 biennium for the posttraumatic stress disorder service dogs program into the 2019-21 biennium. The 2019-21 biennium appropriation for this program is \$50,000 from the general fund, the same as provided for the 2017-19 biennium. The funding is for the purpose of training up to four service dogs to assist North Dakota veterans with posttraumatic stress disorder during the 2019-21 biennium. Funding provided for training each service dog is \$12,500, or approximately 50 percent of the total cost of training.

Nonhighly Rural Transport Vans

The 2019 Legislative Assembly provided a total appropriation of \$18,800 from the general fund to the Department of Veterans' Affairs for the purchase of one nonhighly rural transport van to transport veterans to medical appointments at the Veterans' Hospital in Fargo during the 2019-21 biennium.

The 2017 Legislative Assembly provided a total appropriation of \$37,200 from the general fund to the Department of Veterans' Affairs for the purchase of two nonhighly rural transport vans during the 2017-19 biennium. Of this amount, \$18,600 was considered ongoing funding and \$18,600 was considered one-time funding. In June 2018, the Emergency Commission approved a transfer of \$37,200 from the department's transport vans line item to the Veterans' Affairs line item, resulting in no vans purchased during the 2017-19 biennium.

Highly Rural Transportation Grant Program

The highly rural transportation grant program is a federal grant program that provides funding to the Department of Veterans' Affairs to purchase transport vans and to provide transportation to medical appointments for veterans of highly rural counties. The primary purpose of using the vans must be for medical reasons, although vans are generally allowed to transport veterans to other locations, such as grocery stores or other locations, as long as the additional stop is reasonable and does not require an unreasonable amount of time. The department pays for all maintenance, gas, insurance, and other costs associated with the transport vans using federal funds.

The 2019 Legislative Assembly appropriated \$800,000 of federal funds to the Department of Veterans' Affairs for the highly rural transportation grant program for the 2019-21 biennium, a decrease of \$919,520 from the 2017-19 biennium authorized level of \$1,719,520. This reduction was requested by the department to more closely match anticipated federal funds to be received during the 2019-21 biennium. Of the \$1,719,520 of federal funds authorized for the 2017-19 biennium, the department anticipates spending approximately \$600,000 during the 2017-19 biennium. The department received \$1,264,612 of federal funding through the program during the 2015-17 biennium, of which \$174,964 was spent during the biennium. The department received \$379,612 of federal funding through the program during the 2013-15 biennium, of which \$316,400 was spent during the biennium.

Other Sections in House Bill No. 1025

Veterans' Home cemetery funding - Section 4 identifies \$291,500 of one-time funding, of which \$265,000 is from federal funds and \$26,500 is from the Melvin Norgard memorial fund, for the purpose of repairing and maintaining the cemetery located on the Veterans' Home campus during the 2019-21 biennium.

Related Legislation

House Bill No. 1053 - Military retirement pay income tax deduction - This bill creates a new income tax deduction for individuals who retired from military service, including their survivors, who receive military retirement pay for service in the United States armed forces, National Guard, or their reserve components.

House Bill No. 1054 - Veterans' Legislative Council - This bill amends Section 37-18.1-03 to change the name of the North Dakota Veterans' Coordinating Council to the North Dakota Veterans' Legislative Council.

House Bill No. 1129 - Commissioner's duties - This bill requires the Commissioner of Veterans' Affairs to coordinate with any federal agency or state public or private entity to fulfill the Commissioner's duties.

House Bill No. 1131 - Department donations - This bill allows the Department of Veterans' Affairs to apply for, accept, and expend private donations, gifts, grants, or bequests that are offered or tendered with a specifically identified purpose or a restrictive condition which is related to a benefit or service for resident North Dakota veterans and appropriates those funds to the department on a continuing basis in accordance with the donor's instructions. The bill also exempts gross receipts from all sales of commemorative memorial coins from sales tax.

House Bill No. 1248 - Veterans' postwar trust fund contribution - This bill allows an individual to make a contribution to the veterans' postwar trust fund on the individual's income tax return for taxable years beginning after December 31, 2018. The Tax Commissioner is required to transfer the contributions to the State Treasurer for deposit in the veterans' postwar trust fund.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	28.50	\$3,312,565	\$3,994,135	\$7,306,700
2019-21 base budget	27.50	2,958,999	3,488,601	6,447,600
Legislative increase (decrease) to base budget	1.00	\$353,566	\$505,534	\$859,100

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$3,240,015	\$72,550	\$3,312,565
2017-19 legislative appropriations	2,958,999	0	2,958,999
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$281,016	\$72,550	\$353,566
Percentage increase (decrease) to 2017-19 appropriations	9.5%	N/A	11.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$205,103)	\$124,158	(\$80,945)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		73,338	88,476	161,814
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		58,364	71,036	129,400
Added funding for 1 FTE Olmstead Commission-related position.	1.00	164,314	74,615	238,929
Adjusted funding for operating expenses, primarily related to professional services, fees, and travel expenses.		190,103	79,249	269,352
Added one-time funding for a Polycom communications machine.		8,000		8,000

Added one-time funding for accrued leave payments.		64,550	68,000	132,550
Total	1.00	\$353,566	\$505,534	\$859,100

FTE Changes

The Legislative Assembly approved 28.50 FTE positions for the Protection and Advocacy Project for the 2019-21 biennium, an increase of 1 FTE position from the 2017-19 biennium. The Legislative Assembly added 1 FTE Olmstead Commission-related position.

One-Time Funding

In Section 2 of Senate Bill No. 2014, the Legislative Assembly identified \$140,550 of one-time funding for the Protection and Advocacy Project for the 2019-21 biennium, of which \$72,550 is from the general fund and \$68,000 is from other funds. Of the total, \$8,000 is for the purchase of a Polycom communications machine and \$132,550 is for accrued leave payments during the 2019-21 biennium.

Related Legislation

Senate Bill No. 2247 - Developmental Disabilities System Reimbursement Project Steering Committee - Section 1 of this bill amends North Dakota Century Code Section 50-06-37 to require a representative of the Protection and Advocacy Project be a member of the Department of Human Services' Developmental Disabilities System Reimbursement Project Steering Committee.

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

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	172.61	\$430,624	\$65,255,570	\$65,686,194
2019-21 base budget	181.61	445,793	54,899,156	55,344,949
Legislative increase (decrease) to base budget	(9.00)	(\$15,169)	\$10,356,414	\$10,341,245

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$430,624	\$0	\$430,624
2017-19 legislative appropriations	445,793	100,000	545,793
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$15,169)	(\$100,000)	(\$115,169)
Percentage increase (decrease) to 2017-19 appropriations	(3.4%)	(100.0%)	(21.1%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$334)	\$1,029,081	\$1,028,747
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		1,348	891,820	893,168
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		1,116	759,181	760,297
Removed 9 FTE unfunded positions and related operating expenses of \$22,290.	(9.00)	(22,290)		(22,290)
Adjusted funding for operating expenses, primarily related to decreases in postage, repairs, and professional services and increases in information technology supplies, data processing, and contractual services.		334	(191,803)	(191,469)

Added funding for grants to provide total federal grant funding of \$6,166,112.			707,541	707,541
Added funding for Microsoft Office 365 license expenses.	4,657		72,962	77,619
Added funding for operating expenses for an unemployment insurance registration project.			1,069,980	1,069,980
Added funding for operating expenses related to the unemployment insurance system modernization project.			5,405,800	5,405,800
Added one-time funding for grants related to the unemployment insurance system modernization project.			611,852	611,852
Total	(9.00)	(\$15,169)	\$10,356,414	\$10,341,245

FTE Changes

The Legislative Assembly approved 172.61 FTE positions for Job Service North Dakota for the 2019-21 biennium, a decrease of 9 FTE positions from the 2017-19 biennium. The positions removed include 2 FTE customer service consultant positions, 2 FTE administrative assistant II positions, 1 FTE computer and network specialist I position, 1 FTE program administrator III position, 1 FTE program administrator II position, 1 FTE document imaging specialist II position, and 1 FTE programmer analyst III position. These FTE positions were unfunded in previous bienniums.

One-Time Funding

In Section 2 of House Bill No. 1016, the Legislative Assembly identified \$611,852 of one-time funding from federal funds for the unemployment insurance system modernization project. See the **Unemployment Insurance Computer Modernization Project - Reed Act** section below.

Unemployment Insurance Computer Modernization Project - Reed Act

In Section 3 of House Bill No. 1016, the Legislative Assembly identified \$11,086,966 of other funds appropriated from federal Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 for developing a modernized unemployment insurance computer system.

The Legislative Assembly provided total federal funding of \$17,562,746 for the unemployment insurance computer modernization project for the 2019-21 biennium, of which \$11,086,966 is in the Reed Act - Unemployment insurance computer modernization line item and \$6,475,780 is in the operating expenses line item. Of the \$6,475,780 in the operating expenses line item, \$1,069,980 relates to an unemployment insurance registration project component of the modernization project.

Other Sections in House Bill No. 1016

Federal funds appropriation - Section 4 provides all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1 are appropriated for the 2019-21 biennium.

New jobs training - Section 5 provides that no more than \$2.5 million may be awarded during the 2019-21 biennium for new agreements related to the new jobs training program.

Related Legislation

Senate Bill No. 2085 - Rolla regional office - This bill authorizes Job Service North Dakota to sell the agency's regional office located in Rolla.

**Industrial Commission
Budget No. 405
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	112.25	\$27,449,198	\$17,993,790	\$45,442,988
2019-21 base budget	110.25	25,408,987	15,343,206	40,752,193
Legislative increase (decrease) to base budget	2.00	\$2,040,211	\$2,650,584	\$4,690,795

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$27,254,198	\$195,000	\$27,449,198
2017-19 legislative appropriations	25,408,987	269,408 ¹	25,678,395 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,845,211	(\$74,408)	\$1,770,803
Percentage increase (decrease) to 2017-19 appropriations	7.3%	(27.6%)	6.9%

¹The 2017-19 biennium general fund appropriations reflect a deficiency appropriation of \$269,408 in Senate Bill No. 2024. See the **Deficiency Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$163,450)	\$40,140	(\$123,310)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		678,183	42,842	721,025
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		504,216	31,234	535,450
Adjusted funding for 2017-19 contingent FTE positions by transferring \$221,737 from the contingencies line item to the salaries and wages line item and by adding \$40,464 to fully fund the positions during the 2019-21 biennium.		40,464		40,464

Added funding for contingent FTE engineering technician positions.	2.00	229,544		229,544
Added funding for operating expenses primarily related to travel and building leases (\$264,503), computer replacements (\$70,400), Microsoft Office 365 licensing (\$81,196), and operating expenses associated with 2 contingent FTE positions that were authorized in the 2017-19 biennium (\$108,240).		556,254	(31,915)	524,339
Reduced funding for bond payments, from \$13,210,484 to \$10,508,767.			(2,701,717)	(2,701,717)
Added one-time funding from the general fund for temporary employees who will record historical information to provide guidance to current and future employees.		175,000		175,000
Added one-time funding from the general fund for a transfer to the high-level radioactive waste fund in Section 5 of House Bill No. 1014.		20,000		20,000
Added one-time funding from the strategic investment and improvements fund for a rare earth elements study (\$160,000) and a fracturing sand study (\$110,000).			270,000	270,000
Added one-time funding from the abandoned oil and gas well plugging and site reclamation fund for an information technology project related to an oil database.			5,000,000	5,000,000
Total	<u>2.00</u>	<u>\$2,040,211</u>	<u>\$2,650,584</u>	<u>\$4,690,795</u>

FTE Changes

The Legislative Assembly approved 112.25 FTE positions for the Industrial Commission for the 2019-21 biennium, an increase of 2 FTE positions from the 2017-19 biennium authorized level of 110.25 FTE positions. The Legislative Assembly added 2 contingent FTE engineering technician positions.

Deficiency Appropriations

Senate Bill No. 2024 provides a deficiency appropriation of \$269,408 from the general fund to the Industrial Commission for litigation expenses related to various lawsuits associated with oil and gas regulatory disputes and other environmental issues.

One-Time Funding

One-time appropriations for the 2019-21 biennium for the Industrial Commission include the following:

	General Fund	Other Funds	Total
Temporary employees	\$175,000		\$175,000
Transfer to high-level radioactive waste fund	20,000		20,000
Rare earth elements study (strategic investment and improvements fund)		\$160,000	160,000
Fracturing sand study (strategic investment and improvements fund)		110,000	110,000
Information technology project (abandoned oil and gas well plugging and site reclamation fund)		5,000,000	5,000,000
Total	\$195,000	\$5,270,000	\$5,465,000

Lease Payments

The Legislative Assembly provided \$10,508,767 from funds received from agencies for lease payments on outstanding bonded indebtedness, a decrease of \$2,701,717 from the 2017-19 biennium appropriation of \$13,210,484. The following schedule lists the 2017-19 and 2019-21 biennium lease payments:

	2017-19 Biennium	2019-21 Biennium	Increase (Decrease)
Higher education institutions	\$6,605,326	\$4,959,448	(\$1,645,878)
North Dakota University System energy conservation projects	491,500	415,664	(75,836)
Department of Corrections and Rehabilitation - State Penitentiary	1,158,679	689,299	(469,380)
Department of Corrections and Rehabilitation energy conservation projects	16,285	16,180	(105)
State Department of Health	636,877	644,884	8,007
Job Service North Dakota	428,100	434,847	6,747
Office of Management and Budget	665,411	567,125	(98,286)
Attorney General	766,012	647,500	(118,512)
State Historical Society	1,392,629	1,177,875	(214,754)
Parks and Recreation Department	73,642	66,875	(6,767)
Research and Extension Service	571,520	483,337	(88,183)
Veterans' Home	404,503	405,733	1,230
Total	\$13,210,484	\$10,508,767	(\$2,701,717)

Lignite Research Funding

Lignite research grants - Section 28 of House Bill No. 1014 designates \$4.5 million from the lignite research fund for lignite marketing studies, the Lignite Vision 21 program, or possible lignite-related litigation, which may be spent without industry matching funds. Section 30 provides legislative intent for lignite litigation expenses from the lignite research fund. House Bill No. 1066 changes the allocation of the state's share of oil and gas tax revenue to increase the biennial allocation to the lignite research fund by \$7 million, from \$3 million to \$10 million.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the lignite research fund.

Other Sections in House Bill No. 1014

Bond payments - Section 3 provides legislative intent for bond payments during the 2019-21 biennium.

High-level radioactive waste fund - Section 5 appropriates \$20,000 from the general fund and requires the Office of Management and Budget to transfer the funding to the high-level radioactive waste fund.

Contingent FTE positions - Section 7 provides contingent authorization for 2 FTE positions. The positions and related funding are available, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 20,800 wells.

Administration funding - Section 8 allows the Industrial Commission to transfer up to \$1,172,603 of special funds from the entities under the control of the Industrial Commission for administrative services. Section 26 provides an exemption and allows any unspent 2017-19 biennium appropriations for administrative costs to continue in the 2019-21 biennium.

Strategic investment and improvements fund - Section 16 provides a contingent transfer of up to \$40 million of excess oil and gas tax revenues from the strategic investment and improvements fund to the infrastructure revolving loan fund. Section 17 identifies \$270,000 from the strategic investment and improvements fund for a rare earth element study and a fracturing sand study.

Abandoned oil and gas well plugging and site reclamation fund - Section 18 identifies \$5 million from the abandoned oil and gas well plugging and site reclamation fund for an information technology project. Section 22 limits the oil and gas tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund by decreasing the fund balance limit by \$50 million, from \$100 million to \$50 million.

Oil and gas research fund - Section 19 identifies \$300,000 from the oil and gas research fund for a study regarding the recycling of produced water and requires a report to the Legislative Management. Section 25 increases 2019-21 biennium oil and gas tax revenue allocations to the oil and gas research fund by \$6 million, from \$10 million to \$16 million, and requires the Industrial Commission to use \$6 million from the oil and gas research fund to contract with the Energy and Environmental Research Center for pilot projects relating to the underground storage of produced natural gas.

North Dakota outdoor heritage fund - Section 24 decreases the oil and gas tax revenue allocations to the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$7.5 million per fiscal year, but only for the 2019-21 biennium.

Survey review exemption - Section 27 provides an exemption allowing the Industrial Commission to continue unspent prior biennium appropriation authority for a survey review during the 2019-21 biennium.

Lignite research fund - Section 28 designates \$4.5 million from the lignite research fund for lignite marketing studies, the Lignite Vision 21 program, or possible lignite-related litigation, which can be spent without industry matching funds. Section 30 provides legislative intent for lignite litigation expenses from the lignite research fund.

Related Legislation

Senate Bill No. 2037 - Establishes a radioactive waste disposal site regulatory program administered by the Industrial Commission.

Senate Bill No. 2123 - Clarifies the requirements for plugging and reclaiming well sites to include pipeline facilities and saltwater handling facilities.

Senate Bill No. 2249 - Provides a continuing appropriation to the Industrial Commission to distribute funding to a state energy research center for energy and environmental research projects.

Senate Bill No. 2297 - Authorizes the North Dakota Building Authority to issue up to \$100 million of bonds for various capital projects at institutions of higher education.

Senate Bill No. 2344 - Authorizes the Industrial Commission to regulate the underground storage of produced natural gas and carbon dioxide.

**Department of Labor and Human Rights
Budget No. 406
Senate Bill No. 2007**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	14.00	\$2,395,169	\$480,681	\$2,875,850
2019-21 base budget	14.00	2,303,986	439,916	2,743,902
Legislative increase (decrease) to base budget	0.00	\$91,183	\$40,765	\$131,948

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$2,325,510	\$69,659	\$2,395,169
2017-19 legislative appropriations	2,303,986	0	2,303,986
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$21,524	\$69,659	\$91,183
Percentage increase (decrease) to 2017-19 appropriations	0.9%	N/A	4.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$99,588)	\$25,154	(\$74,434)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		77,207		77,207
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		58,008		58,008
Adjusted funding for salaries and wages from the general fund to federal funds.		(15,611)	15,611	0
Added funding for Microsoft Office 365 license expenses.		1,508		1,508
Added one-time funding for a paperless storage system.		69,659		69,659
Total	0.00	\$91,183	\$40,765	\$131,948

FTE Changes

The Legislative Assembly approved 14 FTE positions for the Department of Labor and Human Rights for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2007, the Legislative Assembly identified \$69,659 of one-time funding from the general fund for a paperless storage system. A one-time appropriation of \$56,135 was provided to the department for the 2015-17 biennium for this purpose, but the funding was reduced as a result of the August 2016 special legislative session.

Related Legislation

Senate Bill No. 2145 - Wage collection claims - This bill relates to wage collection claims investigated by the Commissioner of the Department of Labor and Human Rights.

**Aeronautics Commission
Budget No. 412
House Bill No. 1006**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	7.00	\$500,000	\$48,831,082	\$49,331,082
2019-21 base budget	7.00	900,000	9,985,412	10,885,412
Legislative increase (decrease) to base budget	0.00	(\$400,000)	\$38,845,670	\$38,445,670

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$500,000	\$0	\$500,000
2017-19 legislative appropriations	900,000	0	900,000
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$400,000)	\$0	(\$400,000)
Percentage increase (decrease) to 2017-19 appropriations	(44.4%)	N/A	(44.4%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			\$22,266	\$22,266
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			41,606	41,606
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			31,234	31,234
Reduced ongoing grant funding from the general fund and federal funds.		(\$400,000)	(950,000)	(1,350,000)
Reduced funding for building, ground, and maintenance in operating expenses to provide total funding of \$62,005.			(220,000)	(220,000)
Removed funding for capital assets.			(100,000)	(100,000)
Increased other operating expenses.			19,810	19,810

Added funding for Microsoft Office 365 licensing.			754	754
Added funding from the airport infrastructure fund for airport grants.			20,000,000	20,000,000
Added one-time funding from the strategic investment and improvements fund for grants to airports.			20,000,000	20,000,000
Total	<u>0.00</u>	<u>(\$400,000)</u>	<u>\$38,845,670</u>	<u>\$38,445,670</u>

FTE Changes

The Legislative Assembly approved 7 FTE positions for the Aeronautics Commission for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of House Bill No. 1006, the Legislative Assembly identified \$20 million of one-time funding from the strategic investment and improvements fund for airport grants.

Other Sections in House Bill No. 1006

Strategic investment and improvements fund - Section 3 identifies \$20 million from the strategic investment and improvements fund for airport grants during the 2019-21 biennium.

Exemption - Airport infrastructure fund - Section 4 identifies \$20 million from the airport infrastructure fund for airport grants during the 2019-21 biennium and authorizes the funds to be continued into the 2021-23 biennium.

Related Legislation

House Bill No. 1066 - Creates an airport infrastructure fund and adjusts the allocations of the state's share of oil and gas tax revenue to deposit up to \$20 million in the airport infrastructure fund to provide grants for airport infrastructure projects.

**Department of Financial Institutions
Budget No. 413
House Bill No. 1008**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	31.00	\$0	\$9,135,872	\$9,135,872
2019-21 base budget	30.00	0	8,409,912	8,409,912
Legislative increase (decrease) to base budget	1.00	\$0	\$725,960	\$725,960

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$323,842)	(\$323,842)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			199,774	199,774
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			138,324	138,324
Added 1 FTE cybersecurity/money transmitter examiner (\$194,559) and related operating expenses (\$60,000).	1.00		254,559	254,559
Increased funding for operating expenses.			5,840	5,840
Provided one-time funding for the department's website redesign project, which was started during the 2017-19 biennium.			451,305	451,305
Total	1.00	\$0	\$725,960	\$725,960

FTE Changes

The 2019-21 biennium appropriation includes funding for 31 FTE positions, an increase of 1 FTE position from the 2017-19 biennium authorized level of 30 FTE positions. The Legislative Assembly added a cybersecurity/money transmitter examiner.

One-Time Funding

In Section 2 of House Bill No. 1008, the Legislative Assembly identified \$451,305 of one-time funding for a website redesign project.

Related Legislation

Senate Bill No. 2093 - Changes the capital and liquid asset requirements for financial institutions and increases the annual licensing fee for financial institutions from \$450 to .25 percent of transactions with a minimum of \$500 and a maximum of \$2,500.

**Securities Department
Budget No. 414
Senate Bill No. 2011**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	10.00	\$0	\$2,757,119	\$2,757,119
2019-21 base budget	9.00	2,184,714	170,000	2,354,714
Legislative increase (decrease) to base budget	1.00	(\$2,184,714)	\$2,587,119	\$402,405

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$0	\$0	\$0
2017-19 legislative appropriations	2,184,714	0	2,184,714
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$2,184,714)	\$0	(\$2,184,714)
Percentage increase (decrease) to 2017-19 appropriations	(100.0%)	N/A	(100.0%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$61,982	(\$1,005)	\$60,977
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		44,620		44,620
Added 1 FTE financial technology research and investigation position (\$209,294) and related operating expenses (\$23,000).	1.00	232,294		232,294
Added funding for rent and for the statewide cost allocation plan.			64,000	64,000
Added funding for Microsoft Office 365 licensing.		514		514
Changed the source of funding for the agency from the general fund to special funds.		(2,524,124)	2,524,124	0
Total	1.00	(\$2,184,714)	\$2,587,119	\$402,405

FTE Changes

The 2019-21 biennium appropriation includes funding for 10 FTE positions, an increase of 1 FTE position from the 2017-19 biennium authorized level of 9 FTE positions. The Legislative Assembly added a financial technology research and investigation position.

Other Sections in Senate Bill No. 2011

Securities Department fund - Section 2 amends North Dakota Century Code Section 10-04-03(5) to provide for the Securities Department to be a special funded agency by creating the Securities Department special fund and by directing all fees, civil penalties, or other money collected by the agency into the fund. The section also transfers all revenues in excess of the agency's appropriation to the general fund.

Related Legislation

Senate Bill No. 2083 - Refund of filing registration fees - Amends Sections 10-04-08.4 and 10-04-10 to allow certain fees submitted to the Securities Department to be refunded.

**Bank of North Dakota
Budget No. 471
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	181.50	\$0	\$64,357,799	\$64,357,799
2019-21 base budget	181.50	0	59,299,204	59,299,204
Legislative increase (decrease) to base budget	0.00	\$0	\$5,058,595	\$5,058,595

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			\$230,000	\$230,000
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			1,088,387	1,088,387
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			812,098	812,098
Increased funding for Bank operations related to information technology costs (\$876,800); professional development and services (\$139,508); Microsoft Office 365 licensing costs (\$37,352); and utilities, insurance, and other operating expenses (\$250,000).			1,303,660	1,303,660
Decreased funding for Bank operations related to postage and temporary employees.			(75,550)	(75,550)
Increased funding for Bank contingencies to provide total contingency funding of \$3.5 million.			1,000,000	1,000,000
Added funding for information technology equipment and software to provide total funding of \$1.51 million for capital assets.			700,000	700,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$5,058,595</u>	<u>\$5,058,595</u>

FTE Changes

The Legislative Assembly approved 181.50 FTE positions for the Bank of North Dakota for the 2019-21 biennium, the same as the 2017-19 biennium.

Economic Development

The Legislative Assembly provided funding from transfers of Bank of North Dakota profits for the partnership in assisting community expansion (PACE) fund, Ag PACE, biofuels PACE, and the beginning farmer revolving loan fund, as follows:

	2017-19 Biennium	2019-21 Biennium	Increase (Decrease)
PACE fund	\$16,000,000	\$26,000,000	\$10,000,000
Ag PACE fund	2,000,000	4,000,000	2,000,000
Biofuels PACE fund	1,000,000	1,000,000	0
Beginning farmer revolving loan fund	6,000,000	6,000,000	0
Total	\$25,000,000	\$37,000,000	\$12,000,000

Estimated Capital Structure

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2019-21 biennium:

	Amount
Estimated beginning capital level (July 1, 2019)	\$862,000,000
Estimated 2019-21 biennium profits	300,000,000 ¹
Estimated capital available before transfers	\$1,162,000,000
Estimated 2019-21 biennium transfers	
Transfer to institutions of higher education for capital building fund pools and campus network upgrades (Sections 29, 30, and 32 of House Bill No. 1003)	(\$20,000,000)
Transfer to general fund (Section 9 of House Bill No. 1014)	(140,000,000)
Transfers relating to economic development (Sections 10 through 13 of House Bill No. 1014)	(37,000,000)
Transfer to North Dakota development fund (Section 14 of House Bill No. 1014)	(15,000,000)
Transfer to skilled workforce student loan repayment program fund and skilled workforce scholarship fund (Sections 3 and 4 of House Bill No. 1171)	(6,000,000)
Transfer to innovation loan fund to support technology advancement (Section 2 of House Bill No. 1333)	(15,000,000)
Transfer to statewide interoperable radio network fund (Section 7 of House Bill No. 1435)	(20,000,000)
Transfer to Agricultural Products Utilization Commission fund (Section 9 of Senate Bill No. 2009)	(2,000,000)
Total estimated 2019-21 biennium transfers	(\$255,000,000)
Estimated ending capital level (June 30, 2021)	\$907,000,000

¹Actual calendar year 2018 profits were \$159 million.

Profits and Transfers of Profits and Accumulated Earnings

The following schedule provides information on the Bank of North Dakota's profits based on calendar years as well as transfers of profits and accumulated earnings to state funds from the 2007-09 biennium to the 2019-21 biennium:

	Based on Calendar Years	
	Bank Profits	Transfers to State Funds
2007-09 biennium - Calendar years 2007 and 2008	\$108,130,000	\$60,000,000
2009-11 biennium - Calendar years 2009 and 2010	\$119,934,000	\$500,000
2011-13 biennium - Calendar years 2011 and 2012	\$151,929,000	\$37,500,000
2013-15 biennium - Calendar years 2013 and 2014	\$205,174,000	\$40,255,000
2015-17 biennium - Calendar years 2015 and 2016	\$266,809,000	\$257,875,000
2017-19 biennium - Calendar years 2017 and 2018	\$303,792,000	\$315,547,000
2019-21 biennium (estimated)	\$300,000,000	\$255,000,000

Bank of North Dakota Loans

The 2019 Legislative Assembly authorized loans from the Bank of North Dakota, as follows:

Bill No.	Description
HB 1012	Department of Transportation - Provides contingent authorization for a loan of up to \$50 million to match federal funds.
HB 1028	Public Employees Retirement System - Authorizes a line of credit of up to \$50 million for administering a self-insurance health plan.
HB 1106	Reinsurance Association of North Dakota - Authorizes a line of credit of up to \$25 million to reimburse insurers for eligible claims.
HB 1435	Information Technology Department - Authorizes a line of credit of \$80 million for the statewide interoperable radio network. NOTE: House Bill No. 1435 was amended by House Bill No. 1014 and Senate Bill No. 2015.
SB 2001	Governor - Authorizes a loan of up to \$35 million to provide funding for the Theodore Roosevelt Presidential Library and Museum endowment fund.
SB 2019	Parks and Recreation Department - Provides contingent authorization for a loan of up to \$3 million for capital projects at the International Peace Garden.
SB 2020	State Water Commission - Continues the commission's authority to access a line of credit of \$75 million.

North Dakota Financial Center Project

House Bill No. 1014 (2015) provided \$17 million from Bank of North Dakota assets for the construction of a financial center building on the Bank's property. Due to a revenue shortfall and budget allotments during the 2015-17 biennium, the project was delayed until the 2019-21 biennium pursuant to Senate Bill No. 2014 (2017). The 2019 Legislative Assembly did not change the authorization for the project. Construction is anticipated to begin in the summer of 2019.

Other Sections in House Bill No. 1014

Transfer to general fund - Section 9 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund during the 2019-21 biennium.

Transfer to PACE fund - Section 10 provides for a transfer of \$26 million from the Bank's current earnings and undivided profits to the PACE fund during the 2019-21 biennium.

Transfer to Ag PACE fund - Section 11 provides for a transfer of \$4 million from the Bank's current earnings and undivided profits to the Ag PACE fund during the 2019-21 biennium.

Transfer to biofuels PACE fund - Section 12 provides for a transfer of \$1 million from the Bank's current earnings and undivided profits to the biofuels PACE fund during the 2019-21 biennium.

Transfer to the beginning farmer revolving loan fund - Section 13 provides for a transfer of \$6 million from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the 2019-21 biennium.

Transfer to the North Dakota development fund - Section 14 provides for a transfer of \$15 million from the Bank's current earnings and undivided profits to the North Dakota development fund during the 2019-21 biennium with the requirement that the funding be used to move existing venture capital assets from the Bank to the development fund.

Rebuilders home loan program - Section 15 transfers \$3.75 million from the principal payments under the rebuilders loan program, which are designated to replenish the Bank's profits, to a newly created rebuilders home loan program. Section 20 establishes the rebuilders home loan program for individuals affected by a flooding event providing loans of up to \$75,000 with a 1 percent interest rate and a 20-year term for eligible costs associated with home repairs. Section 31 provides an emergency clause related to the transfer and creation of the program.

Statewide interoperable radio network fund - Section 23 amends House Bill No. 1435 to clarify the transfer of Bank profits to the statewide interoperable radio network is after other sources of funding have been used; however, this section was subsequently amended in Section 26 of Senate Bill No. 2015 to clarify the transfer of Bank profits is after \$25 million of the line of credit has been used.

Hedging strategies study - Section 29 requires the Bank to study hedging strategies related to the volatility of oil prices and to report to the Appropriations Committees of the 67th Legislative Assembly.

Related Legislation

House Bill No. 1012 - Provides contingent authorization to the Department of Transportation for a loan of up to \$50 million from the Bank of North Dakota to match federal funds.

House Bill No. 1028 - Requires the Bank to provide a \$50 million line of credit to the Public Employees Retirement System for the administration of a self-insurance health plan.

House Bill No. 1092 - Clarifies the Bank's authorization to use funds to support the Bank's education programs, including the higher education savings plan.

House Bill No. 1106 - Requires the Bank to provide a \$25 million line of credit to the Reinsurance Association of North Dakota to provide reimbursements to insurers participating in an invisible reinsurance pool for the individual health insurance market.

House Bill No. 1141 - Exempts officers and employees of the Bank from the employee classification system.

House Bill No. 1171 - Creates a skilled workforce student loan repayment program and a skilled workforce scholarship program and transfers \$6 million of Bank profits (\$3 million to each program) to provide grants to repay eligible student loans and to provide scholarships.

House Bill No. 1333 - Creates an innovation loan fund to support technology advancement and transfers \$15 million of Bank profits to provide low-interest rate loans to qualifying new or expanding businesses.

House Bill No. 1435 - Requires the Bank to provide a \$80 million line of credit to the Information Technology Department for the development of the statewide interoperable radio network.

Senate Bill No. 2001 - Establishes a Theodore Roosevelt Presidential Library and Museum endowment fund and authorizes the Governor to obtain a loan of up to \$35 million from the Bank to provide a portion of the funding for the newly created endowment fund.

Senate Bill No. 2008 - Section 3 provides for a transfer of up to \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission for costs associated with a rail rate complaint case.

Senate Bill No. 2019 - Provides contingent authorization to the Parks and Recreation Department for a loan of up to \$3 million from the Bank for capital projects at the International Peace Garden.

Senate Bill No. 2098 - Removes requirements specifying the terms, rates, and maximum amounts for residential loans issued by the Bank.

Senate Bill No. 2099 - Removes a requirement for the Governor to establish a task force to review loan applications under the Bank's medical facility infrastructure loan fund.

Senate Bill No. 2197 - Clarifies the interest rates that the Bank may charge on loans issued to family farmers.

Senate Bill No. 2214 - Authorizes the Bank to use up to \$5 million from the school construction assistance revolving loan fund to continue interest rate buydowns on school construction loans held by the Bank.

Senate Bill No. 2296 - Increases the limit for fuel production facility loan guarantees to \$50 million.

**Housing Finance Agency
Budget No. 473
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	44.00	\$7,500,000	\$47,421,891	\$54,921,891
2019-21 base budget	44.00	0	44,530,239	44,530,239
Legislative increase (decrease) to base budget	0.00	\$7,500,000	\$2,891,652	\$10,391,652

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$0	\$7,500,000	\$7,500,000
2017-19 legislative appropriations	0	0	0
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$0	\$7,500,000	\$7,500,000
Percentage increase (decrease) to 2017-19 appropriations	N/A	N/A	N/A

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			\$221,665	\$221,665
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			256,181	256,181
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			196,332	196,332
Removed funding for temporary employees.			(57,219)	(57,219)
Added funding for mortgage servicing premium expenses related to an increase in loan volume.			602,921	602,921
Added funding for agency program grants (\$20,000) and federal housing grants (\$1,651,772).			1,671,772	1,671,772
Added one-time funding from the general fund for a transfer to the housing incentive fund.		\$7,500,000		7,500,000
Total	0.00	\$7,500,000	\$2,891,652	\$10,391,652

FTE Changes

The Legislative Assembly approved 44 FTE positions for the Housing Finance Agency for the 2019-21 biennium, the same as the 2017-19 biennium.

Housing Incentive Fund

Senate Bill No. 2210 (2011) created a special revolving housing incentive fund, provided a continuing appropriation to the Housing Finance Agency for disbursements from the fund, and authorized a tax credit for income tax purposes for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371 (2011) increased the aggregate tax credit limit to \$15 million per biennium.

Senate Bill No. 2014 (2013) provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill continued the housing incentive fund tax credit through the first 2 taxable years after December 31, 2012, and increased the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions were also included in House Bill No. 1029 (2013).

House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium. Section 7 of the bill provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund and Section 28 provided an emergency clause for the transfer. Section 8 provided for a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceeded \$130 million during calendar year 2015. The contingency was met, and the \$5 million was transferred to the housing incentive fund. Section 17 amended the fund to limit the origination fee to 5 percent per award. Section 20 increased the funding available to the housing incentive fund through income tax credits from \$20 million to \$30 million. Funding provided to the housing incentive fund during the 2015-17 biennium totaled \$40 million.

Senate Bill No. 2014 (2017) removed the expiration date associated with the housing incentive fund and changed the reporting requirements for the Housing Finance Agency. The report to the Budget Section was changed from a quarterly report to a biennial report. The report to the Industrial Commission was incorporated into the reporting requirements of the fund, and a separate section of North Dakota Century Code requiring the report to the Industrial Commission was repealed. The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

House Bill No. 1014 (2019) transfers \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium; decreases the amount of funding designated for small developing communities by 10 percent, from 25 percent to 15 percent; and removes the prioritization and reporting requirements related to essential service workers.

Other Sections in House Bill No. 1014

Additional income - Section 4 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2019-21 biennium. The section also requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received resulting in an increase in appropriation authority.

Transfer to housing incentive fund - Section 6 provides for a transfer of \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium.

Related Legislation

House Bill No. 1376 - Authorizes criminal background checks for employees of the Housing Finance Agency.

**Mill and Elevator Association
Budget No. 475
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	156.00	\$0	\$76,994,824	\$76,994,824
2019-21 base budget	153.00	0	68,213,519	68,213,519
Legislative increase (decrease) to base budget	3.00	\$0	\$8,781,305	\$8,781,305

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes, including salary and benefit increases.			\$3,477,828	\$3,477,828
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			682,698	682,698
Increased funding for overtime (\$2,227,085) and temporary employees (\$311,600).			2,538,685	2,538,685
Added funding for 3 FTE positions, including 2 FTE food safety positions and 1 FTE utility worker position.	3.00		440,094	440,094
Added funding for operating expenses primarily related to utilities, insurance, and repairs.			1,642,000	1,642,000
Total	3.00	\$0	\$8,781,305	\$8,781,305

FTE Changes

The Legislative Assembly approved 156 FTE positions for the Mill and Elevator Association for the 2019-21 biennium, an increase of 3 FTE positions from the 2017-19 biennium authorized level of 153 FTE positions. The Legislative Assembly added 2 FTE food safety positions and 1 FTE utility worker position.

Gain-Sharing Program

The gain-sharing program was implemented in 1990 with the primary goal of incentivizing employees to maximize profits and production through teamwork while maintaining a safe working environment. Each year, the Industrial Commission reviews and approves the criteria for the program. The following schedule provides information on the Mill and Elevator Association's profits and the gain-sharing program from fiscal year 2008 to fiscal year 2018:

	Profits (Losses) ¹	Gain-Sharing Payout to Employees	Gain-Sharing as a Percentage of Employees' Wages
2007-09 biennium - Fiscal year 2008	(\$821,607)	\$0	0%
2007-09 biennium - Fiscal year 2009	(\$9,697,054)	\$0	0%
2009-11 biennium - Fiscal year 2010	\$13,179,910	\$1,201,974	18.65%
2009-11 biennium - Fiscal year 2011	\$16,088,024	\$1,496,513	21.90%
2011-13 biennium - Fiscal year 2012	\$8,048,398	\$970,081	13.26%
2011-13 biennium - Fiscal year 2013	\$11,907,227	\$1,300,138	17.52%
2013-15 biennium - Fiscal year 2014	\$13,351,343	\$1,389,214	18.09%

2013-15 biennium - Fiscal year 2015	\$16,675,348	\$1,805,863	21.84%
2015-17 biennium - Fiscal year 2016	\$9,336,618	\$1,274,309	14.86%
2015-17 biennium - Fiscal year 2017	\$9,719,163	\$1,487,019	15.50%
2017-19 biennium - Fiscal year 2018	\$14,188,276	\$2,191,199	20.82%

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

Major Expansion and Renovation Projects

The Mill and Elevator Association regularly undertakes various capital projects that are financed through a line of credit at the Bank of North Dakota. The repayments are deducted prior to determining the Mill and Elevator Association's profits. The schedule below provides information on major expansion and renovation projects:

Fiscal Year	Project Description	Cost
2007	Constructed a new C mill to increase spring wheat milling capacity	\$6.3 million
2009	Constructed a new E mill resulting in a production capacity increase of 1,000 hundredweights (cwt) per day of spring wheat	\$2.4 million
2010	Expanded the D mill resulting in a production capacity increase of 1,000 cwt per day of durum wheat	\$2.4 million
2013	Three phase renovation and expansion of the K mill	\$8.4 million
2015	Construction of a new G mill and additional flour storage	\$38.7 million
2016	Constructed a high-speed truck and rail unloading system to receive wheat	\$9.3 million
2018	Phase 2 high-speed rail unloading system and increased grain storage	\$24.7 million
Potential future projects	Increase whole wheat milling capacity (\$2.5 million); increase durum wheat milling capacity (\$5.1 million); flour and millfeed distribution system (\$3.6 million); terminal elevator conveyors and automation (\$18.5 million); and construction of a new H mill (\$19.5 million)	\$49.2 million

Profits and Transfers of Profits

Beginning in the 2009-11 biennium, 5 percent of the Mill and Elevator Association's annual profits are transferred to the agricultural products utilization fund and 50 percent of the remaining annual profits are transferred to the state general fund pursuant to North Dakota Century Code Sections 54-18-19 and 54-18-21. The 2013 Legislative Assembly limited the transfers from the Mill and Elevator Association's profits to the general fund to \$6,817,200 for the 2013-15 biennium. Section 20 of Senate Bill No. 2014 (2017) increased the transfer of annual profits to the general fund from 50 to 75 percent, and pursuant to the expiration date in Section 32 of the bill, the increase was effective only for the 2017-19 biennium.

The following schedule provides information on the Mill and Elevator Association's profits and the transfer of profits to state funds from the 2007-09 biennium to the 2019-21 biennium:

	Profits (Losses) ¹	Transfers to State Funds
2007-09 biennium	(\$10,518,661)	\$0
2009-11 biennium	\$29,267,934	\$15,365,665
2011-13 biennium	\$19,955,625	\$10,506,703
2013-15 biennium	\$30,026,691	\$8,318,534
2015-17 biennium	\$19,055,782	\$10,004,285
2017-19 biennium (estimated)	\$30,990,000	\$21,270,000
2019-21 biennium (estimated)	\$31,350,000	\$14,810,000

¹The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

Related Legislation

There is no major related legislation affecting this agency.

**Workforce Safety and Insurance
Budget No. 485
Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	260.14	\$0	\$68,747,842	\$68,747,842
2019-21 base budget	260.14	0	63,473,062	63,473,062
Legislative increase (decrease) to base budget	0.00	\$0	\$5,274,780	\$5,274,780

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$1,821,876)	(\$1,821,876)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			1,435,111	1,435,111
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			1,130,985	1,130,985
Underfunded 6 FTE positions.			(1,012,252)	(1,012,252)
Reduced funding for operating expenses, primarily related to professional services and fees.			(2,332,176)	(2,332,176)
Added funding for Microsoft Office 365 license expenses.			14,988	14,988
Added one-time funding for the claims and policy system replacement project for releases 7 through 10 of the 20-release project.			7,010,000	7,010,000
Added one-time funding for the MyWSI enhancement project.			850,000	850,000
Total	0.00	\$0	\$5,274,780	\$5,274,780

FTE Changes

The Legislative Assembly approved 260.14 FTE positions for Workforce Safety and Insurance (WSI) for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2021, the Legislative Assembly identified \$7.86 million of one-time funding for WSI during the 2019-21 biennium, of which \$7.01 million is for the claims and policy system replacement project and \$850,000 is for the MyWSI enhancement project.

Claims and Policy System

The claims and policy system is a program designed to replace core WSI business systems, which support injury services and employer services, with current industry web-based technology in order to improve customer service, enhance system maintainability, and provide enhanced reporting and accessibility to information. The claims and policy system program consists of 5 phases and 20 smaller projects, or releases, as shown in the schedule below.

Phase	Number of Releases	Status	Completion Date
Planning and analysis		Complete	June 2015
Shared components refacing	3	Complete	February 2017
Policyholder services application refacing	6	Incomplete	June 2021 (Projected)
Claims management system refacing	11	Incomplete	June 2026 (Projected)
Program finalization		Incomplete	June 2026 (Projected)

The schedule below provides the legislative appropriations from the workmens compensation fund for the claims and policy system project:

Biennium	Releases	Appropriation
2015-17	1 - 3	\$6,000,000
2017-19	4 - 6	8,120,097
2019-21	7 - 10	7,010,000
Total		\$21,130,097

Workforce Safety and Insurance anticipates additional funding will be needed in the 2021-23, 2023-25, and 2025-27 bienniums to complete the project and meet the June 2026 projected completion date. Workforce Safety and Insurance estimates total funding for the project will be approximately \$29.5 million.

MyWSI Enhancement Project

The MyWSI enhancement project was approved by the 2017 Legislative Assembly to create a secure extranet portal for injured workers, employers, and medical providers. The project will add functionality to the existing extranet, integrate claims and policy documents, add forms for collecting information, and add dashboards to access information. The project includes four releases.

The 2017 Legislative Assembly provided \$538,500 of one-time funding for releases 1 and 2 of the MyWSI enhancement project for the 2017-19 biennium. The 2019 Legislative Assembly provided \$850,000 of one-time funding for releases 3 and 4 of the project for the 2019-21 biennium, resulting in a total of \$1,388,500 provided for the 2017-19 and 2019-21 bienniums.

Related Legislation

House Bill No. 1064 - Statistical information report - This bill requires WSI to report statistical information and results regarding case processing standards and policies to the Legislative Management and the State Advisory Council each quarter.

House Bill No. 1072 - Agency penalties and fees - This bill allows WSI to charge a penalty of up to \$5,000 to employers who deduct any portion of premiums from the wages or salary of an employee eligible for benefits. The bill also allows WSI to charge a fee of \$250 plus additional penalties when an employer defaults in the payment of a premium, an installment of the premium, penalty or interest, or the filing of bonds. If a general contractor or a subcontractor willfully uses the services of a subcontractor precluded from operating under a cease and desist order, WSI may charge a penalty of \$5,000 and \$100 per day for each day the violation occurs.

House Bill No. 1073 - Injured employees dispute pilot program - This bill allows WSI to establish pilot programs to assess alternative forms of dispute resolution to resolve disputes with injured employees. Funding of up to \$50,000 from the WSI fund is appropriated to WSI on a continuing basis for payment of organization expenses associated with the pilot program.

House Bill No. 1240 - Pilot programs report - This bill requires WSI to report to the Legislative Management on the status of any current pilot programs and pilot programs completed within the previous 12 months.

**Highway Patrol
Budget No. 504
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	197.00	\$44,295,405	\$17,198,698	\$61,494,103
2019-21 base budget	204.00	42,527,428	14,703,278	57,230,706
Legislative increase (decrease) to base budget	(7.00)	\$1,767,977	\$2,495,420	\$4,263,397

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$44,213,575	\$81,830	\$44,295,405
2017-19 legislative appropriations	42,527,428	0	42,527,428
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,686,147	\$81,830	\$1,767,977
Percentage increase (decrease) to 2017-19 appropriations	4.0%	100.0%	4.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll and budget changes.		\$207,842	(\$81,149)	\$126,693
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		889,387	297,576	1,186,963
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		639,459	212,798	852,257
Removed 4 FTE administrative assistant positions.	(4.00)	(372,697)	(87,683)	(460,380)
Removed 1 FTE cook position.	(1.00)	(105,559)	(17,184)	(122,743)
Removed the authorization for 2 FTE trooper positions and related operating expenses for the positions. Salary funding of \$255,000 for the positions was not removed and is to be used for agency salary equity funding increases.	(2.00)	(95,120)	(20,880)	(116,000)

Added funding for increases in operating expenses, including lease rate increases (\$30,000), mileage rate increases (\$364,000), trooper cell phones (\$78,000), costs of issuing state employee ID cards (\$12,000), operating costs of the indoor shooting range (\$70,000), and Microsoft Office 365 licensing costs (\$146,349).	522,835	177,514	700,349
Added funding from the motor carrier electronic permit fund (\$163,066) and highway tax distribution fund (\$26,034) for ongoing equipment replacement costs, including body armor (\$143,100), Taser cartridges (\$32,000), and automated external defibrillator pad replacements (\$14,000).		189,100	189,100
Added one-time funding for costs to overhaul the agency's aircraft engine.	81,830		81,830
Added one-time funding from the motor carrier electronic permit fund to purchase drones.		96,228	96,228
Added one-time funding from the motor carrier electronic permit fund to construct an addition to the agency's shooting range.		1,729,100	1,729,100
Total	<u>(7.00)</u>	<u>\$1,767,977</u>	<u>\$2,495,420</u>
		<u>\$2,495,420</u>	<u>\$4,263,397</u>

FTE Changes

The 2019-21 biennium appropriations for the Highway Patrol include funding for 197 FTE positions, a decrease of 7 FTE positions from the 2017-19 biennium. The Legislative Assembly removed 4 FTE administrative assistant positions, 2 FTE trooper positions, and 1 FTE cook position.

One-Time Funding

The following is a summary of one-time funding included in the 2019-21 biennium legislative appropriations for the Highway Patrol:

	General Fund	Motor Carrier Electronic Permit Fund	Total
Aircraft engine overhaul	\$81,830	\$0	\$81,830
Drone purchases	0	96,228	96,228
Shooting range addition	0	1,729,100	1,729,100
Total	\$81,830	\$1,825,328	\$1,907,158

Other Sections in House Bill No. 1011

Job shadowing and community outreach - Section 3 creates North Dakota Century Code Section 39-03-09.1 to allow individuals to participate in job shadowing and other community outreach events sponsored by the Highway Patrol.

Funding from highway tax distribution fund - Section 4 provides that \$7,204,043 of the special funds appropriation for the Highway Patrol is from the highway tax distribution fund.

Funding from motor carrier electronic permit fund - Section 5 provides that \$3,356,069 of the special funds appropriation for the Highway Patrol is from the motor carrier electronic permit fund.

Carryover authority for aircraft engine overhaul - Section 6 authorizes the Highway Patrol to continue \$28,171 of 2017-19 biennium special funds appropriation authority provided for an aircraft engine overhaul into the 2019-21 biennium. This amount is in addition to the 2019-21 biennium \$81,830 general fund appropriation for the engine overhaul.

Officer per diem - Section 7 provides officer per diem of \$200 per month which is in lieu of reimbursement for meals and other expenses while in travel status within the state. This is the same amount of monthly officer per diem as provided during the 2017-19 biennium.

Alternatives to relocate the Law Enforcement Training Academy - Section 8 requires the Highway Patrol to develop alternatives to relocate the Law Enforcement Training Academy and to report to the Appropriations Committees of the 67th Legislative Assembly regarding the alternatives.

Related Legislation

Highway Patrol jurisdiction - House Bill No. 1223 amends Section 39-03-03 to clarify the jurisdictional areas where the Highway Patrol may exercise general police power.

Highway Patrol trooper probationary period - Senate Bill No. 2103 amends Section 39-03-03 to provide new troopers are subject to a 6-month probationary employment period.

**Department of Corrections and Rehabilitation
Budget No. 530
House Bill No. 1015**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	899.79	\$229,678,076	\$41,955,889	\$271,633,965
2019-21 base budget	845.29	214,336,704	37,161,253	251,497,957
Legislative increase (decrease) to base budget	54.50	\$15,341,372	\$4,794,636	\$20,136,008

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$228,286,826	\$1,391,250	\$229,678,076
2017-19 legislative appropriations	214,336,704	0	214,336,704
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$13,950,122	\$1,391,250	\$15,341,372
Percentage increase (decrease) to 2017-19 appropriations	6.5%	100.0%	7.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$1,634,020	(\$1,364,762)	\$269,258
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		4,554,678	231,617	4,786,295
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		3,763,528	207,727	3,971,255
Added funding for teacher salaries and wages to comply with the Teacher Composite Schedule.		1,357,790		1,357,790
Converted temporary correctional officer positions to FTE positions.	20.00	326,435		326,435
Added funding and FTE positions to operate the Tompkins Rehabilitation and Corrections Center (TRCC).	27.50	5,031,222		5,031,222
Removed funding for TRCC payments to the Department of Human Services (DHS).		(8,607,462)		(8,607,462)

Added funding to contract with the State Hospital for up to 30 addiction treatment beds.		3,873,750		3,873,750
Added funding and FTE positions for a pretrial services pilot program.	7.00	755,034		755,034
Added funding to expand juvenile day treatment to five additional school districts, to provide a total of \$1,053,500 for day treatment in nine school districts.		537,500		537,500
Increased funding for the Dakota Women's Correctional and Rehabilitation Center contract to provide a total of \$11,905,311.		1,143,360		1,143,360
Increased funding for transitional services at the Bismarck Transition Center.		549,626		549,626
Adjusted funding for miscellaneous expenses, including reductions in food and clothing, operating fees and services, and maintenance, and increases in equipment and information technology contractual expenses.		571,322	(2,980,285)	(2,408,963)
Added funding for Microsoft Office 365 license expenses.		618,699	110,208	728,907
Increased funding, including \$6.8 million from federal funds, for crime victims grants.		20,000	6,822,251	6,842,251
Adjusted funding for capital bond payments.		(469,380)	16,180	(453,200)
Removed ongoing funding used to purchase a man camp facility for the Missouri River Correctional Center.		(844,000)		(844,000)
Removed ongoing funding for extraordinary repairs.		(866,000)	(80,000)	(946,000)
Added one-time funding to replace Elite servers.		40,000		40,000
Added one-time funding for Roughrider Industries equipment.			298,700	298,700
Added one-time funding for extraordinary repairs, including \$141,000 from the strategic investment and improvements fund (SIIF).		876,250	456,000	1,332,250
Added one-time funding for a Youth Correctional Center campus infrastructure study.		75,000		75,000
Added one-time funding from SIIF for inmate tracking systems and other information technology upgrades.			665,000	665,000
Added one-time funding from SIIF for security equipment and redundant fencing.			412,000	412,000
Added one-time funding for a study of the Department of Corrections and Rehabilitation (DOCR).		400,000		400,000
Total	54.50	\$15,341,372	\$4,794,636	\$20,136,008

FTE Changes

The Legislative Assembly authorized 899.79 FTE positions for DOCR for the 2019-21 biennium, an increase of 54.5 FTE positions from the 2017-19 biennium. The Legislative Assembly added:

- 20 FTE correctional officer positions converted from temporary positions;
- 27.5 FTE positions relating to DOCR operating TRCC rather than DHS; and
- 7 FTE positions for a pretrial services pilot program in 3 judicial districts.

One-Time Funding

The following is a summary of one-time items for DOCR for the 2019-21 biennium:

	General Fund	Other Funds	Total
Elite servers	\$40,000		\$40,000
Roughrider Industries equipment		\$298,700	298,700
State Penitentiary extraordinary repairs, including \$41,850 from SIIF and \$300,000 from the penitentiary land replacement fund	118,250	341,850	460,100
James River Correctional Center extraordinary repairs (SIIF)	386,000	44,888	430,888
Youth Correctional Center extraordinary repairs (SIIF)	372,000	54,262	426,262
Roughrider Industries extraordinary repairs		15,000	15,000
Oracle offender management software upgrade (SIIF)		165,000	165,000
Contract payments and procurement system (SIIF)		100,000	100,000
Inmate tracking and management system (SIIF)		160,000	160,000
Inmate intake and movement system (SIIF)		240,000	240,000
Scan and screen devices (SIIF)		230,000	230,000
State Penitentiary redundant fence (SIIF)		160,000	160,000
James River Correctional Center portable x-ray device (SIIF)		22,000	22,000
Youth Correctional Center campus infrastructure study	75,000		75,000
DOCR Legislative Management study	400,000		400,000
Total	\$1,391,250	\$1,831,700	\$3,222,950

Inmate Population

The following table summarizes the 2019-21 biennium inmate population projections used to develop the legislative appropriation:

	Male	Female	Total
Fiscal year 2020			
July	1,482	203	1,685
August	1,486	205	1,691
September	1,490	207	1,697
October	1,495	209	1,704
November	1,499	211	1,710
December	1,503	213	1,716
January	1,507	215	1,722
February	1,511	217	1,728
March	1,515	219	1,734
April	1,519	221	1,740
May	1,524	223	1,747
June	1,528	225	1,753
Fiscal year 2021			
July	1,532	227	1,759

	Male	Female	Total
August	1,536	228	1,764
September	1,541	229	1,770
October	1,545	229	1,774
November	1,549	229	1,778
December	1,554	229	1,783
January	1,558	229	1,787
February	1,562	229	1,791
March	1,565	229	1,794
April	1,565	229	1,794
May	1,565	229	1,794
June	1,565	229	1,794

The following table shows the estimated and actual average male and female inmate populations for the 2017-19 biennium to date:

	Male Inmate Population Estimated v. Actual			Female Inmate Population Estimated v. Actual		
	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate
Fiscal year 2018						
July	1,616	1,603	(13)	224	220	(4)
August	1,623	1,593	(30)	224	223	(1)
September	1,631	1,600	(31)	224	223	(1)
October	1,639	1,591	(48)	224	207	(17)
November	1,641	1,566	(75)	224	201	(23)
December	1,641	1,541	(100)	224	199	(25)
January	1,641	1,521	(120)	224	193	(31)
February	1,641	1,530	(111)	224	195	(29)
March	1,641	1,541	(100)	224	197	(27)
April	1,641	1,535	(106)	224	197	(27)
May	1,641	1,536	(105)	224	201	(23)
June	1,641	1,515	(126)	224	206	(18)
Fiscal year 2019						
July	1,641	1,495	(146)	224	213	(11)
August	1,641	1,478	(163)	224	209	(15)
September	1,641	1,484	(157)	224	202	(22)
October	1,641	1,501	(140)	224	189	(35)
November	1,641	1,495	(146)	224	186	(38)
December	1,641	1,503	(138)	224	193	(31)
January	1,641	1,489	(152)	224	203	(21)
February	1,641	1,491	(150)	224	207	(17)
March	1,641	1,515	(126)	224	214	(10)
April	1,641	1,560	(81)	224	217	(7)
May	1,641			224		
June	1,641			224		

Dakota Women's Correctional and Rehabilitation Center

The Legislative Assembly provided \$11,905,311 from the general fund for a contract to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England, an increase of \$1,143,360 from the 2017-19 biennium appropriation of \$10,761,951.

Other Sections in House Bill No. 1015

Special funds - SIIF - Section 3 identifies \$1,218,000 from SIIF for equipment, information technology projects, and extraordinary repairs.

Treatment records - Section 4 amends North Dakota Century Code Section 12-47-36(5) to allow DOCR to disclose inmate treatment records to behavioral health, vocational rehabilitation, and transitional living providers.

Pretrial services - Section 5 provides for the establishment of a pretrial services pilot program in three judicial districts. The section also provides for a report regarding the pilot program to the 67th Legislative Assembly.

Exemption - Community behavioral health program - Section 6 provides that any unexpended general fund appropriation authority relating to the \$7 million appropriated for the community behavioral health program for the 2017-19 biennium is not subject to the provisions of Section 54-44.1-11 and any unexpended funds may be continued and expended during the 2019-21 biennium.

Operating fund authority - Section 7 provides authority to DOCR to deposit in and spend from its operating fund pursuant to legislative appropriation any money received from correctional supervision, electronic monitoring, and detention; reimbursements from other agencies; profits received from DOCR commissary; miscellaneous revenue, including offender fines, fees, restitution, and medical copayments; and from the common schools trust fund.

Tompkins Rehabilitation and Corrections Center - Section 8 conveys ownership of the Tompkins building and surrounding property from DHS to DOCR.

Legislative Management study - Section 9 provides for a Legislative Management study of DOCR.

Related Legislation

House Bill No. 1013 - Provides for a distribution of \$1,864,000 to the Youth Correctional Center from permanent funds established for the benefit of the institution.

House Bill No. 1039 - Raises the age of culpability of a juvenile from 7 to 10 years old.

House Bill No. 1050 - Decriminalizes the possession of less than one-half ounce of marijuana, provides for a Legislative Management study of recreational marijuana, and provides DOCR may place certain sentenced individuals in a drug and alcohol treatment program and upon completion of the program, place the individual on probation.

House Bill No. 1051 - Provides a minimum sentence exemption for sentences imposed upon revocation of probation.

House Bill No. 1076 - Removes the authority of DOCR to transfer an offender between 16 and 18 years old from the Youth Correctional Center to an adult correctional facility.

House Bill No. 1183 - Removes certain mandatory sentences for offenses relating to controlled substances.

House Bill No. 1393 - Creates law relating to domestic violence.

House Bill No. 1396 - Provides for a mandatory minimum sentence for the abuse of a child.

House Bill No. 1520 - Raises the age of culpability of a juvenile from 7 to 10 years old and provides for assessments of delinquent children.

Senate Bill No. 2044 - Amends and clarifies Section 12.1-21-06 relating to tampering with or damaging a critical infrastructure facility or a public service.

Senate Bill No. 2087 - Reduces the record retention period for adult and juvenile case files and court records from 50 years to 25 years.

Senate Bill No. 2273 - Creates and amends law relating to sexual extortion and other sexual offenses.

Adjutant General, including the National Guard and the Department of Emergency Services
Budget No. 540
Senate Bill Nos. 2016 and 2195

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	222.00	\$27,571,197	\$120,485,042	\$148,056,239
2019-21 base budget	234.00	25,886,422	143,599,480	169,485,902
Legislative increase (decrease) to base budget	(12.00)	\$1,684,775	(\$23,114,438)	(\$21,429,663)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$27,390,197	\$181,000	\$27,571,197
2017-19 legislative appropriations	25,886,422	887,823 ¹	26,774,245 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,503,775	(\$706,823)	\$796,952
Percentage increase (decrease) to 2017-19 appropriations	5.8%	(79.6%)	3.0%

¹The 2017-19 biennium general fund appropriations reflect a deficiency appropriation of \$887,823 made in Senate Bill No. 2024. See the **Deficiency Appropriation** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$175,188)	(\$603,242)	(\$778,430)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		453,686	685,783	1,139,469
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		360,861	587,332	948,193
Department of Emergency Services				
Removed 4 FTE communications specialist positions and 1 FTE GIS specialist position.	(5.00)	(581,885)	(48,591)	(630,476)
Adjusted funding and FTE positions as part of the information technology (IT) unification initiative.	(4.00)	18,420	20,745	39,165

Transferred criminal information services FTE positions to the Attorney General.	(2.00)	(256,692)	(105,987)	(362,679)
Reduced funding for emergency services operating expenses.		(177,482)		(177,482)
Increased funding from the radio communications fund for State Radio operating expenses.			542,338	542,338
Reduced funding, including \$1.3 million from the state disaster relief fund and \$13.3 million from federal funds, for disaster costs.			(14,608,053)	(14,608,053)
Reduced federal funding for emergency services grants.			(615,734)	(615,734)
Added one-time funding from the strategic investment and improvements fund (SIIF) for a 911 dispatching service revenue shortfall.			1,212,253	1,212,253
Added one-time funding, including \$690,000 from SIIF, for information technology upgrades.		181,000	690,000	871,000
Added one-time funding from federal funds for emergency services equipment.			660,000	660,000
National Guard				
Added FTE positions, including a physical plant director, maintenance supervisor, and custodial supervisor, for the Fargo Readiness Center.	3.00	131,028	131,029	262,057
Removed FTE positions, including 1 FTE carpenter, 1 FTE security officer, and 2 FTE veterans' benefits specialists.	(4.00)	(435,261)	(129,932)	(565,193)
Reclassified a security officer position as a project manager position.		221,598	(132,379)	89,219
Increased funding for tuition assistance to provide a total of \$4,782,072 from the general fund for tuition, recruiting, and retention.		2,164,572		2,164,572
Reduced funding for National Guard operating expenses.		(762,245)		(762,245)
Reduced funding for city-owned armory grants to provide a total of \$210,916 for armory grants.		(107,637)		(107,637)
Adjusted funding for the Air Guard and Army Guard contracts.		475,000	(12,000,000)	(11,525,000)
Added funding to pay the costs of interring veterans' spouses and dependents who are eligible for interment at the Veterans' Cemetery (Senate Bill No. 2195).		175,000		175,000
Added one-time funding from SIIF for the purchase of options to purchase or lease land for the expansion of Camp Grafton.			600,000	600,000
Total	(12.00)	\$1,684,775	(\$23,114,438)	(\$21,429,663)

FTE Changes

The 2019-21 biennium appropriation includes funding for 222 FTE positions, a decrease of 12 FTE positions from the 2017-19 biennium authorized level of 234 FTE positions. The Legislative Assembly added 3 FTE positions for the Fargo Readiness Center and removed:

- 4 FTE communications specialists;
- 1 FTE geographic information systems specialist;
- 4 FTE information technology positions transferred to the Information Technology Department as part of the IT unification initiative;
- 1 FTE carpenter;
- 1 FTE security officer;
- 2 FTE veterans' benefits specialists; and
- 2 FTE positions related to criminal justice information services transferred to the Attorney General.

One-Time Funding

The Legislative Assembly appropriated \$3,343,253 of one-time funding to the Adjutant General as follows:

	General Fund	Other Funds	Total
State Radio 911 dispatching service revenue shortfall (SIIF)		\$1,212,253	\$1,212,253
Computer-aided dispatch upgrade (SIIF)	\$66,000	450,000	516,000
Uninterruptible power supply battery replacement	20,000		20,000
Message switch hardware (SIIF)		240,000	240,000
Message switch software	95,000		95,000
Camp Grafton expansion (SIIF)		600,000	600,000
Emergency services equipment (federal funds)		660,000	660,000
Total	\$181,000	\$3,162,253	\$3,343,253

Deficiency Appropriation

Senate Bill No. 2024 - Provides deficiency appropriations of \$887,823 from the general fund to repay Bank of North Dakota loans for the state's share of disaster costs and \$1,586,061 from the environment and rangeland protection fund to repay Bank of North Dakota loans for the summer 2018 emergency hay transportation program.

Other Sections in Senate Bill No. 2016

Veterans' Cemetery maintenance fund - Section 3 appropriates any funds which are received and deposited in the Veterans' Cemetery maintenance fund pursuant to North Dakota Century Code Sections 37-03-14 and 39-04-10.10 for the operation of the Veterans' Cemetery for the 2019-21 biennium.

State Treasurer appropriation - Section 4 provides a 2017-19 biennium appropriation of \$8.1 million from the state disaster relief fund for grants to townships in non-oil-producing counties for road and bridge maintenance and improvements. Section 16 provides this section is an emergency measure.

Strategic investment and improvements fund - Section 5 identifies \$2,502,253 from the strategic investment and improvements fund for various one-time funding items.

Camp Grafton expansion - Section 6 provides legislative intent regarding the expansion of Camp Grafton, including the purchase of options for the purchase or long-term lease of land for the expansion. Section 16 provides the funding and provisions relating to the Camp Grafton expansion are an emergency measure.

National Guard tuition waiver - Section 7 increases the National Guard tuition waiver from 25 to 35 percent.

National Guard tuition grants - Section 8 relates to the calculation of the maximum National Guard tuition grant to be provided to private institutions.

Oil and gas tax allocations - Section 9 amends Section 57-51.1-07.5 to reduce the state share of oil and gas taxes deposited in the state disaster relief fund from \$20 million to \$15 million per biennium. Section 15 provides an effective date for the change.

Maintenance and repairs - Section 10 authorizes the Adjutant General to transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2019-21 biennium. Any amounts transferred must be reported to the Legislative Council.

Exemption - Radio communications - Section 11 provides that any unexpended general fund or special funds appropriation authority carried over in the radio communications line item relating to the State Radio tower package for the 2013-15 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Exemption - Tuition, recruiting, and retention - Section 12 provides that any unexpended general fund or special funds appropriation authority in the tuition, recruiting, and retention line item for the 2017-19 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Exemption - Veterans' bonus - Section 13 provides that any unexpended general fund or special funds appropriation authority carried over in the grants line item relating to payment of adjusted compensation to veterans for the 2015-17 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium. Any unexpended funds from this appropriation must be transferred to the Veterans' Cemetery trust fund during the 2019-21 biennium.

Exemption - Mobile repeaters and programming radios - Section 14 provides that any unexpended general fund or special funds appropriation authority carried over in the Department of Emergency Services operating expenses line item relating to one-time funding from the strategic investment and improvements fund for mobile repeaters and programming radios for the 2017-19 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Related Legislation

House Bill No. 1046 - Clarifies law relating to the application process for National Guard tuition waivers.

House Bill No. 1053 - Provides for an income tax deduction relating to retired military personnel benefits.

House Bill No. 1091 - Increases the number of members on the Department of Emergency Services Advisory Committee from 11 members to 12. Eliminates language identifying the operational sections of the Division of Homeland Security under the Department of Emergency Services.

House Bill No. 1095 - Amends the definition of a volunteer emergency responder to include volunteer members of the National Guard of any state.

House Bill No. 1101 - Provides continuing appropriation authority from the North Dakota National Guard service member, veteran, family, and survivor support fund to the Adjutant General for expenses relating to the North Dakota National Guard service member, veteran, family, and survivor support program.

House Bill No. 1435 - Provides an appropriation of \$120 million, including \$80 million from Bank of North Dakota line of credit proceeds, \$20 million from the strategic investment and improvements fund, and \$20 million from Bank of North Dakota profits, to the Information Technology Department for statewide interoperable radio network projects.

Senate Bill No. 2055 - Eliminates the Emergency Commission and Budget Section approval requirement to expend money from the state disaster relief fund that have been appropriated by the Legislative Assembly. The bill also provides for a report to the Budget Section detailing expenditures from the appropriation. The bill also changes the allowable uses of money in the fund.

Senate Bill No. 2096 - Amends law relating to mutual aid agreements to include Canadian provinces.

Department of Commerce
 Budget No. 601
 House Bill No. 1018 and Senate Bill Nos. 2015 and 2265

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	61.80	\$40,191,721	\$58,423,293	\$98,615,014
2019-21 base budget	66.40	30,342,680	58,283,906	88,626,586
Legislative increase (decrease) to base budget	(4.60)	\$9,849,041	\$139,387	\$9,988,428

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$32,866,721	\$7,325,000	\$40,191,721
2017-19 legislative appropriations	30,342,680	29,750,000 ¹	60,092,680 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,524,041	(\$22,425,000)	(\$19,900,959)
Percentage increase (decrease) to 2017-19 appropriations	8.3%	(75.4%)	(33.1%)

¹The 2017-19 biennium general fund appropriation reflects 2017-19 biennium supplemental appropriations of \$28.75 million made in Sections 12 and 19 of House Bill No. 1018. See the **Supplemental Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.	(1.60)	(\$275,988)	(\$10,546)	(\$286,534)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		299,503	63,849	363,352
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		218,186	57,339	275,525
Removed 3 FTE undesignated positions.	(3.00)	(130,845)	(390,991)	(521,836)
Adjusted funding for the department's reorganization.		(1,549,149)	(184,005)	(1,733,154)
Added funding for Microsoft Office 365 licensing expenses.		41,905	7,983	49,888
Added funding for self-sufficiency grants (\$270,429) and commission investment grants (\$257,682).		270,429	257,682	528,111

Added funding for homeless shelter grants to provide a total of \$1.5 million from the general fund.	1,200,000		1,200,000
Added funding for biotechnology grants.	300,000		300,000
Removed funding from the Research North Dakota fund for operating expenses (\$500,000), grants (\$500,000), and entrepreneurship grants and vouchers (\$1.2 million).		(2,200,000)	(2,200,000)
Adjusted funding for discretionary funds from the Research North Dakota fund to the general fund.	950,000	(1,000,000)	(50,000)
Added funding for the Division of Tourism to provide total funding of \$8,801,678 for operating expenses, of which \$8,259,678 is from the general fund and \$542,000 is from the Department of Tourism fund.	1,000,000		1,000,000
Removed funding for the Agricultural Products Utilization Commission (APUC) due to the transfer of the program to the Agriculture Commissioner.		(2,761,924)	(2,761,924)
Added funding for unmanned aircraft system (UAS) grants, including \$1 million from federal funds and \$1 million of matching funds from private donations deposited in the UAS fund.		2,000,000	2,000,000
Added one-time funding for UAS operating expenses.	2,225,000		2,225,000
Added one-time funding for enhanced use lease grants.	3,000,000		3,000,000
Added one-time funding from the strategic investment and improvements fund (SIIF) for the entrepreneurship grants and vouchers program, also known as Innovate ND, to provide total funding of \$2,948,467.		2,000,000	2,000,000
Added one-time funding from SIIF for a Census 2020 program for marketing and advocating to transient and low-population county individuals in the 2020 census.		1,000,000	1,000,000
Added one-time funding for workforce grants to tribally controlled community colleges.	500,000		500,000
Added one-time funding for a workforce safety grant.	1,000,000		1,000,000
Added one-time funding for a nonresident nurse employment recruitment program (Senate Bill No. 2015).	500,000		500,000
Added one-time funding from the beginning farmer revolving loan fund for intermodal container transportation shipping fees.		1,300,000	1,300,000
Added one-time funding for sculpture maintenance grants.	75,000		75,000

Added one-time funding for a job development and economic growth grant.		25,000		25,000
Added ongoing funding for matching funds to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading (Senate Bill No. 2265).		200,000		200,000
Total	(4.60)	\$9,849,041	\$139,387	\$9,988,428

FTE Changes

The Legislative Assembly authorized 61.80 FTE positions for the Department of Commerce for the 2019-21 biennium, a decrease of 4.60 FTE positions from the 2017-19 biennium authorized level of 66.40. The Legislative Assembly removed 4.6 undesigned FTE positions.

One-Time Funding

The Legislative Assembly appropriated \$11,625,000 of one-time funding to the Department of Commerce for the 2019-21 biennium as follows:

	General Fund	Other Funds	Total Funds
UAS operating expenses	\$2,225,000		\$2,225,000
Enhanced use lease grants	3,000,000		3,000,000
Entrepreneurship grants and vouchers (SIIF)		\$2,000,000	2,000,000
Census 2020 program (SIIF)		1,000,000	1,000,000
Workforce grants to tribally controlled community colleges	500,000		500,000
Workforce safety grant	1,000,000		1,000,000
Nonresident nurse employment recruitment program	500,000		500,000
Intermodal container transportation shipping fees (beginning farmer revolving loan fund)		1,300,000	1,300,000
Sculpture maintenance grants	75,000		75,000
Job development and economic growth grant	25,000		25,000
Total	\$7,325,000	\$4,300,000	\$11,625,000

Supplemental Appropriations

Beyond visual line of sight UAS program - Section 12 of House Bill No. 1018 provides a supplemental appropriation of \$28 million to the Department of Commerce for a beyond visual line of sight (BVLOS) UAS program. The department is authorized to continue this funding into the 2019-21 biennium. Section 21 of the bill provides an emergency clause related to the funding.

Section 13 creates a new section to North Dakota Century Code Chapter 54-60 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department is required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund. Section 21 of the bill provides an emergency clause related to the program.

Section 14 provides for the Legislative Management to consider studying the future administration and regulation of the UAS industry in North Dakota, including BVLOS UAS. The study must include a determination of the appropriate state agency or private entity to be assigned responsibility of regulating UAS programs, including licensing, registration, appropriate fees, and other responsibilities.

North Dakota gorge preservation grants - Section 19 of House Bill No. 1018 provides a supplemental appropriation of \$750,000 to the Department of Commerce for providing grants, on a reimbursements basis, to an organization dedicated to preserving a North Dakota gorge. Grant awards may be awarded only for expenditures related to the purchase and maintenance of outdoor recreation equipment, the improvement and maintenance of real property, enhancing public

access to natural resources, and addressing public safety hazards in a North Dakota gorge. Grant funds may be awarded only to the extent that matching funds on a dollar-for-dollar basis are provided from private or other nonstate sources. Matching funds may include in-kind payments for labor and materials. The department is authorized to continue this funding into the 2019-21 biennium. Section 21 includes an emergency clause related to the funding.

The following is a summary of supplemental appropriations provided to the Department of Commerce in House Bill No. 1018:

Supplemental Appropriations	General Fund
BVLOS UAS program	\$28,000,000
North Dakota gorge preservation grants	750,000
Total	\$28,750,000

Centers of Excellence and Centers of Research Excellence

The 2019 Legislative Assembly did not appropriate any new funding for either the centers of excellence program, established in Chapter 15-69 by the 2003 Legislative Assembly, or the centers of research excellence program, established in Chapter 54-65 by the 2011 Legislative Assembly.

In Senate Bill No. 2224, the 2019 Legislative Assembly:

- Approved a transfer of any balance in the centers of excellence fund and the centers of research excellence fund to the Research North Dakota fund on July 1, 2019.
- Repealed Chapter 15-69 related to the centers of excellence program and Sections 54-65-02, 54-65-03, 54-65-04, and 54-65-05 related to the centers of research excellence program, effective July 1, 2019.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the centers of excellence fund and the centers of research excellence fund.

Research North Dakota Grant Program

The 2019 Legislative Assembly did not appropriate any new funding for the Research North Dakota grant program or the Research North Dakota venture program. In Senate Bill No. 2224, the 2019 Legislative Assembly:

- Approved a transfer of any balance in the centers of excellence fund and the centers of research excellence fund to the Research North Dakota fund on July 1, 2019.
- Approved a transfer of \$700,000 from the Research North Dakota fund to a newly create bioscience innovation grant fund.
- Approved a transfer of any balance in the Research North Dakota fund to the state general fund on June 30, 2021.
- Repealed Section 10-30.5-14 and Chapter 54-65 related to the Research North Dakota program, effective July 1, 2021.

As of April 2019, the estimated 2017-19 biennium ending fund balance in the Research North Dakota fund was \$1,943,056. Of this amount, \$1,312,225 has been awarded but not distributed, resulting in \$630,831 of uncommitted funding available during the 2019-21 biennium. The estimated transfer on July 1, 2019, from the centers of excellence fund to the Research North Dakota fund is \$366,896. The estimated transfer on July 1, 2019, from the centers of research excellence fund to the Research North Dakota fund is \$309,604. After obligated funds are disbursed and the transfer to the bioscience innovation grant fund, the estimated transfer from the Research North Dakota fund to the general fund on June 30, 2021, is \$581,000. The 2019-21 biennium ending fund balance in the Research North Dakota fund will be \$0 as a result of the repeal of the program in Senate Bill No. 2224.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the Research North Dakota fund.

Unmanned Aircraft Systems Program

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to

administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

The following is a summary of funding for UAS programs:

Biennium	General Fund	Other Funds	Total
2013-15	\$5,000,000		\$5,000,000
2015-17 ¹	2,718,620		2,718,620
2017-19 ^{2,3}	28,000,000	\$2,000,000	30,000,000
2019-21 ⁴	2,250,000	2,000,000	4,250,000
Total	\$37,968,620	\$4,000,000	\$41,968,620

¹Of the \$2,718,620 appropriated for the UAS program for the 2015-17 biennium, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. In addition the Department of Commerce was authorized to continue \$1,500,000 from the 2013-15 biennium, which was appropriated for the UAS program during the 2013-15 biennium.

²The \$2 million of other funds is one-time funding provided by the 2017 Legislative Assembly for the UAS program from SIIF. The Department of Commerce was also authorized to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium.

³The 2019 Legislative Assembly provided a supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program in the 2017-19 biennium.

⁴The 2019 Legislative Assembly appropriated \$4.25 million to the Department of Commerce for the UAS program for the 2019-21 biennium, of which \$2.25 million was a one-time general fund appropriation for operating expenses of the UAS program. The remaining \$2 million was considered ongoing funding for grants, including \$1 million from federal funds and \$1 million of matching funds from private donations deposited in the UAS fund. The department was also authorized to continue unexpended SIIF funds from the 2017-19 biennium appropriation, estimated at \$750,000, to provide a total of \$5 million available for the 2019-21 biennium.

Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from SIIF to the Department of Commerce for the department to develop the program and award grants. The department was to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and BVLOS UAS flights in partnership with the Northern Plains UAS Test Site.

The following is a summary of funding for the enhanced use lease grant program:

Biennium	General Fund	Other Funds	Total
2013-15 ¹		\$2,500,000	\$2,500,000
2015-17 ^{1,2}		7,500,000	7,500,000
2017-19 ^{1,3}	\$1,000,000	2,000,000	3,000,000
2019-21	3,000,000		3,000,000
Total	\$4,000,000	\$12,000,000	\$16,000,000

¹Other funds appropriated for the enhanced use lease grant program was from SIIF.

²Of the \$7.5 million provided for the enhanced use lease grant program during the 2015-17 biennium, \$3.1 million was contingent on the construction and agreement of a first private sector single-tenant or multitenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multitenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services. The contingencies were met.

³Section 10 of Senate Bill No. 2018 (2017) required grants available during the 2017-19 biennium be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting UAS. The Department of Commerce must require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$3,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education.

The 2017 Legislative Assembly provided \$950,000 from the general fund for the Operation Intern program for the 2017-19 biennium, a decrease of \$600,000 from the 2015-17 biennium authorized level of \$1.55 million. Section 7 of Senate Bill No. 2018 (2017) provided that the \$950,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund. Section 16 declared these items an emergency measure.

The 2019 Legislative Assembly provided \$855,000 from the general fund for the Operation Intern program for the 2017-19 biennium, a decrease of \$95,000 from the 2017-19 biennium. Section 7 of House Bill No. 1018 provides that the \$855,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund.

North Dakota Trade Office

The North Dakota Trade Office creates global partnerships to expand trade opportunities for North Dakota businesses through advocacy, education, and expertise. The 2019 Legislative Assembly provided \$1.6 million from the general fund for the North Dakota Trade Office for the 2019-21 biennium, a decrease of \$400,000 from the 2017-19 biennium authorized level of \$2 million. The following is a summary of funding for the North Dakota Trade Office:

Biennium	General Fund	Other Funds	Total
2003-05 ¹	\$75,000		\$75,000
2005-07 ²		\$700,000	700,000
2007-09 ³	1,500,000		1,500,000
2009-11 ⁴	2,064,000		2,064,000
2011-13 ⁵	2,613,400		2,613,400
2013-15 ⁵	2,613,400		2,613,400
2015-17 (adjusted) ^{5,6}	2,556,694		2,556,694
2017-19 ⁷	2,000,000		2,000,000
2019-21 ⁷	1,600,000		1,600,000
Increase (decrease) from previous biennium	(\$400,000)	\$0	(\$400,000)

¹Section 21 of 2003 House Bill No. 1019 required the Department of Commerce to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department was to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the trade authority for the 2003-05 biennium. Section 22 of the bill provided that the department may spend any gifts, grants, or other income received by the authority pursuant to a continuing appropriation for the 2003-05 biennium.

²The 2005 Legislative Assembly provided funding of \$500,000 from the development fund and \$200,000 from the Mill and Elevator Association for costs associated with the North Dakota Trade Office. Matching funds of 50 percent were to be provided before this funding was made available.

³Section 10 of 2007 House Bill No. 1018 provided that the Department of Commerce may spend 50 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁴Section 11 of 2009 Senate Bill No. 2018 provides that the Department of Commerce may spend 62.5 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁵Section 26 of 2011 Senate Bill No. 2057, Section 31 of 2013 Senate Bill No. 2018, and Section 12 of 2015 House Bill No. 1018, provided the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁶The 2015-17 biennium appropriation for the North Dakota Trade Office reflects a \$56,706 general fund reduction made as part of the August 2016 special legislative session reductions.

⁷Section 11 of 2017 Senate Bill No. 2018 and Section 9 of 2019 House Bill No. 1018 provide the Department of Commerce may spend 60 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Agricultural Products Utilization Commission

The purpose of APUC is to provide grants to develop and expand the use of agricultural products in accordance with Chapter 54-60.3. The Agricultural Products Utilization Commission has received funding from the general fund, special funds, and federal funds.

The 2019 Legislative Assembly transferred the APUC program from the Department of Commerce to the Agriculture Commissioner in Senate Bill No. 2328, resulting in \$3,152,915 of special funds being removed from the Department of Commerce. The following is a recent summary of funding for APUC in the Department of Commerce:

Biennium	General Fund	APUC Fund ¹	Federal Funds	Total ²
2013-15	\$1,202,210	\$1,738,284	\$300,000	\$3,240,494
2015-17 (adjusted) ^{3,4}	1,022,983	2,095,628	0	3,118,611
2017-19 ^{5,6}	0	3,152,915	0	3,152,915
2019-21 ⁷	0	0	0	0
Increase (Decrease) from 2017-19 biennium	\$0	(\$3,152,915)	\$0	(\$3,152,915)

¹The 2013 Legislative Assembly renamed the agricultural fuel tax fund the Agricultural Products Utilization Commission fund. Section 19 of 2013 Senate Bill No. 2018 removed the requirement that two cents per gallon of the motor vehicle fuel tax refund for agricultural purposes be deposited in the agricultural products utilization fund. As a result of the change, the remaining funding sources for the agricultural products utilization fund are an annual transfer of 5 percent of the Mill and Elevator Association profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes.

²These amounts do not include carryover authority.

³The 2015-17 general fund appropriation for APUC reflects a \$200,000 reduction made during the August 2016 special legislative session reductions.

⁴The 2015 Legislative Assembly provided an exemption for APUC in Section 17 of House Bill No. 1018 allowing unexpended funds from the 2013-15 biennium to continue during the 2015-17 biennium.

⁵Of the amount appropriated to the Department of Commerce through the APUC fund for the 2017-19 biennium, approximately \$1.3 million is from the Mill and Elevator Association profits and approximately \$1,000 is from motor vehicle fuel tax refunds. The remaining amount is additional special fund spending authority from the APUC fund if additional Mill and Elevator Association profits become available.

⁶The 2017 Legislative Assembly provided an exemption for APUC in Section 4 of Senate Bill No. 2018 allowing unexpended funds from the 2015-17 biennium to continue during the 2017-19 biennium.

⁷The 2019 Legislative Assembly transferred the APUC program to the Agriculture Commissioner in Senate Bill No. 2328. Funding provided to the Agriculture Commissioner for the APUC program for the 2019-21 biennium totals \$4 million, of which \$239,583 is from the general fund, \$1,760,417 is from the APUC fund, and \$2 million is from profits of the Bank of North Dakota.

Ethanol Production Incentives

The ethanol production incentive fund is administered by the Department of Commerce to provide production incentives to ethanol production facilities in accordance with Chapter 17-02. Forty percent of the revenue from the registration of farm vehicles is transferred to the ethanol production incentive fund from the highway tax distribution fund in accordance with Section 39-04-39. The balance of the ethanol production incentive fund cannot exceed \$7.5 million, which may limit the amount transferred from the highway distribution fund. The 2013 Legislative Assembly in Sections 10 and 19 of Senate Bill No. 2018 removed the requirement that one cent per gallon of the motor vehicle fuel tax refunds be deposited in the ethanol production incentive fund. The estimated revenue for the ethanol production incentive fund is \$2.4 million and estimated expenditures from the fund are \$4.7 million during the 2017-19 biennium. The department estimates ethanol production incentive fund revenue and expenditures for the 2019-21 biennium will be approximately the same as the 2017-19 biennium. The additional expenditures will result in a reduction in the fund balance.

Other Grant Programs

Base retention grant program - The 2017 Legislative Assembly provided one-time funding of \$600,000 from SIIF for base retention grants, a decrease of \$900,000 from the 2015-17 biennium authorized level of \$1.5 million. Section 8 of Senate Bill No. 2018 (2017) provides that of this amount, up to \$200,000 may be provided to each community with an Air Force base or Air National Guard facilities. The 2019 Legislative Assembly did not provide funding for the base retention grant program.

Entrepreneurship grants and voucher program - Section 10 of House Bill No. 1018 identifies \$2,948,467 in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate ND, which includes ongoing funding of \$740,956 from the general fund, \$207,511 of ongoing funding from the economic development fund, and \$2 million of one-time funding from SIIF. Of the \$2 million provided from SIIF, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, and \$150,000 is to be distributed to the entrepreneurial center located in Jamestown. The funding for the Jamestown entrepreneurial center may only be provided to the extent the center provides \$1 of matching funds from private or other nonstate sources for each \$1 provided by the department during the 2019-21 biennium. The department is required to establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. Any unexpended funds from the entrepreneurship grants and voucher program line item may be continued into the 2021-23 biennium.

Section 12 of 2017 Senate Bill No. 2018 also provided an exemption for the department to continue any 2017-19 biennium funding for the entrepreneurship grants and vouchers program line item into the 2019-21 biennium. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$935,100, of which \$800,100 is from the general fund and \$135,000 is from other funds.

Tribal college workforce grant program - The purpose of this grant program is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending a tribal college with establishing a new business. The 2019 Legislative Assembly appropriated one-time funding of \$500,000 from the general fund to the Department of Commerce for workforce grants to tribally controlled community colleges. The 2017 Legislative Assembly appropriated one-time funding of \$500,000 from the student loan trust fund to the department for this program. The 2015 Legislative Assembly provided a total appropriation of \$3 million to the department for this program, of which \$2 million was from the general fund and \$1 million was from the student loan trust fund.

Early childhood education grants program - The 2019 Legislative Assembly provided \$1.5 million from the general fund for the early childhood education grants program, also known as the prekindergarten community grant program, the same as provided for the 2017-19 biennium. Total funding provided for the program for the 2015-17 biennium was \$3 million.

Homeless shelter grant program - The 2019 Legislative Assembly provided \$1.5 million from the general fund for homeless shelter grants for the 2019-21 biennium, an increase of \$1.2 million from the 2017-19 biennium authorized level of \$300,000. Total funding provided for the program for the 2015-17 biennium was \$1.5 million.

Biotechnology grants program - Section 11 of House Bill No. 1018 identifies \$300,000 from the general fund in Section 1 for the purpose of providing biotechnology grants to a local association with bioscience experience to promote bioscience and biotechnology research and business development in North Dakota agriculture and life and energy science industries. Senate Bill No. 2224 provides for a \$700,000 transfer from the Research North Dakota fund to the bioscience innovation grant fund, provides the Agriculture Commissioner a continuing appropriation for the bioscience innovation grant program, and requires the Agriculture Commissioner to collaborate with the Department of Commerce when awarding bioscience innovation grants to coordinate the management of the Agriculture Commissioner's bioscience innovation grant program and the Department of Commerce's biotechnology grant program.

Sculpture maintenance grants program - Section 16 of House Bill No. 1018 identifies a one-time appropriation of \$75,000 from the general fund in Section 1 for providing grants, on a reimbursement basis, to maintain the structure and appearance of metal sculptures located adjacent to highways in North Dakota. Grant funds may be awarded only for sculptures with current land leases. The Department of Commerce shall establish guidelines to require a privately funded maintenance plan to be established for future maintenance costs of metal sculptures adjacent to highways in North Dakota.

Nonresident nurse employment recruitment program - Section 17 of House Bill No. 1018 identifies a one-time appropriation of \$800,000 from the general fund in Section 1 for a nonresident nurse employment recruitment program. The Department of Commerce is required to provide up to \$4,000 in incentives for each nonresident licensed nurse who signs a written agreement to work at least 4 years in a North Dakota licensed health care facility. Any licensed health care facility receiving funds from this program must provide \$2 of incentive matching funds for each \$1 provided by the department during the 2019-21 biennium. **Sections 27, 28, and 29 of Senate Bill No. 2015 amend House Bill No. 1018 to reduce this appropriation by \$300,000 to provide a total one-time appropriation of \$500,000 from the general fund for this program.**

Job development and economic growth grant program - Section 20 of House Bill No. 1018 identifies a one-time appropriation of \$25,000 from the general fund in Section 1 for the purpose of providing a grant to an organization dedicated to promoting job development and economic growth through the purchase of a vacant building previously used to promote job development and economic growth.

Exemptions

The Legislative Assembly provided exemptions in House Bill No. 1018 to allow unexpended 2017-19 biennium appropriations to continue into the 2019-21 biennium as follows:

- **Discretionary funds** - The exemption in Section 4 provides an exemption for the discretionary funds line item. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$350,000 from the general fund.
- **UAS program** - Section 5 provides an exemption for the UAS program. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$750,000 from SIIF.
- **Early childhood education grants program** - Section 6 provides an exemption for the early childhood education grants program. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$100,000 from the general fund.
- **Operation Intern program** - Section 8 provides an exemption for the Operation Intern program. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$550,000 from the general fund.

Other Sections in House Bill No. 1018

Discretionary funds - Rural health - Section 3 designates \$200,000 of the \$2.15 million from the general fund appropriated in the discretionary funds line item in Section 1 for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state.

Motion picture incentives study - Section 15 provides for a Legislative Management study of motion picture incentives. The study must include a review of upper Midwest and neighboring states' statutes on motion picture incentives to assess their successes and challenges; an analysis of the economic impact that would benefit communities through food, lodging, supplies, and transportation; an assessment of existing industry infrastructure in the state and opportunities for growth; and an identification of unique geographic, seasonal, regulatory, and topographical assets the state has for the motion picture industry.

Intermodal container transportation shipping fees - Section 18 provides for a Bank of North Dakota transfer of \$1.3 million from the beginning farmer revolving loan fund to the Department of Commerce for paying intermodal container transportation fees in the event intermodal containers are unable to be shipped during the 2019-21 biennium. Section 1 provides a \$1.3 million appropriation for this purpose.

Related Legislation

House Bill No. 1040 - 21st century manufacturing workforce incentive - This bill requires the Department of Commerce to provide the Tax Commissioner the name, address, and federal identification number or social security number of taxpayers qualifying for a 21st century manufacturing workforce incentive credit and a list of the items approved as a qualified expenditure by the department.

House Bill No. 1333 - Innovation loan fund and program - This bill establishes an Innovation Loan Fund to Support Technology Advancement Committee and loan program. The Commissioner of Commerce is the chairperson of the committee, is a nonvoting member of the committee, and appoints the members of the committee with the President of the Bank of North Dakota. The department is required to administer the program in consultation with the Bank of North Dakota to provide loans. The department is required to provide administrative support for the program, including the drafting of application forms, receiving applications,

reviewing applications for completeness and compliance with committee policy, and forwarding complete applications to the committee in accordance with the guidelines established by the committee. The innovation loan fund to support technology advancement is administered by the department, and the funding is appropriated to the department on a continuing basis for providing innovation technology loans and for administrative expenses. The department is required to conduct postaward monitoring of loans provided for this program. The Bank of North Dakota is required to transfer \$15 million from the Bank's current earnings and undivided profits to the innovation loan fund to support technology advancement for the purpose of providing innovation technology loans during the 2019-21 biennium.

Senate Bill No. 2015 - Nonresident nurse employment recruitment program - Sections 27, 28, and 29 of Senate Bill No. 2015 amend House Bill No. 1018 to reduce the one-time general fund appropriation for the nonresident nurse employment recruitment program from \$800,000 to \$500,000 for the 2019-21 biennium.

Senate Bill No. 2224 - Research programs - This bill transfers any balance in the centers of excellence fund and the centers of research excellence fund to the Research North Dakota fund on July 1, 2019; repeals the centers of excellence and centers of research excellence programs on July 1, 2019; transfers \$700,000 from the Research North Dakota fund to a newly created bioscience innovation grant fund; transfers any balance in the Research North Dakota fund to the state general fund on June 30, 2021; and repeals the Research North Dakota program on July 1, 2021.

Senate Bill No. 2265 - Research-based literacy intervention services - Section 22 of this bill provides a general fund appropriation of \$200,000 to the Department of Commerce for providing a grant to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading.

Senate Bill No. 2328 - APUC - This bill provides the statutory changes necessary to transfer the APUC program from the Department of Commerce to the Agriculture Commissioner.

House Concurrent Resolution No. 3001 - Community services block grant - This resolution authorizes the Budget Section of the Legislative Management to hold required legislative hearings on state plans for the receipt and expenditures of new or reviewed block grants passed by Congress. The Department of Commerce appropriation bill contains the funding for the community services block grant program money for the period ending September 30, 2021.

**Upper Great Plains Transportation Institute
Budget No. 627
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	43.88	\$4,396,329	\$18,895,894	\$23,292,223
2019-21 base budget	43.88	3,443,174	18,617,068	22,060,242
Legislative increase (decrease) to base budget	0.00	\$953,155	\$278,826	\$1,231,981

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$4,396,329	\$0	\$4,396,329
2017-19 legislative appropriations	3,443,174	100,000	3,543,174
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$953,155	(\$100,000)	\$853,155
Percentage increase (decrease) to 2017-19 appropriations	27.7%	(100.0%)	24.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$91,145	\$158,216	\$249,361
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		57,873	120,610	178,483
Reduced funding for miscellaneous expenses.		(70,863)		(70,863)
Added funding for a road and bridge study.		875,000		875,000
Total	0.00	\$953,155	\$278,826	\$1,231,981

FTE Changes

The Legislative Assembly approved 43.88 FTE positions for the Upper Great Plains Transportation Institute for the 2019-21 biennium, the same as the 2017-19 biennium. Section 8 of House Bill No. 1020 (2019) continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control during the 2019-21 biennium, subject to the availability of funds.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 3 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2019-21 biennium.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute and provides that any adjustments be reported to the Office of Management and Budget and Budget Section.

Unexpended general fund - Excess income - Section 9 authorizes the continuation of any unexpended 2019-21 biennium general fund appropriation authority and excess income received by the Upper Great Plains Transportation Institute into the 2021-23 biennium.

Related Legislation

House Bill No. 1066 - Provides for allocations from the state share of oil and gas taxes to the municipal infrastructure fund and the county and township infrastructure fund. Permitted uses of money in the funds includes road and bridge infrastructure projects.

Senate Bill No. 2176 - Provides for a Legislative Management study of a road train pilot program and requires consultation with the Upper Great Plains Transportation Institute.

**Branch Research Centers
Budget No. 628
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	109.81	\$18,201,026	\$20,600,388	\$38,801,414
2019-21 base budget	110.29	17,155,257	20,281,691	37,436,948
Legislative increase (decrease) to base budget	(0.48)	\$1,045,769	\$318,697	\$1,364,466

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$18,201,026	\$0	\$18,201,026
2017-19 legislative appropriations	17,155,257	0	17,155,257
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,045,769	\$0	\$1,045,769
Percentage increase (decrease) to 2017-19 appropriations	6.1%	N/A	6.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$422,412	\$170,110	\$592,522
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		321,448	148,587	470,035
Added funding for salaries and wages at the Dickinson and North Central Research Centers.		125,000		125,000
Added funding for the Oakes irrigation site.		200,000		200,000
Reduced funding for capital bond payments.		(23,091)		(23,091)
Adjusted FTE positions.	(0.48)			
Total	(0.48)	\$1,045,769	\$318,697	\$1,364,466

FTE Changes

The Legislative Assembly authorized 109.81 FTE positions for the branch research centers for the 2019-21 biennium, a decrease of 0.48 FTE positions from the number authorized by the 2017 Legislative Assembly. The 0.48 FTE position was removed pursuant to Section 10 of Senate Bill No. 2020 (2017), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of House Bill No. 1020 (2019) continues the authorization of the board to adjust positions at entities under its control during the 2019-21 biennium.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 3 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the branch research centers, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2019-21 biennium.

Dickinson Research Extension Center mineral rights income - Section 5 authorizes the Dickinson Research Extension Center to spend up to \$755,000 of revenues received during the 2019-21 biennium from mineral royalties, leases, or easements for ongoing operational expenses. Any revenues received in excess of \$755,000 may be spent only for one-time expenditures for the 2019-21 biennium.

Williston Research Extension Center mineral rights income - Section 6 requires the Williston Research Extension Center to report to the 67th Legislative Assembly on amounts received and spent from mineral royalties, leases, or easements in the 2017-19 biennium and the 2019-21 biennium.

Transfer authority - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, North Dakota State University Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the branch research centers and provides that any adjustments be reported to the Office of Management and Budget and Budget Section.

Unexpended general fund - Excess income - Section 9 authorizes the continuation of any unexpended 2019-21 biennium general fund appropriation authority and excess income received by the branch research centers into the 2021-23 biennium.

Exemption - Williston seed cleaning plant - Section 10 provides the \$1.5 million of special funds appropriation authority for the Williston seed cleaning plant for the 2017-19 biennium is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Exemption - Seed cleaning plants - Section 11 provides the \$1.5 million from the general fund and \$3 million from special funds appropriated for seed cleaning plants at the Carrington Research Center and North Central Research Center for the 2015-17 biennium and continued into the 2017-19 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Williston Research Center Greenhouse - Section 12 provides legislative intent that any future operations and maintenance expenses relating to the Williston Research Center greenhouse be paid from other funds.

Related Legislation

Senate Bill No. 2055 - Repeals authority approved by the 2013 Legislative Assembly to convey research center land in Ward County and Williams County.

**NDSU Extension Service
Budget No. 630
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	242.51	\$27,709,666	\$27,778,159	\$55,487,825
2019-21 base budget	252.98	25,633,320	26,646,689	52,280,009
Legislative increase (decrease) to base budget	(10.47)	\$2,076,346	\$1,131,470	\$3,207,816

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$27,709,666	\$0	\$27,709,666
2017-19 legislative appropriations	25,633,320	360,000 ¹	25,993,320 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,076,346	(\$360,000)	\$1,716,346
Percentage increase (decrease) to 2017-19 appropriations	8.1%	(100.0%)	6.6%

¹The 2017-19 biennium general fund appropriations reflect a supplemental 2017-19 biennium appropriation of \$345,000 made in House Bill No. 1020 (2009). See the **Supplemental 2017-19 Biennium Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$723,916	\$622,257	\$1,346,173
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		507,430	509,213	1,016,643
Reduced funding for salaries and wages.		(125,000)		(125,000)
Added funding to provide additional state funds for the costs of county extension agents.		870,000		870,000
Added funding for miscellaneous expenses.		100,000		100,000
Adjusted FTE positions.	(10.47)			
Total	(10.47)	\$2,076,346	\$1,131,470	\$3,207,816

FTE Changes

The Legislative Assembly authorized 242.51 FTE positions for the North Dakota State University (NDSU) Extension Service for the 2019-21 biennium, a decrease of 10.47 FTE positions from the number authorized by the 2017 Legislative Assembly. The 10.47 FTE positions were removed pursuant to Section 10 of Senate Bill No. 2020 (2017), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of House Bill No. 1020 (2019) continues the authorization of the board to adjust positions at entities under its control during the 2019-21 biennium.

Supplemental 2017-19 Biennium Appropriations

Section 13 provides for a supplemental 2017-19 biennium appropriation of \$345,000 from the general fund for website and digital upgrades at the NDSU Extension Service.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 3 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the NDSU Extension Service, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2019-21 biennium.

Transfer authority - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the NDSU Extension Service and provides that any adjustments be reported to the Office of Management and Budget and Budget Section.

Unexpended general fund - Excess income - Section 9 authorizes the continuation of any unexpended 2019-21 biennium general fund appropriation authority and excess income received by the NDSU Extension Service into the 2021-23 biennium.

Website and digital upgrades - Section 13 provides for a supplemental 2017-19 biennium appropriation of \$345,000 from the general fund for website and digital upgrades at the NDSU Extension Service. This section also authorizes the continuation of any unexpended appropriation authority relating to the project into the 2019-21 biennium. Section 14 declares the supplemental 2017-19 biennium appropriation to be an emergency measure.

**Northern Crops Institute
Budget No. 638
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	12.80	\$1,943,810	\$1,896,217	\$3,840,027
2019-21 base budget	11.80	1,886,891	1,755,830	3,642,721
Legislative increase (decrease) to base budget	1.00	\$56,919	\$140,387	\$197,306

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,943,810	\$0	\$1,943,810
2017-19 legislative appropriations	1,886,891	0	1,886,891
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$56,919	\$0	\$56,919
Percentage increase (decrease) to 2017-19 appropriations	3.0%	N/A	3.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$54,499	\$22,539	\$77,038
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		40,158	17,848	58,006
Adjusted funding for miscellaneous expenses.		(37,738)	100,000	62,262
Adjusted FTE positions.	1.00			
Total	1.00	\$56,919	\$140,387	\$197,306

FTE Changes

The Legislative Assembly authorized 12.80 FTE positions for the Northern Crops Institute for the 2019-21 biennium, an increase of 1.00 FTE position from the number authorized by the 2017 Legislative Assembly. The 1.00 FTE position was added pursuant to Section 10 of Senate Bill No. 2020 (2017), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of House Bill No. 1020 (2019) continues the authorization of the board to adjust positions at entities under its control during the 2019-21 biennium.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 3 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Northern Crops Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2019-21 biennium.

Transfer authority - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Northern Crops Institute and provides that any adjustments be reported to the Office of Management and Budget and Budget Section.

Unexpended general fund - Excess income - Section 9 authorizes the continuation of any unexpended 2019-21 biennium general fund appropriation authority and excess income received by the Northern Crops Institute into the 2021-23 biennium.

Related Legislation

Senate Bill No. 2297 - Authorizes the Northern Crops Institute to begin fundraising efforts and to develop a proposal for a new building project to be presented to the 67th Legislative Assembly.

**NDSU Main Research Center
Budget No. 640
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	344.05	\$53,417,326	\$57,943,240	\$111,360,566
2019-21 base budget	336.12	49,557,415	59,084,828	108,642,243
Legislative increase (decrease) to base budget	7.93	\$3,859,911	(\$1,141,588)	\$2,718,323

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$52,667,326	\$750,000	\$53,417,326
2017-19 legislative appropriations	49,557,415	0	49,557,415
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$3,109,911	\$750,000	\$3,859,911
Percentage increase (decrease) to 2017-19 appropriations	6.3%	N/A	7.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$1,216,726	\$794,225	\$2,010,951
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		798,276	621,120	1,419,396
Added funding for the agri biome initiative, including \$450,000 for operating expenses.	4.00	1,160,000		1,160,000
Added funding for miscellaneous expenses.			2,000,000	2,000,000
Reduced funding for capital assets.			(5,997,398)	(5,997,398)
Reduced funding for capital bond payments.		(65,091)		(65,091)
Added one-time funding from the strategic investment and improvements fund for extraordinary repairs.			940,465	940,465

Added one-time funding for a seed cleaning plant at the Williston Research Center.	750,000		750,000
Added one-time funding from other funds for a greenhouse at the Williston Research Center.		500,000	500,000
Adjusted FTE positions.	<u>3.93</u>		
Total	<u>7.93</u>	<u>\$3,859,911</u>	<u>(\$1,141,588)</u>

FTE Changes

The Legislative Assembly authorized 344.05 FTE positions for the North Dakota State University (NDSU) Main Research Center for the 2019-21 biennium, an increase of 7.93 FTE positions from the number authorized by the 2017 Legislative Assembly. Of the 7.93 FTE positions, 3.93 were added pursuant to Section 10 of Senate Bill No. 2020 (2017), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of House Bill No. 1020 (2019) continues the authorization of the board to adjust positions at entities under its control during the 2019-21 biennium. The remaining 4 FTE positions were added for the agri biome initiative as follows:

- 1 FTE microbe-livestock interactions scientist;
- 1 FTE microbe-livestock interactions technician;
- 1 FTE organismal-plant interactions scientist; and
- 1 FTE organismal-plant interactions technician.

One-Time Funding

In Section 2 of House Bill No. 1020, the Legislative Assembly identified \$2,190,465 of one-time funding to the NDSU Main Research Center as follows:

	General Fund	Other Funds	Total
Extraordinary repairs (strategic investment and improvements fund)		\$940,465	\$940,465
Williston seed cleaning plant	\$750,000		750,000
Williston greenhouse		500,000	500,000
Total	\$750,000	\$1,440,465	\$2,190,465

State Board of Agricultural Research and Education Priorities

The Legislative Assembly provided funding for State Board of Agricultural Research and Education priorities as follows:

Initiative	Priority Ranking	FTE	Appropriation
Agri biome, including 2 FTE positions focusing on microbe-livestock interactions and 2 FTE focusing on organismal-plant interactions	1	4.00	\$1,160,000
Enhancing research capacity, including funding for the Oakes irrigation site	3		200,000
Total		4.00	\$1,360,000

Other Sections in House Bill No. 1020

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Main Research Center, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2019-21 biennium.

Estimated income - Strategic investment and improvements fund - Section 4 identifies \$940,465 of one-time funding from the strategic investment and improvements fund for extraordinary repairs at the Main Research Center.

Transfer authority - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and provides that any transfers be reported to the Office of Management and Budget.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Main Research Center and provides that any adjustments be reported to the Office of Management and Budget and Budget Section.

Unexpended general fund - Excess income - Section 9 authorizes the continuation of any unexpended 2019-21 biennium general fund appropriation authority and excess income received by the Main Research Center into the 2021-23 biennium.

Exemption - Williston seed cleaning plant - Section 10 provides the \$1.5 million of special funds appropriation authority for the Williston seed cleaning plant for the 2017-19 biennium is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Exemption - Seed cleaning plants - Section 11 provides the \$1.5 million from the general fund and \$3 million from special funds appropriated for seed cleaning plants at the Carrington Research Center and North Central Research Center for the 2015-17 biennium and continued into the 2017-19 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2019-21 biennium.

Williston Research Center greenhouse - Section 12 provides legislative intent that any future operations and maintenance expenses relating to the Williston Research Center greenhouse be paid from other funds.

Related Legislation

Senate Bill No. 2055 - Repeals authority approved by the 2013 Legislative Assembly to convey research center land in Ward County and Williams County.

Senate Bill No. 2297 - Authorizes the issuance of \$20 million of bonds and appropriates the proceeds for the NDSU agriculture products development center project. The bill also provides a supplemental 2017-19 biennium appropriation of \$20 million from the general fund for the project. The bill requires NDSU to obtain and utilize at least \$20 million of federal and other funds for the project or receive approval from the Legislative Assembly or Budget Section for a change in project scope.

**Agronomy Seed Farm
Budget No. 649
House Bill No. 1020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	3.00	\$0	\$1,565,975	\$1,565,975
2019-21 base budget	3.00	0	1,536,129	1,536,129
Legislative increase (decrease) to base budget	0.00	\$0	\$29,846	\$29,846

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			\$16,460	\$16,460
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			13,386	13,386
Total	<u>0.00</u>	<u>\$0</u>	<u>\$29,846</u>	<u>\$29,846</u>

FTE Changes

The Legislative Assembly authorized 3.00 FTE positions for the Agronomy Seed Farm for the 2019-21 biennium, the same number authorized by the 2017 Legislative Assembly. Section 8 of House Bill No. 1020 (2019) continues the authorization of the State Board of Higher Education to adjust FTE positions at entities under its control during the 2019-21 biennium, subject to the availability of funds.

Other Sections in House Bill No. 1020

Additional income appropriation - Section 3 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Agronomy Seed Farm, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2019-21 biennium.

FTE position adjustments - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Agronomy Seed Farm and provides that any adjustments be reported to the Office of Management and Budget and Budget Section.

Unexpended general fund - Excess income - Section 9 authorizes the continuation of any unexpended 2019-21 biennium general fund appropriation authority and excess income received by the Agronomy Seed Farm into the 2021-23 biennium.

**State Fair Association
Budget No. 665
House Bill No. 1009**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	0.00	\$542,833	\$0	\$542,833
2019-21 base budget	0.00	515,665	0	515,665
Legislative increase (decrease) to base budget	0.00	\$27,168	\$0	\$27,168

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$542,833	\$0	\$542,833
2017-19 legislative appropriations	515,665	0	515,665
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$27,168	\$0	\$27,168
Percentage increase (decrease) to 2017-19 appropriations	5.3%	N/A	5.3%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Increased funding for premiums.		\$27,168		\$27,168
Total	0.00	\$27,168	\$0	\$27,168

State Fair Premiums

The Legislative Assembly provided \$542,833 from the general fund for premiums, an increase of \$27,168 from the 2017-19 biennium appropriation.

Related Legislation

Senate Bill No. 2146 - Provides a contingent appropriation of \$150,000 from the general fund to the State Historical Society to relocate the Pioneer Village from the State Fairgrounds to another location in Ward County. The appropriation is contingent on certification by the Director of the State Historical Society to the Director of the Office of Management and Budget that all Pioneer Village buildings located on the State Fairgrounds, which are required to be removed to satisfy the court ruling, have been removed by June 15, 2019; and that the State Fair Association has provided no less than \$100,000 to the Ward County Historical Society for matters relating to the Pioneer Village.

**Racing Commission
Budget No. 670
House Bill No. 1023**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	2.00	\$399,072	\$165,965	\$565,037
2019-21 base budget	2.00	379,621	162,557	542,178
Legislative increase (decrease) to base budget	0.00	\$19,451	\$3,408	\$22,859

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$399,072	\$0	\$399,072
2017-19 legislative appropriations	379,621	0	379,621
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$19,451	\$0	\$19,451
Percentage increase (decrease) to 2017-19 appropriations	5.1%	N/A	5.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$10,769	\$903	\$11,672
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		8,235	690	8,925
Added funding for Microsoft Office 365 licensing.		447	1,815	2,262
Total	0.00	\$19,451	\$3,408	\$22,859

FTE Changes

The Legislative Assembly approved 2 FTE positions for the Racing Commission for the 2019-21 biennium, the same as the 2017-19 biennium.

**State Historical Society
Budget No. 701
Senate Bill Nos. 2018 and 2146**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	75.00	\$18,965,691	\$3,279,252	\$22,244,943
2019-21 base budget	75.00	16,673,644	3,155,795	19,829,439
Legislative increase (decrease) to base budget	0.00	\$2,292,047	\$123,457	\$2,415,504

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$17,368,691	\$1,597,000	\$18,965,691
2017-19 legislative appropriations	16,673,644	265,000 ¹	16,938,644 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$695,047	\$1,332,000	\$2,027,047
Percentage increase (decrease) to 2017-19 appropriations	4.2%	502.6%	12.0%

¹The 2017-19 biennium general fund appropriations reflect a deficiency appropriation of \$265,000 made in Senate Bill No. 2024. See the **Deficiency Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$14,150)	(\$14,150)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$364,293	28,512	392,805
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		297,174	24,095	321,269
Removed ongoing funding for extraordinary repairs.		(307,357)		(307,357)
Reduced funding for bond payments to provide \$1,144,542.		(214,754)		(214,754)
Added funding for Microsoft Office 365 licensing expenses.		55,691		55,691
Added funding for cultural heritage grants.		500,000		500,000

Added one-time funding for historic site and extraordinary repairs.	1,000,000		1,000,000
Added one-time funding for exhibit and collections care.	372,000		372,000
Added one-time funding to replace auditorium chairs at the Heritage Center.	75,000	85,000	160,000
Added one-time contingent funding to provide a grant to an entity to relocate the Pioneer Village from the North Dakota State Fairgrounds to another location within Ward County.	150,000		150,000
Total	<u>0.00</u>	<u>\$2,292,047</u>	<u>\$123,457</u>
			<u>\$2,415,504</u>

FTE Changes

The Legislative Assembly approved 75 FTE positions for the State Historical Society for the 2019-21 biennium, the same as the 2017-19 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2018, the Legislative Assembly identified \$1,532,000 of one-time funding to the State Historical Society for the 2019-21 biennium, for historic site and extraordinary repairs (\$1,000,000), exhibit and collections care (\$372,000), and auditorium chair replacement (\$160,000). The appropriation includes \$1,447,000 from the general fund and \$85,000 from other funds. In Senate Bill No. 2146, the Legislative Assembly appropriated \$150,000 from the general fund of one-time funding to the State Historical Society, contingent upon certification by the Director of the State Historical Society to the Director of the Office of Management and Budget that all Pioneer Village buildings located on the North Dakota State Fairgrounds, which are required to be removed to satisfy the court ruling, have been removed by June 15, 2019, and the State Fair Association provides no less than \$100,000 to the Ward County Historical Society for matters relating to the Pioneer Village.

Deficiency Appropriations

Senate Bill No. 2024 provides a deficiency appropriation of \$265,000 from the general fund to the State Historical Society for litigation costs associated with the Heritage Center expansion project.

Other Sections in Senate Bill No. 2018

Appropriation - Revolving fund - Section 3 appropriates all fees collected and deposited in the revolving fund to the State Historical Society.

Appropriation - Gifts, grants, and bequests - Section 4 appropriates all gifts, grants, devises, bequests, donations, and assignments received by the State Historical Society to the State Historical Society.

**Council on the Arts
Budget No. 709
House Bill No. 1010**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	5.00	\$1,606,204	\$1,738,922	\$3,345,126
2019-21 base budget	5.00	1,564,876	1,786,922	3,351,798
Legislative increase (decrease) to base budget	0.00	\$41,328	(\$48,000)	(\$6,672)

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$1,606,204	\$0	\$1,606,204
2017-19 legislative appropriations	1,564,876	0	1,564,876
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$41,328	\$0	\$41,328
Percentage increase (decrease) to 2017-19 appropriations	2.6%	0.0%	2.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$5,878	\$955	\$6,833
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		26,895		26,895
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		22,310		22,310
Increased funding for temporary staff salaries.		7,367		7,367
Reduced funding for operating expenses.		(28,932)	(955)	(29,887)
Added funding for new software costs.		7,810		7,810
Removed funding for a one-time Bush Foundation grant.			(48,000)	(48,000)
Total	0.00	\$41,328	(\$48,000)	(\$6,672)

FTE Changes

The Legislative Assembly approved 5 FTE positions for the Council on the Arts for the 2019-21 biennium, the same as the 2017-19 biennium.

Other Sections in House Bill No. 1010

Cultural endowment fund - Section 2 provides all income from the cultural endowment fund is appropriated to the Council on the Arts for furthering the cultural arts in the state.

**Game and Fish Department
Budget No. 720
Senate Bill Nos. 2017 and 2293**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	165.00	\$0	\$85,303,632	\$85,303,632
2019-21 base budget	163.00	0	83,227,498	83,227,498
Legislative increase (decrease) to base budget	2.00	\$0	\$2,076,134	\$2,076,134

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$149,363)	(\$149,363)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			914,200	914,200
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			696,084	696,084
Underfunded salaries and wages and reduced funding for temporary employees.			(385,721)	(385,721)
Reduced grant funding.			(1,703,549)	(1,703,549)
Increased funding for operating expenses, primarily for fees and services and reclassified funding from grants for boat access and development, Save Our Lakes program, and aquatic nuisance species (\$400,000) and for state wildlife grant projects (\$200,000).			1,074,294	1,074,294
Increased federal funds for shooting range grants to provide a total of \$1,762,500.			500,000	500,000
Reduced funding for motor vehicles.			(179,859)	(179,859)
Reduced funding for capital assets.			(213,930)	(213,930)
Reduced other information technology funding.			(207,000)	(207,000)
Added funding for Microsoft Office 365 licensing expenses.			122,634	122,634
Increased funding for equipment over \$5,000.			108,344	108,344

Added funding from the aquatic nuisance species program fund for use in aquatic nuisance species education, inspection, and monitoring programs under North Dakota Century Code Chapter 20.1-17 and authorized 2 FTE positions for the program (Senate Bill No. 2293).

2.00

1,500,000

1,500,000

Total

2.00

\$0

\$2,076,134

\$2,076,134

FTE Changes

The Legislative Assembly approved 165 FTE positions for the Game and Fish Department for the 2019-21 biennium, an increase of 2 FTE positions from the 2017-19 biennium authorized level of 163 FTE positions. In Senate Bill No. 2293 (2019), the Legislative Assembly added 2 FTE positions to support the aquatic nuisance species program.

Supplemental Appropriations

The Legislative Assembly in Section 6 of Senate Bill No. 2293, appropriated \$467,100 from the game and fish fund to provide for a one-time transfer to the aquatic nuisance species program fund for the purpose of administering aquatic nuisance species education, inspection, and monitoring programs during the 2017-19 biennium.

Capital Assets, Payments, and Projects

The Legislative Assembly provided \$6,564,891 from other funds for capital assets, payments, and projects during the 2019-21 biennium. The schedule below details funding provided in the 2017-19 and 2019-21 bienniums for capital assets, payments, and projects:

Projects	2017-19 Biennium	2019-21 Biennium
Extraordinary repairs	\$1,215,790	\$1,119,721
Wildlife management area improvements	653,170	653,170
Fishing area projects	1,387,000	1,385,000
Shooting range improvements	1,030,000	500,000
Lonetree wildlife management area improvements	50,000	20,000
Land acquisition	800,000	800,000
Payment in lieu of taxes	1,363,000	1,383,000
Enforcement division equipment	245,000	175,000
Fisheries equipment	170,000	205,000
Lonetree wildlife management area equipment	30,000	57,000
Wildlife Division equipment	232,000	267,000
Airplane replacement	250,000	
Total	\$7,425,960	\$6,564,891

Other Sections in Senate Bill No. 2017

Grants, gifts, and donations line - Section 3 identifies \$400,000 received by the Game and Fish Department in the grants, gifts, and donations line item for surface damage, easements, or reclamation on department-owned or managed properties as a result of mineral exploration and extraction activities.

Game and fish fund - Investment - Section 4 amends Section 20.1-02-16.1 to authorize the investment of up to \$15 million of the balance of the game and fish fund when the minimum fund balance is greater than \$15 million. The investment by the department must be under the supervision of the State Investment Board and invested by the investing authority according to the laws relating to state investments.

Related Legislation

House Bill No. 1209 - Authorizes dogs and artificial light to be used in the recovery of big game animals.

Senate Bill No. 2009 - Section 5 identifies \$614,430 transferred from the Game and Fish Department to the Agriculture Commissioner to defray the expenses of various Department of Agriculture programs during the 2019-21 biennium.

Senate Bill No. 2019 - Section 3 identifies \$122,000 transferred from the Game and Fish Department to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks during the 2019-21 biennium.

Senate Bill No. 2293 - Establishes a surcharge on fishing and hunting licenses and increases the fee on motorboat licenses to provide funding for an aquatic nuisance species program fund. The bill also provides a \$467,100 appropriation, from the game and fish fund, to the Game and Fish Department, for the purpose of administering aquatic nuisance species education, inspection, and monitoring programs for the 2017-19 biennium. The bill requires that funds deposited in the aquatic nuisance species program fund be transferred to the game and fish fund to repay any game and fish fund money expended for the program. The bill also appropriates \$1.5 million from the aquatic nuisance species fund to the Game and Fish Department, for use in aquatic nuisance species education, inspection, and monitoring programs under Chapter 20.1-17 during the 2019-21 biennium and authorizes 2 FTE positions to support the program.

**Parks and Recreation Department
Budget No. 750
Senate Bill No. 2019**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	61.50	\$14,343,129	\$28,691,853	\$43,034,982
2019-21 base budget	62.50	14,654,276	17,751,580	32,405,856
Legislative increase (decrease) to base budget	(1.00)	(\$311,147)	\$10,940,273	\$10,629,126

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$14,343,129	\$0	\$14,343,129
2017-19 legislative appropriations	14,654,276	0	14,654,276
2019-21 legislative increase (decrease) to 2017-19 appropriations	(\$311,147)	\$0	(\$311,147)
Percentage increase (decrease) to 2017-19 appropriations	(2.1%)	N/A	(2.1%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		\$26,054	(\$187,033)	(\$160,979)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		320,948	13,136	334,084
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		270,431	24,067	294,498
Transferred 1 FTE information technology position and related funding to the Information Technology Department (\$177,868) and added funding of \$191,314 for payments to the Information Technology Department for the information technology unification initiative.	(1.00)	13,446		13,446
Adjusted funding for salaries and wages.		(105,086)		(105,086)

Increased federal funds spending authority relating to the land and water conservation fund.		1,910,882	1,910,882
Adjusted funding for extraordinary repairs to provide a total of \$1,141,920 from the state parks fund.	(947,794)	947,794	0
Adjusted funding for operating expenses by adding funding for Microsoft Office 365 licensing (\$91,209), reducing other operating expenses (\$103,286), and reducing funding for bond payments (\$6,768).	61,370	(80,215)	(18,845)
Added funding for Lewis and Clark Interpretive Center operations.	49,484	516	50,000
Added one-time funding from the state parks fund for additional extraordinary repairs.		634,126	634,126
Added one-time funding from the state parks fund for additional equipment.		622,000	622,000
Added one-time funding from the state parks fund for a state park survey.		150,000	150,000
Added one-time funding from the state parks fund for recreation mapping.		75,000	75,000
Added one-time funding from the state parks fund for traffic counters.		75,000	75,000
Added one-time funding from the strategic investment and improvements fund for capital projects.		1,755,000	1,755,000
Added one-time funding from the strategic investment and improvements fund for International Peace Garden projects.		2,000,000	2,000,000
Added one-time contingent funding from a Bank of North Dakota loan for International Peace Garden projects.		3,000,000	3,000,000
Total	<u>(1.00)</u>	<u>(\$311,147)</u>	<u>\$10,940,273</u>
			<u>\$10,629,126</u>

FTE Changes

The Legislative Assembly approved 61.5 FTE positions for the Parks and Recreation Department for the 2019-21 biennium, a decrease of 1 FTE position from the 2017-19 biennium authorized level of 62.5 FTE positions. The Legislative Assembly transferred 1 FTE information technology position to the Information Technology Department.

One-Time Funding

One-time appropriations for the 2019-21 biennium for the Parks and Recreation Department include the following:

	General Fund	Other Funds	Total
Extraordinary repairs (state parks fund)		\$634,126	\$634,126
Additional equipment (state parks fund)		622,000	622,000
State park survey (state parks fund)		150,000	150,000
Recreation mapping (state parks fund)		75,000	75,000
Traffic counters (state parks fund)		75,000	75,000
Capital projects (strategic investment and improvements fund)		1,755,000	1,755,000
International Peace Garden projects (strategic investment and improvements fund)		2,000,000	2,000,000
Contingent - International Peace Garden projects (Bank of North Dakota loan)		3,000,000	3,000,000
Total	\$0	\$8,311,126	\$8,311,126

Lewis and Clark Interpretive Center

The Legislative Assembly appropriated the following for the Lewis and Clark Interpretive Center for the 2019-21 biennium:

	FTE Positions	General Fund	Other Funds	Total
Lewis and Clark Interpretive Center 2019-21 biennium appropriation	3.50	\$970,257	\$334,118 ¹	\$1,304,375
Lewis and Clark Interpretive Center 2019-21 base budget	3.50	888,668	362,019	1,250,687
Legislative increase (decrease) to base budget	0.00	\$81,589	(\$27,901)	\$53,688

¹Of this amount, \$100,000 is from a Department of Transportation grant and the remaining \$234,118 is from the parks and recreation operating fund.

International Peace Garden

The Legislative Assembly appropriated the following for the International Peace Garden for the 2019-21 biennium:

	General Fund	Other Funds	Total
International Peace Garden 2019-21 biennium appropriation	\$876,329	\$5,000,000 ¹	\$5,876,329 ²
International Peace Garden 2019-21 base budget	876,329	0	876,329
Legislative increase (decrease) to base budget	\$0	\$5,000,000	\$5,000,000

¹Of this amount, \$3 million is from a contingent Bank of North Dakota loan for International Peace Garden capital projects, if the Peace Garden receives dollar-for-dollar matching funds from Manitoba or other nonstate sources (Section 12 of Senate Bill No. 2019).

²In addition, Section 6 of Senate Bill No. 2019 allows the department to continue any unexpended funds remaining from the 2013-15 biennium appropriations for capital projects for the International Peace Garden.

Other Sections in Senate Bill No. 2019

Game and fish operating fund - Transfer for boat ramp maintenance - Section 3 provides \$122,000 from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, which must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks for the 2019-21 biennium.

Estimated income - Department of Transportation - Section 4 identifies \$100,000 from the Department of Transportation for defraying the expenses of the Lewis and Clark Interpretive Center for the 2019-21 biennium.

Appropriation - Additional federal funds or other funds - Section 5 appropriates any additional income from federal or other funds that may become available to the Parks and Recreation Department for the 2019-21 biennium.

Exemption - International Peace Garden - Section 6 exempts any funds included in the International Peace Garden line item for repair of the Peace Tower in Section 30 of Chapter 15 of the 2013 Session Laws, from the provisions of North Dakota Century Code Section 54-44.1-11, relating to cancellation of unexpended appropriations. The section also requires the Parks and Recreation Department to review and accept engineering proposals and specifications before committing additional funds to the project and to assist with bidding and construction of any work associated with this section.

Exemption - Park enhancements - Section 7 exempts any funds remaining for park enhancements in Section 1 of Chapter 53 of the 2015 Session Laws from provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

Exemption - Sovereign lands - Section 8 exempts any funds remaining for recreation opportunities on sovereign lands in Section 1 of Chapter 18 of the 2017 Session Laws from the provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

Matching requirement - Grants - Section 9 directs the Parks and Recreation Department to grant during the 2017-19 biennium, up to \$250,000 of the funds appropriated in Section 1 of Chapter 18 of the 2017 Session Laws, to the Fort Abraham Lincoln Foundation for heritage river landing and requires a dollar-for-dollar matching of funds from nonstate sources.

Matching requirement - Capital projects - Section 10 identifies \$2 million in Section 1 for capital projects, and requires, for the International Peace Garden capital projects in subdivision 2 of Section 1, a dollar-for-dollar matching of funds from nonstate sources. The section also requires the Parks and Recreation Department to review and accept engineering proposals and specifications before committing funds to projects and to assist with bidding and construction of any work associated with this section.

Strategic investment and improvements fund - Section 11 identifies \$3,755,000 from the strategic investment and improvements fund for Parks and Recreation Department capital projects (\$1,755,000) and International Peace Garden capital projects (\$2,000,000) for the 2019-21 biennium.

Contingent loan authorization - Contingent appropriation - International Peace Garden capital projects - Section 12 provides contingent loan authorization allowing the Parks and Recreation Department to borrow up to \$3 million from the Bank of North Dakota and provides a contingent appropriation requiring a dollar-for-dollar matching of funds from the Province of Manitoba or other nonstate sources for the purpose of International Peace Garden capital projects.

State parks and recreation concession revolving fund - Section 13 amends Section 55-08-07.1 to authorize the Parks and Recreation Department to transfer any unexpended funds from the state parks and recreation concession revolving fund to the state park operating fund.

Legislative Management study - Lewis and Clark Interpretive Center operations - Section 14 requires the Legislative Management to study the reduction of Lewis and Clark Interpretive Center fees and other options to continue the Parks and Recreation Department's operations of the Lewis and Clark Interpretive Center during the 2019-20 interim.

Legislative Management study - Section 15 requires the Legislative Management to study the public access and use of real property owned by the state of North Dakota that is located between the river and the Missouri River Correctional Center.

Emergency - Section 16 declares Section 9 to be an emergency measure.

Related Legislation

House Bill No. 1014 - Identifies bond payments from the Parks and Recreation Department in the amount of \$66,875 during the biennium beginning July 1, 2019, and ending June 30, 2021.

House Bill No. 1265 - Provides for the Legislative Management to consider studying the purpose, value, and benefits of each state park. The study must include a review of each state park's usage, annual attendance figures, overhead, and the cost to operate and maintain each state park.

**State Water Commission
Budget No. 770
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	90.00	\$0	\$968,154,091	\$968,154,091
2019-21 base budget	93.00	0	647,173,475	647,173,475
Legislative increase (decrease) to base budget	(3.00)	\$0	\$320,980,616	\$320,980,616

ONGOING AND ONE-TIME OTHER FUNDS APPROPRIATIONS

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 legislative appropriations	\$867,254,091	\$100,900,000	\$968,154,091
2017-19 legislative appropriations	647,173,475	75,000,000	722,173,475
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$220,080,616	\$25,900,000	\$245,980,616
Percentage increase (decrease) to 2017-19 appropriations	34.0%	34.5%	34.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$285,707)	(\$285,707)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			558,746	558,746
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			419,435	419,435
Removed 4 FTE unspecified positions and related funding.	(4.00)		(693,912)	(693,912)
Added 1 FTE risk mapping position from federal funds.	1.00		174,126	174,126
Adjusted funding available for project carryover to provide a total of \$308,333,818.			33,465,921	33,465,921
Adjusted funding for capital assets, which includes state-owned projects, to provide a total of \$180,938,758. This line			56,119,316	56,119,316

item includes **one-time** funding from a \$75 million Bank of North Dakota line of credit.

Removed funding in the new projects line item, to provide funding for new projects in multiple line items.			(169,782,147)	(169,782,147)
Added funding for water supply projects.			128,000,000	128,000,000
Added funding for rural water supply projects.			37,200,000	37,200,000
Added funding for the Fargo area flood control project including the Fargo Moorhead diversion.			66,500,000	66,500,000
Added funding for the Mouse River flood control project.			82,500,000	82,500,000
Added funding for other flood control projects.			48,000,000	48,000,000
Added funding for general water projects.			27,093,776	27,093,776
Adjusted funding for operating expenses to include a reduction to ongoing operating expenses (\$14,257,138), additional funding for Microsoft Office 365 licensing expenses (\$68,200), and one-time funding to payoff an outstanding Bank of North Dakota loan (\$25,900,000).			11,711,062	11,711,062
Total			<u>(3.00)</u>	<u>\$0</u>
			<u>\$320,980,616</u>	<u>\$320,980,616</u>

FTE Changes

The Legislative Assembly approved 90 FTE positions for the State Water Commission for the 2019-21 biennium, a decrease of 3 FTE positions from the 2017-19 biennium authorized level of 93 FTE positions. The Legislative Assembly removed 4 unspecified FTE positions and added 1 FTE risk mapping position.

One-Time Funding

One-time appropriations for the 2019-21 biennium for the State Water Commission include \$75 million from a Bank of North Dakota line of credit and \$25.9 million from other funds to payoff an outstanding Bank of North Dakota loan that was used to refinance outstanding bonds of the State Water Commission during the 2015-17 biennium.

Other Sections in Senate Bill No. 2020

Grant and water project carryover authority - Section 3 authorizes the State Water Commission to continue any unexpended 2019-21 biennium appropriation authority for grants or water-related projects in the 2021-23 biennium.

Resources trust fund and water development trust fund - Section 4 appropriates any additional amounts that become available in the resources trust fund and the water development trust fund to the State Water Commission, subject to Budget Section approval, for defraying the expenses of the State Water Commission for the 2019-21 biennium.

Conditions on appropriations - Fargo flood control - Sections 5, 6, and 7 apply conditions on the appropriation to limit new funding provided for the Fargo flood control project to \$66.5 million for the 2019-21 biennium. Section 8 provides conditions on funding appropriated and allocated for the FM Area Diversion Project, to restrict the use of those funds.

Legislative intent - Fargo flood control project - Section 9 provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed \$750 million and that the \$379.5 million yet to be designated by the state be provided as follows: \$66.5 million during the 2019-21, 2021-23, 2023-25, 2025-27, and 2027-29 bienniums, and \$47 million during the 2029-31 biennium.

Fargo flood control project downstream impact - Section 10 restricts the Fargo Moorhead metropolitan flood risk management project operations from causing a downstream Federal Emergency Management Agency-accredited flood protection system in North Dakota to lose its accreditation.

Legislative intent - Mouse River flood control project funding - Section 11 provides legislative intent to provide no more than \$193,000,000 of state funding for Mouse River flood control projects within the city limits of Minot during the 2017-19, 2019-21, 2021-23, and 2023-25 bienniums. The section provides legislative intent that of the \$193,000,000, \$57,713,284 was provided during the 2017-19 biennium and that the \$135,286,716 yet to be designated by the state for the Mouse River flood control projects, within the city limits of Minot, be provided during the 2019-21, 2021-23, and 2023-25 bienniums.

Red River Valley Water Supply Project - Report to Legislative Management - Budget Section approval - Section 12 provides legislative intent the State Water Commission provide, in the form of a grant, up to \$13 million to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project during the 2019-21 biennium, to reappropriate unallocated funds during the 2017-19 biennium, and that the Garrison Diversion Conservancy District report to the Legislative Management's Water Topics Overview Committee during the 2019-20 interim. Section 13 provides legislative intent to provide no more than \$30 million of state funding for the Red River Valley Water Supply Project during the 2019-21 and 2021-23 bienniums, and that the State Water Commission provide state funding at a 75 percent state cost-share after June 30, 2021. Section 14 establishes certain requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and requires the district obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and for construction to begin before the funding can be provided to the Garrison Diversion Conservancy District for the Red River Valley Water Supply Project.

Pilot project - Implementation of a basinwide plan - Section 15 allows the State Water Commission to provide up to \$1 million in grants to water resource districts to develop basinwide water plans.

Infrastructure loan fund interest rate - Section 16 amends North Dakota Century Code Section 61-02-78(3) to require the interest rate on loans made from the infrastructure loan fund to be the same rate as the revolving loan fund established under Chapters 61-28.1 and 61-28.2.

Bank of North Dakota - Line of credit - Section 17 amends Section 61-02-79 to continue the authorization of a line of credit at the Bank of North Dakota, not to exceed \$75 million, at the prevailing interest rate charged to North Dakota government entities. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit, as necessary, to provide funding as authorized by the Legislative Assembly for water supply and flood control projects approved for funding before June 30, 2021.

Related Legislation

House Bill No. 1085 - Amends Section 61-34-04 relating to the drought disaster livestock water assistance program, to remove grant amount limitations.

Senate Bill No. 2012 - Amends Section 54-27-25 to eliminate the transfer of tobacco settlement funds to the water development trust fund, and providing for a transfer of all tobacco settlement funds to the community health trust fund.

Senate Bill No. 2015 - Section 37 declares Senate Bill No. 2020 to be an emergency measure.

Senate Bill No. 2090 - Creates several new sections to Chapter 61-04, relating to permits for the appropriation of water; amends several sections under Chapter 61-04, relating to the appropriation of water and to adjust water permit fees; and repeals Sections 61-04-07, 61-04-15.1, 61-04-17, and 61-04-22, relating to appeals of permit application rejections, change in point of diversion or use, surplus water delivery, and a prescriptive water right.

Senate Bill No. 2295 - Restricts the creation of an irrigation district if the primary purpose of the district is to provide drainage benefits to residents of the district and provides that drainage benefits provided by an irrigation district may not impact the authority of a water resource board to assess for drainage projects under Chapter 61-16.1 or 61-21.

Senate Bill No. 2362 - Changes the method of allocating the oil extraction tax revenue attributed to oil production on tribal lands increasing the allocations to the common schools trust fund, the foundation aid stabilization fund, and the resources trust fund.

Department of Transportation
 Budget No. 801
 House Bill No. 1012

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	982.00	\$2,500,000	\$1,462,245,404	\$1,464,745,404
2019-21 base budget	1,047.00	0	1,269,489,868	1,269,489,868
Legislative increase (decrease) to base budget	(65.00)	\$2,500,000	\$192,755,536	\$195,255,536

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$0	\$2,500,000	\$2,500,000
2017-19 legislative appropriations	0	13,000,000 ¹	13,000,000 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$0	(\$10,500,000)	(\$10,500,000)
Percentage increase (decrease) to 2017-19 appropriations	N/A	(80.8%)	(80.8%)

¹The 2017-19 biennium general fund appropriations reflect a 2017-19 biennium supplemental appropriation of \$13 million made in House Bill No. 1012. See the **Supplemental Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			(\$1,019,746)	(\$1,019,746)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			5,552,787	5,552,787
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			4,685,263	4,685,263
Removed 42 unspecified FTE positions and related funding.	(42.00)		(7,979,595)	(7,979,595)

Restored 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses (\$3 million), and added 2 FTE positions related to Fargo driver's license operations (\$334,000).	18.00		3,334,000	3,334,000
Transferred 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,284,451 for payments to the Information Technology Department for the information technology unification initiative.	(41.00)		60,439	60,439
Increased funding for capital assets to provide a total ongoing capital asset funding of \$859,725,944.			87,874,093	87,874,093
Adjusted operating expenses by reducing payments to State Fleet Services (\$3,550,000), and by adding funding for Microsoft Office 365 licensing expenses (\$708,498), and other operating expenses (\$213,190).			(2,628,312)	(2,628,312)
Increased funding for grants to provide a total of \$95,854,637.			17,226,607	17,226,607
Reclassified short line railroad loan repayments deposited in the highway fund for the rail loan program.			11,100,000	11,100,000
Added funding to implement recommendations from the department's snow and ice control study.			750,000	750,000
Added one-time funding from the highway fund to replace the current driver's license system.			22,500,000	22,500,000
Added one-time funding from the highway fund for improvements to the Minot and Williston driver's license facilities.			1,300,000	1,300,000
Added one-time funding from the general fund for the Department of Transportation's (DOT) short line railroad program.		\$2,500,000		2,500,000
Added contingent one-time funding from a Bank of North Dakota loan to match federal grants the department had applied for after February 1, 2019.			50,000,000	50,000,000
Total	<u>(65.00)</u>	<u>\$2,500,000</u>	<u>\$192,755,536</u>	<u>\$195,255,536</u>

FTE Changes

The Legislative Assembly approved 982 FTE positions for DOT for the 2019-21 biennium, a decrease of 65 FTE positions from the 2017-19 biennium authorized level of 1,047 FTE positions. The Legislative Assembly removed 42 unspecified FTE positions; restored 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses; added 2 FTE positions related to Fargo driver's license operations; and transferred 41 FTE information technology positions to the Information Technology Department.

One-Time Funding

One-time appropriations for the 2019-21 biennium for DOT include the following:

	General Fund	Other Funds	Total
Driver's license system replacement (highway fund)		\$22,500,000	\$22,500,000
Improvements to the Minot and Williston driver's license facilities (highway fund)		1,300,000	1,300,000
Short line railroad program	\$2,500,000		2,500,000
Contingent funding to match federal funds (Bank of North Dakota loan)		50,000,000	50,000,000
Total	\$2,500,000	\$73,800,000	\$76,300,000

Supplemental Appropriations

The Legislative Assembly, in Section 6 of House Bill No. 1012, appropriated \$13 million from the general fund for road maintenance during the 2017-19 biennium. The section authorizes the department to continue any unexpended amount from this appropriation into the 2019-21 biennium.

Other Sections in House Bill No. 1012

Line item transfers - Section 3 authorizes the Director of the Office of Management and Budget to transfer funds between the salaries and wages, operating expenses, capital assets, and grants line items as requested by DOT when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Legislative Council.

Exemption - Enhanced state highway investments - Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and any unexpended funds may be continued into the 2019-21 and 2021-23 bienniums.

2019-21 appropriation - General fund - Short line railroad program - Section 5 provides a one-time appropriation of \$2.5 million from the general fund to DOT for its short line railroad program during the 2019-21 biennium.

2017-19 appropriation - General fund - Enhanced state highway investment - Section 6 provides a one-time appropriation of \$13 million from the general fund to DOT for road maintenance funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and any unexpended funds may be continued into the 2019-21 biennium.

Contingent loan authorization - Contingent appropriation - Highway improvement projects - Section 7 provides for a contingent loan authorization allowing DOT to borrow up to \$50 million from the Bank of North Dakota and provides a contingent appropriation of those funds to DOT for the purpose of matching federal grants the department had applied for after February 1, 2019.

Cooperative agreements with private entities - Section 8 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of construction.

Maintenance section sites - Operational requirements - Section 9 provides legislative intent that DOT provide seasonal winter services at the Mayville, Courtenay, Gackle, New England, Litchville, and Finley sections.

DOT study - Public transportation services - Section 10 provides for a DOT study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available. The department is to report its findings to the Legislative Management.

Motor vehicle excise tax exemption - Section 11 creates a new subsection to Section 57-40.3-04 to provide that vehicles purchased by public transportation providers, which receive state funding through the highway tax distribution formula and provide public transportation services, are exempt from the motor vehicle excise tax. Section 12 provides for an effective date for taxable events occurring after June 30, 2019.

Emergency - Section 13 declares Sections 6 and 8 to be an emergency measure.

Related Legislation

House Bill No. 1093 - Creates Section 39-04-14.4 to establish a motorcycle registration expiration date of March 31 every year.

House Bill No. 1291 - Provides the option for a one-time permanent trailer registration and establishes the fee.

House Bill No. 1404 - Designate State Highway 22 from the South Dakota border to the junction of State Highway 22 and State Highway 23 as the Veterans Memorial Highway.

House Bill No. 1418 - Creates Chapter 8-12 and a new section to Chapter 39-01, to provide definitions related to automated vehicle network companies and autonomous vehicle operations.

Senate Bill No. 2061 - Creates a new section to Chapter 39-04 to provide definitions and to establish a road use fee of \$120 for electric vehicles, \$50 for hybrid vehicles, and \$20 for each electric motorcycle, charged at the beginning of each annual registration period.

Senate Bill No. 2119 - Amends Section 39-01-15, to remove a fee for special identifying certificates for mobility-impaired applicants.

Senate Bill No. 2120 - Amends Section 39-22-18, to increase the minimum number of motor vehicle sales a dealer must make during the previous year from four to eight to require dealer license renewal.

Senate Bill No. 2176 - Directs DOT to establish a road train pilot program and provides for a Legislative Management study of the feasibility and desirability of creating a road train pilot program.

Senate Bill No. 2187 - Expands a motor vehicle excise tax exemption relating to vehicles to transport the elderly or disabled to include vehicles other than busses.

Senate Bill No. 2244 - Increases various driver's license fees, which are deposited into the state highway fund. **This bill was vetoed by the Governor.**

Senate Bill No. 2268 - Creates a corridors of commerce program.

Senate Bill No. 2321 - Authorizes volunteer firefighters to qualify for a special vehicle license plate and provides further definitions for who qualifies for a volunteer vehicle license plate.

SECTION I - CAPITAL CONSTRUCTION

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CAPITAL CONSTRUCTION - SUMMARY

CAPITAL PROJECTS

The Legislative Assembly provided a total of \$1,823,923,889 for capital projects as reflected on the following schedule:

	2019-21 Biennium		
	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page I-2	\$750,000	\$433,215,100	\$433,965,100
Extraordinary repairs - See the extraordinary repairs schedule on page I-6	17,562,569	15,456,236	33,018,805
Department of Transportation - Bond payments	0	1,013,189	1,013,189
Department of Transportation - Contractor payments	0	814,062,094	814,062,094
Water projects ¹	0	528,348,902	528,348,902
Game and Fish Department - Fisheries		268,329	268,329
Institutions of higher education special assessments	64,292	407,039	471,331
State agency special assessments	264,046	320,000	584,046
Payments in lieu of taxes ²	50,000	1,383,000	1,433,000
Other bond payments	9,019,762	1,689,328	10,709,090
Total	\$27,710,669	\$1,796,163,217	\$1,823,873,886

¹This amount includes funding for construction costs of the Southwest Pipeline Project and the Northwest Area Water Supply Project.

²This amount includes payments in lieu of taxes of approximately \$1,383,000 for the Game and Fish Department from special funds and \$50,000 for the adjutant general from the general fund. This amount does not include payments in lieu of taxes of approximately \$408,000 estimated to be paid by Workforce Safety and Insurance in the 2019-21 biennium under the agency's continuing appropriation for building maintenance.

2017-19 SUPPLEMENTAL FUNDING

The Legislative Assembly provided a total of \$62,900,000 of supplemental funding from the general fund for capital projects and other infrastructure projects as reflected on the following schedule:

	2017-19 Biennium
	General Fund
Major capital projects - See the major new capital construction schedule on page I-2	\$49,900,000
Department of Transportation - road maintenance	13,000,000
Total	\$62,900,000

LEASE PAYMENTS

The Legislative Assembly provided a total of \$9,019,762 from the general fund for 2019-21 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 Corrections and Rehabilitation, Adjutant General, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, branch research centers, Main Research Center, and Veterans' Home.

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 2019-21 biennium is estimated to be \$46,401,179 based on projected sales, use, and motor vehicle excise tax collections included in the 2019 legislative revenue forecast.

In Senate Bill No. 2297, the Legislative Assembly authorized \$100 million of capital projects as shown below to be funded through bonded indebtedness that affect the bonding limit.

	Senate Bill No. 2297
North Dakota State University - Dunbar Hall	\$40,000,000
Valley City State University - Community and Fine Arts Building project	30,000,000
North Dakota State University - Agriculture Products Development Center	20,000,000
University of North Dakota - Gamble Hall project	6,000,000
Dickinson State University - Pulver Hall	4,000,000
Total	\$100,000,000

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

**MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2019-21 BIENNIUM
COMPARED TO THE 2017-19 BIENNIUM**

Bill No.	Agency or Institution	Project	2019-21 Legislative Appropriations			2017-19 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
SB 2015	Office of Management and Budget (110)	Capitol building south entrance project (Capitol building fund)		\$2,000,000				
HB 1003	Lake Region State College (228)	Precision agriculture center		3,000,000				
HB 1003	University of North Dakota (230)	Athletics High Performance Center - Phase II Memorial Union (revenue bonds) Deferred maintenance and parking projects Gamble Hall		35,000,000		\$80,000,000 30,000,000 6,000,000		
HB 1003	North Dakota State University (235)	Barry Hall space repurpose and renovation Dunbar Hall Agriculture products development center Indoor practice facility Softball indoor facility University Village replacement - Phase II (revenue bonds)		3,000,000 3,200,000 20,000,000 37,200,000 2,000,000		40,000,000 20,000,000		37,600,000
HB 1003	Dickinson State University (239)	Pulver Hall				4,000,000		
HB 1003	Valley City State University (242)	Communications and Fine Arts Building				30,000,000		
HB 1003	Dakota College at Bottineau (243)	Dining facility renovation (revenue bonds)				2,500,000		
SB 2012	Department of Human Services (325)	Boiler and plant building at State Hospital (SIIF)		1,931,000				
HB 1014	Bank of North Dakota (471)	Financial center project (Bank of North Dakota assets)			0 ¹			
HB 1011	Highway Patrol (504)	Addition to indoor gun range (Motor carrier electronic permit fund)		1,729,100				
SB 2016	Adjutant General (540)	New federal construction - Estimated		5,700,000				
HB 1020	Main Research Center (640)	Williston Research Center seed cleaning facility Williston Research Center greenhouse	\$750,000	500,000				
SB 2017	Game and Fish Department (720)	Land acquisitions		800,000				
SB 2019	Parks and Recreation Department (750)	International Peace Garden (Bank of North Dakota loan) International Peace Garden (SIIF) De Trobriand Bay Marina electrical (SIIF) Fort Stevenson State Park facility renovation (SIIF) Grahams Island State Park facility renovation (SIIF) Icelandic State Park asphalt road and parking repair (SIIF) Pembina Gorge recreation area campground development (SIIF) Rental cabins in four state parks (two cabins per park) (SIIF) Sully Creek State Park campsite electrical service (SIIF)		3,000,000 2,000,000 295,000 340,000 80,000 340,000 150,000 320,000 230,000				
HB 1012	Department of Transportation (801)	Land and buildings		5,300,000				
SB 2297	Supplemental general fund appropriation	² Bismarck State College (227) - Nursing Building Lake Region State College (228) - Precision agriculture project University of North Dakota (230) - Gamble Hall project North Dakota State University (235) - Agriculture products development center North Dakota State University (235) - Dunbar Hall project Valley City State University (242) - Communications and Fine Arts Building project Dakota College at Bottineau (243) - Dining hall and other projects				\$8,900,000 1,000,000 9,000,000 20,000,000 8,000,000 2,000,000 1,000,000		
Total 2019-21 executive budget recommendation			<u>\$750,000</u>	<u>\$183,115,100</u>	<u>\$250,100,000</u>			
Total 2017-19 legislative appropriations						<u>\$49,900,000</u> ³	<u>\$189,184,000</u> ³	<u>\$72,005,000</u> ³

¹ House Bill No. 1014 (2015) provided \$17 million from Bank of North Dakota assets for the construction of a financial center building on the Bank's property. Due to a revenue shortfall and budget allotments during the 2015-17 biennium, the project was delayed until the 2019-21 biennium pursuant to Senate Bill No. 2014 (2017).

² Senate Bill No. 2297 (2019) provides an appropriation of \$49.9 million from the general fund for the 2017-19 biennium, for the construction of various higher education institution building projects.

³ The total original appropriation for major new capital construction provided by the 2017 Legislative Assembly, was \$261,189,000, of which \$189,184,000 was from other funds and \$72,005,000 was from bonding. Please refer to the Legislative Council's *State Budget Actions for the 2017-19 Biennium* report for details regarding the 2017-19 appropriations.

**EXTRAORDINARY REPAIRS FOR THE 2019-21 BIENNIUM
COMPARED TO 2017-19 BIENNIUM**

Bill No.	Agency or Institution	2019-21 Legislative Appropriations			2017-19 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
SB 2015	Office of Management and Budget (110)						
	Parking lot and sidewalk repairs on the Capitol grounds		\$800,000	\$800,000			
	Replace electrical transformer on the Capitol grounds		400,000	400,000			
	Replace cooling equipment at the State Library building		150,000	150,000			
	Replace cooling equipment in the Judicial wing		100,000	100,000			
	Refurbish and repair doors and entrances to the Capitol building		170,000	170,000			
	Replace elevator floors in the Judicial wing		80,000	80,000			
	Other unspecified electrical and mechanical projects		200,000	200,000			
	Total - Office of Management and Budget		\$1,900,000	\$1,900,000	\$108,066		\$108,066
HB 1002	Judicial branch (180)						
	Supreme Court law library renovation project		\$970,000	\$970,000			
	Total - Judicial branch		\$970,000	\$970,000	\$0		\$0
HB 1003	Bismarck State College (227)						
	Building exterior	\$317,673		\$317,673			
	Utilities and infrastructure	100,000		100,000			
	Total - Bismarck State College	\$417,673		\$417,673	\$417,673		\$417,673
HB 1003	Lake Region State College (228)						
	Miscellaneous projects	\$155,367		\$155,367			
	Total - Lake Region State College	\$155,367		\$155,367	\$155,367		\$155,367
HB 1003	Williston State College (229)						
	Miscellaneous projects	\$197,801		\$197,801			
	Total - Williston State College	\$197,801		\$197,801	\$197,801		\$197,801
HB 1003	University of North Dakota (230)						
	Building exterior	\$500,000		\$500,000			
	Interior finishes	900,000		900,000			
	Mechanical and electrical upgrades	600,000		600,000			
	Miscellaneous projects	50,000		50,000			
	Paving and lighting	1,461,566		1,461,566			
	Structural repairs	400,000		400,000			
	Utilities and infrastructure	500,000		500,000			
	Total - University of North Dakota	\$4,411,566		\$4,411,566	\$4,411,566		\$4,411,566
HB 1003	North Dakota State University (235)						
	Miscellaneous projects	\$2,732,244		\$2,732,244			
	Total - North Dakota State University	\$2,732,244		\$2,732,244	\$2,732,244		\$2,732,244
HB 1003	North Dakota State College of Science (238)						
	Miscellaneous projects	\$1,012,379		\$1,012,379			
	Total - North Dakota State College of Science	\$1,012,379		\$1,012,379	\$1,012,379		\$1,012,379
HB 1003	Dickinson State University (239)						
	Miscellaneous projects	\$409,078		\$409,078			
	Total - Dickinson State University	\$409,078		\$409,078	\$409,078		\$409,078
HB 1003	Mayville State University (240)						
	Miscellaneous projects	\$358,992		\$358,992			
	Total - Mayville State University	\$358,992		\$358,992	\$358,992		\$358,992

Bill No.	Agency or Institution	2019-21 Legislative Appropriations			2017-19 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1003	Minot State University (241)						
	Miscellaneous projects	\$899,620		\$899,620			
	Total - Minot State University	\$899,620		\$899,620	\$899,620		\$899,620
HB 1003	Valley City State University (242)						
	Miscellaneous projects	\$408,319		\$408,319			
	Total - Valley City State University	\$408,319		\$408,319	\$408,319		\$408,319
HB 1003	Dakota College at Bottineau (243)						
	Miscellaneous projects	\$114,007		\$114,007			
	Total - Dakota College at Bottineau	\$114,007		\$114,007	\$114,007		\$114,007
HB 1003	Forest Service (244)						
	Building exterior - Lisbon office	\$62,480		\$62,480			
	Total - Forest Service	\$62,480		\$62,480	\$62,480		\$62,480
SB 2013	School for the Deaf (252)						
	Extraordinary repair allocation		\$158,678	\$158,678			
	Master facility plan designated repairs		250,000	250,000			
	Total - School for the Deaf		\$408,678	\$408,678		\$833,678	\$833,678
SB 2013	North Dakota Vision Services - School for the Blind (253)						
	Base budget extraordinary repairs		\$39,192	\$39,192			
	Repair roof in the west wing		39,000	39,000			
	Garage door replacement		16,000	16,000			
	Glycol, carpeting, and sprinkler heads		18,500	18,500			
	Gym floor replacement		42,000	42,000			
	Daily living skills area remodeling		25,000	25,000			
	South wing second floor bathroom remodel		120,000	120,000			
	Total - North Dakota Vision Services - School for the Blind		\$299,692	\$299,692		\$164,692	\$164,692
HB 1004	State Department of Health (301)						
	Connect generator to laboratory 310		\$10,000	\$10,000			
	Install unified reverse osmosis systems	\$25,000		25,000			
	Install gutter covers		4,000	4,000			
	Install new humidifier - South building		16,000	16,000			
	Install new tile flooring in laboratories		30,000	30,000			
	Install pallet racking for storage		5,000	5,000			
	Install underground sprinklers		16,009	16,009			
	Repair and paint water-damaged walls - Respiratory fit testing room	5,650		5,650			
	Repair driveway and parking lots	25,000		25,000			
	Restripe two parking lots		8,000	8,000			
	Replace roof - North wing (tobacco prevention and control trust fund)		400,000	400,000			
	Replace laboratory bench top		8,000	8,000			
	Ventilation systems air handling unit replacement - South wing (tobacco prevention and control trust fund)		820,000	820,000			
	Total - State Department of Health	\$55,650	\$1,317,009	\$1,372,659	\$62,516	\$237,834	\$300,350
HB 1024	Department of Environmental Quality (303)						
	Flush, repair control valves, and refill hot water heating system	\$1,000		\$1,000			
	Install HVAC ductwork - East mechanical room		\$2,000	2,000			
	Install new carpet office area		10,000	10,000			
	Install new weather stripping on exterior door		1,000	1,000			
	Repair Environmental Training Center sign		1,000	1,000			
	Repair sidewalk		2,000	2,000			
	Replace deteriorating doors		2,000	2,000			
	Replace laboratory window	2,866	134	3,000			
	Replace light fixtures		2,000	2,000			
	Replace northwest atrium window	3,000		3,000			
	Total - Department of Environmental Quality	\$6,866	\$20,134	\$27,000	\$0	\$0	\$0

Bill No.	Agency or Institution	2019-21 Legislative Appropriations			2017-19 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1007	Veterans' Home (313)						
	Administrator's residence demolition		\$233,450	\$233,450			
	Total - Veterans' Home	\$0	\$233,450	\$233,450		\$82,500	\$82,500
SB 2012	Department of Human Services (325)						
	Roof replacement - Southeast Human Service Center	\$80,000		\$80,000			
	Various projects - State Hospital	816,699		816,699			
	Heating plant foundation repair - State Hospital	415,000		415,000			
	Roof replacement - State Hospital (strategic investment and improvements fund)		\$562,500	562,500			
	Various projects - Life Skills and Transition Center (strategic investment and improvements fund)	593,489	3,361,595	3,955,084			
	Powerhouse cooling tower - Life Skills and Transition Center	175,830		175,830			
	Demolish buildings - Life Skills and Transition Center (strategic investment and improvements fund)		915,570	915,570			
	Total - Department of Human Services	\$2,081,018	\$4,839,665	\$6,920,683	\$1,810,465		\$1,810,465
HB 1016	Job Service North Dakota (380)						
	Total - Job Service North Dakota				\$100,000		\$100,000
HB 1015	Department of Corrections and Rehabilitation (530)						
	James River Correctional Center extraordinary repairs	\$386,000		\$386,000			
	State Penitentiary extraordinary repairs	118,250	300,000	418,250			
	Sunny Farm barn repainting		15,000	15,000			
	Youth Correctional Center extraordinary repairs	372,000		372,000			
	Department of Corrections and Rehabilitation extraordinary repairs		141,000	141,000			
	Total - Department of Corrections and Rehabilitation	\$876,250	\$456,000	\$1,332,250	\$866,000	\$80,000	\$946,000
HB 1020	North Dakota State University Main Research Center (640)						
	Building exterior repair	\$268,093		\$268,093			
	Interior repair	268,093		268,093			
	Mechanical and electrical repair	268,093		268,093			
	Paving and area lighting	134,046		134,046			
	Structural repair	134,047		134,047			
	Utilities and infrastructure	268,093		268,093			
	Deferred maintenance (strategic investment and improvements fund)		\$940,465	940,465			
	Total - North Dakota State University Main Research Center	\$1,340,465	\$940,465	\$2,280,930	\$1,340,465		\$1,340,465
SB 2018	State Historical Society (701)						
	Auditorium chairs	\$75,000	\$85,000	\$160,000			
	Miscellaneous repairs and maintenance	1,000,000		1,000,000			
	Total - State Historical Society	\$1,075,000	\$85,000	\$1,160,000	\$478,857	\$1,000,000	\$1,478,857
SB 2017	Game and Fish Department (720)						
	Department facility repairs		\$1,029,721	\$1,029,721			
	Fishing area projects		1,385,000	1,385,000			
	Grants, gifts, and donations projects		50,000	50,000			
	Lonetree improvements		20,000	20,000			
	Lewis and Clark shooting range		20,000	20,000			
	Wildlife management area improvements		653,170	653,170			
	Total - Game and Fish Department		\$3,157,891	\$3,157,891		\$3,644,511	\$3,644,511
SB 2019	Parks and Recreation Department (750)						
	Departmentwide	\$947,794	\$194,126	\$1,141,920			
	Additional one-time repairs and maintenance		634,126	634,126			
	Total - Parks and Recreation Department	\$947,794	\$828,252	\$1,776,046	\$947,794	\$194,126	\$1,141,920
	Total 2019-21 extraordinary repairs	<u>\$17,562,569</u>	<u>\$15,456,236</u>	<u>\$33,018,805</u>			
	Total 2017-19 extraordinary repairs				<u>\$16,893,689</u> ²	<u>\$6,237,341</u> ²	<u>\$23,131,030</u>

¹ In Section 17 of House Bill No. 1015 (2017), the Legislative Assembly provided an exemption allowing up to \$1.4 million of unexpended 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium, including up to \$1 million for extraordinary repairs.

² Represents the total appropriation for extraordinary repairs provided by the 2017 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions for the 2017-19 Biennium* report for details regarding the 2017-19 appropriations.

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, 2017	Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021
				2015-17 Actual Payments	2017-19 Estimated Payments	2019-21 Estimated Payments			
1995 Legislative Assembly approved: Bismarck State College - Science and mathematics center (\$8,060,000) University of North Dakota (UND) - Abbott Hall renovations (\$2,371,769)	2012 Series A facilities improvement refunding bonds used to refund the 2002 Series D lease revenue refunding bonds used to refund 1995 Series A State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2015)	\$15,326,769 ¹	\$16,425,000	\$1,283,975	\$0	\$0	\$0	\$0	\$0
1997 Legislative Assembly approved: North Dakota 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 State 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 ^{2,3}	9,750,000	1,963,962	1,203,078	0	2,340,000	0	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021
				2015-17 Actual Payments	2017-19 Estimated Payments	2019-21 Estimated Payments			
1999 Legislative Assembly approved: NDSU - Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000) Williston State College - Health and Wellness Center (\$3,000,000)	2017 Series A Bonds refunded the 2006 Series B State Building Authority revenue refunding bonds (4.15% - 16-year bonds) - Used to refund a portion of the 2001 Series A State Building Authority revenue bonds (2022) - Remaining 2001 Series A State Building Authority revenue bonds (4.13% to 4.35%) (2010)	10,850,000 ⁴	9,770,000	2,110,868	0	0	5,260,000	0	0
2001 Legislative Assembly approved: Minot State University - Old Main renovation (\$7,850,000)									
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000) Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	2010 Series A and 2010 Series B bonds refunded the 2002 Series A State Building Authority revenue bonds (2% to 4% - 12-year bonds) (2022)	5,002,000 ⁵	6,035,000	919,274	919,562	932,445	2,470,000	1,710,000	885,000

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021
				2015-17 Actual Payments	2017-19 Estimated Payments	2019-21 Estimated Payments			
2003 Legislative Assembly approved:									
State Department of Health - Morgue and storage annex (\$960,000)	2012 Series A facilities improvement refunding bonds used to refund the 2003 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2021)	11,645,237 ⁶	13,080,000 ⁷	1,803,063	1,813,540	1,789,070	4,250,000	2,610,000	900,000
Department of Corrections and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$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)									
2005 Legislative Assembly approved:									
Office of Management and Budget - Fire suppression system (\$3,155,000)	2017 Series A refunded 2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 ⁸	4,897,570	8,360,785	6,864,522	22,190,000	14,575,000	8,365,000
Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021
				2015-17 Actual Payments	2017-19 Estimated Payments	2019-21 Estimated Payments			
NDSU - Hazardous material handling and storage facility (\$3,500,000)									
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)									
Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000)									
North Central Research Center - Agronomy laboratory and greenhouse (\$440,000)									
Central Grasslands Research Center - Office addition (\$270,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2017	Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021
				2015-17 Actual Payments	2017-19 Estimated Payments	2019-21 Estimated Payments			
Main Research Center - Greenhouse complex (\$2,000,000)									
State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000)									
State Historical Society and Heritage Center - Research collections expansion (\$5,500,000)									
Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									
2009 Legislative Assembly approved:									
Veterans' Home (\$2,355,000) - Series A	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) (2030)	2,355,000	2,355,000	281,835	405,733	490,885 ⁹	2,225,000 ¹⁰	1,960,000	1,685,000
Veterans' Home - (\$630,000) - Series B	2010 Series B State Building Authority facilities improvement bonds (2% to 4% - 12-year bonds) - Used to fund a portion of the Veterans' Home project and to refund a portion of the 2002 Series A bond - Job Service North Dakota and State Department of Health (2022)	630,000	630,000	73,680	0	0	0	0	0
Total		\$85,439,754	\$96,000,000	\$13,334,227	\$12,702,698	\$10,076,922	\$38,735,000	\$20,855,000	\$11,835,000
Breakdown of payments									
General fund				\$12,335,770 ¹¹	\$11,655,816 ¹¹	\$9,019,762 ¹¹			
Agency contributions				998,457	1,046,882	1,057,160			
Total				\$13,334,227	\$12,702,698	\$10,076,922			

¹Senate Bill No. 2030 (1995) included a section stating up to a total of \$2,206,769 from nongeneral 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:

Institution/Agency	Type of Facility	Total Contributions
Bismarck State College	Science and mathematics center	\$1,060,000
University of North Dakota	Abbott Hall renovation	871,769
Dickinson State University	Klinefelter Hall renovation	275,000
Total		\$2,206,769

In addition to the \$2,371,769 appropriated from bond proceeds for the UND 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.

²Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from nongeneral 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 NDSU and a renovation to the Ed James Wing of the medical school building at UND. The NDSU project was delayed until the 1999 legislative session. The UND project was handled through a separate bond issue (1998 Series C bond issue).

³House Bill No. 1022 (1999) authorized an animal research facility at NDSU, renovation of Pine Cottage at the Youth Correctional Center, and the Health and Wellness Center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (2001 Series A bond issue).

In addition to the \$2,207,500 appropriated from bond proceeds for the NDSU 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 \$1,975,500.

⁴House Bill No. 1022 (1999) included a section stating up to a total of \$3 million from nongeneral 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 paid \$1.5 million by the end of the 2009-11 biennium.

Senate Bill No. 2023 (2001) included a section stating \$2,299,000 must be available from nongeneral 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 2 annual payments being \$315,000 and each of the remaining 8 annual payments being \$208,625. Minot State University paid \$2,229,000 by the end of the 2011-13 biennium with \$0 remaining.

⁵Senate Bill No. 2023 (2001) included a section stating \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from nongeneral 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.

⁶House 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 also provided \$250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

⁷This 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 2003 Senate Bill No. 2416 for two State Historical Society projects (Chateau de Mores and Fort Abercrombie Interpretive Centers), which are to be paid from federal, local, or donated funds collected by the State Historical Society. The State Building Authority did not issue bonds for these projects because the State Historical Society did not have adequate funding for the debt service.

⁸Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from nongeneral fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's \$33,333 biennial payments (nine payments) began 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.

⁹2017-19 estimated bond payments for Veterans' Home Series A bond payments total \$405,733 and that number is included in House Bill No. 1014 (2019). In addition, a federal bond subsidy of \$90,155 is paid to the trustee, which is the Bank of North Dakota.

¹⁰Interest only payments are made on the Veterans' Home Series A bonds until the Veterans' Home Series B bonds are paid off. The first principal payment on the Series A bonds was made on December 1, 2016.

¹¹North Dakota Century Code Section 54-17.2-23 provided 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 Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 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 Legislative Assembly in 1997 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 Legislative Assembly in 2001 clarified the statute to provide 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.

NEW BONDING APPROVED

Senate Bill No. 2297 (2019) authorizes the Industrial Commission to issue up to \$100 million of evidences of indebtedness for various institutions of higher education building projects as detailed in the following table, during the 2019-21 biennium. The debt service is to be paid by funds received from lease payments from general fund appropriations.

Institution	Project	Authorized Bond Amount
North Dakota State University	Dunbar Hall	\$40,000,000
Valley City State University	Communications and Fine Arts Building	30,000,000
North Dakota State University	Agriculture Products Development Center	20,000,000
University of North Dakota	Gamble Hall	6,000,000
Dickinson State University	Pulver Hall	4,000,000
Total		\$100,000,000

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2017-19 through 2023-25 biennium 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 2019 legislative revenue forecast for the 2017-19 biennium and the 2019-21 biennium with a 0 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2017-19	\$12,702,698 ¹	\$1,046,882	\$11,655,816	\$44,080,101	\$32,424,285
2019-21	\$10,076,922 ¹	\$1,057,160	\$9,019,762	\$46,401,179	\$37,381,417
2021-23	\$21,171,211 ^{1,2}	\$840,392	\$20,330,819 ²	\$46,401,179	\$26,070,360
2023-25	\$16,561,207 ^{1,2}	\$499,317	\$16,061,890 ²	\$46,401,179	\$30,339,289

¹The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2017-19 biennium, the 2006 Series A bond issue was paid off.

²Senate Bill No. 2297 (2019) authorized \$100 million of bonds to be issued and the preliminary estimate of future bond payments is \$13.5 million based on the following assumptions:

- Bonds will mature in 20 years;
- Bonds are issued up to the maximum amount on the August 1, 2019 and mature on August 1, 2039;
- Bond payments are made semiannually;
- Bond coupon (3.38 percent) and yield (3.03 percent) rates are based on 30-year treasury yields; and
- Bond issuance costs are not financed; which if they are, would increase the biennial payments.

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STATE EMPLOYEES - OVERVIEW

SALARY INCREASES

The 2019 Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Section 16 of Senate Bill No. 2015 for state employee salary increases. Salary increases for classified and nonclassified employees during the 2019-21 biennium are 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Except for minimum and maximum amounts, increases for eligible state employees are to be based on documented performance and are not to be the same percentage increase for each employee.

Salary increases approved beginning July 1, 2019, result in the following:

- Employees earning less than \$72,000 each year will receive a \$120 monthly salary increase rather than a 2 percent increase;
- Employees earning \$72,000 or more each year but less than \$120,000 each year will receive a 2 percent salary increase; and
- Employees earning \$120,000 or more each year are limited to a \$200 monthly salary increase rather than a 2 percent increase.

The Legislative Assembly approved total funding of \$84.9 million for state employee salary increases during the 2019-21 biennium, of which \$36.8 million is from the general fund and \$48.1 million is from other funds. These totals include higher education.

SALARY UNDERFUNDING

The 2019 Legislative Assembly reduced funding for salaries and wages for six agencies totaling \$7.04 million, of which \$6.1 million is from the general fund and approximately \$940,000 is from other funds, in anticipation of savings from vacant positions and employee turnover. Agencies with underfunded salary budgets include:

Agency	Amount
101 - Governor	\$86,305
110 - Office of Management and Budget	811,246
125 - Attorney General	207,734
127 - Tax Commissioner	900,000
325 - Department of Human Services	4,694,730
720 - Game and Fish Department	342,077
Total	\$7,042,092

UNFUNDED POSITIONS

The 2019 Legislative Assembly provided for a total of 18.80 full-time equivalent (FTE) positions to be unfunded in four agencies. The total amount of funding related to the unfunded FTE positions is \$2 million, of which approximately \$500,000 is from the general fund and \$1.5 million is from special funds. Agencies with positions unfunded include the Legislative

Council (1 FTE position), the Veterans' Home (6 FTE positions), Job Service North Dakota (5.80 FTE positions), and Workforce Safety and Insurance (6 FTE positions).

ACCRUED LEAVE PAYOUTS

The 2019 Legislative Assembly provided funding for accrued leave payouts in eight agencies totaling \$1.7 million of which approximately \$600,000 is from the general fund and \$1.1 million is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment. Agencies with funding for accrued leave payouts include the Office of Management and Budget, State Treasurer, Department of Trust Lands, Department of Human Services, Protection and Advocacy Project, Insurance Commissioner, Bank of North Dakota, and Workforce Safety and Insurance.

HIGHER EDUCATION

The 2019 Legislative Assembly authorized a total of 6,609.87 higher education FTE positions for the 2019-21 biennium, a reduction of 157.89 FTE positions from the 2017-19 biennium authorized level of 6,767.76 FTE positions. Total funding provided for higher education FTE salary increases is \$35.3 million, of which \$12.1 million is from the general fund and \$23.2 million is from other funds. Total funding provided for increases in health insurance premiums for higher education FTE positions is \$28.7 million, of which \$9.9 million is from the general fund and \$18.8 million is from other funds.

EXECUTIVE BRANCH ELECTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. Specific language regarding the salary increases is included in Section 16 of Senate Bill No. 2015, and the statutory changes necessary are included in the respective elected officials' appropriation bills.

The Legislative Assembly also provided salary equity increases of \$5,889 per year for the Agriculture Commissioner and State Treasurer for the 2019-21 biennium.

JUDICIAL BRANCH

The Legislative Assembly approved salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020, for employees of the judicial branch, including Supreme Court justices and district court judges. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

HEALTH INSURANCE

The Legislative Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide \$1,426.74 per month for employee health insurance, an increase of \$185.91, or 15 percent, compared to the 2017-19 biennium premium rate of \$1,240.83 per month. A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
1995-97	\$265	N/A
1997-99	\$301	13.6%
1999-2000	\$350	16.3%
2001-03	\$409	16.9%
2003-05	\$489	19.6%
2005-07	\$554	13.3%
2007-09	\$658	18.8%
2009-11	\$826	25.5%
2011-13	\$887	7.4%
2013-15	\$982	10.7%
2015-17	\$1,130	15.1%
2017-19	\$1,241	9.8%
2019-21	\$1,427	15.0%

The 2017 Legislative Assembly approved using up to \$15.1 million of Public Employees Retirement System health insurance reserves to reduce the overall increase from the 2015-17 biennium to the 2017-19 biennium by 2.4 percent. The 2019 Legislative Assembly did not approve using health insurance reserve funds to reduce state premium rates. The July 1, 2019 estimated health insurance reserve balance is \$29.4 million.

RETIREMENT

In Senate Bill No. 2049, the 2019 Legislative Assembly changed the retirement final average salary for employees who terminate employment after December 31, 2019, to be the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of 12 consecutive months employed during the last 180 months of employment. The Legislative Assembly also provided for certain retirement changes for employees hired after December 31, 2019, as follows:

- Required the 1.14 percent employer contribution currently provided for a retiree health insurance credit be reallocated for the main system defined benefit plan (Senate Bill No. 2046).
- Reduced the retirement service benefit multiplier for the main system defined benefit plan from 2 percent to 1.75 percent (Senate Bill No. 2047).

EMPLOYEE ASSISTANCE PROGRAM

The monthly rate for the employee assistance program remains at \$1.54 per month, or \$18.48 annually.

LIFE INSURANCE

The monthly rate for life insurance provided to state employees remains at \$0.28 per month, or \$3.36 annually.

UNEMPLOYMENT INSURANCE

Funding is included for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum) for the 2019-21 biennium, the same rate as the 2017-19 biennium. No unemployment insurance was collected on state employee salaries during the 2013-15 and 2015-17 bienniums.

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes approved by the 2019 Legislative Assembly.

	General Fund	Other Funds	Total
Salary increases ¹	\$36,759,178	\$48,127,899	\$84,887,077
Health insurance premium increases ¹	29,220,876	40,005,248	69,226,124
Total	\$65,980,054	\$88,133,147	\$154,113,201

¹Includes higher education.

FULL-TIME EQUIVALENT POSITIONS

The Legislative Assembly authorizes a total of 15,805.77 FTE positions, a decrease of 41.61 FTE positions from the 2017-19 authorized level of 15,847.38 FTE positions, including a decrease of 157.89 higher education FTE positions and an increase of 116.28 FTE positions in all other state agencies. Of the total 15,805.77 FTE positions, 6,609.87 are higher education FTE positions and 9,195.90 are FTE positions in other state agencies.

Major changes in FTE positions, excluding higher education, are as follows:

Agency	Authorized FTE Positions		Increase (Decrease)
	2017-19	2019-21	
325 - Department of Human Services	2,162.23	2,230.23	68.00
112 - Information Technology Department	344.30	402.00	57.70
530 - Department of Corrections and Rehabilitation	845.29	899.79	54.50
270 - Department of Career and Technical Education	24.50	52.30	27.80
303 - Department of Environmental Quality	152.50	165.50	13.00
380 - Job Service North Dakota	181.61	172.61	(9.00)
127 - Tax Commissioner	133.00	123.00	(10.00)

630 - North Dakota State University Extension Service	252.98	242.51	(10.47)
540 - Adjutant General	234.00	222.00	(12.00)
801 - Department of Transportation	1,047.00	982.00	(65.00)
Other state agencies	3,702.21	3,703.96	1.75
Total	9,079.62	9,195.90	116.28

INFORMATION TECHNOLOGY UNIFICATION

The Legislative Assembly approved a shared services unification of information technology resources and personnel, including the transfer of 96 information technology FTE positions from five agencies to the Information Technology Department as follows:

Agency	FTE Transferred
226 - Department of Trust Lands	2.00
325 - Department of Human Services	48.00
540 - Adjutant General - Department of Emergency Services	4.00
750 - Parks and Recreation Department	1.00
801 - Department of Transportation	41.00
Total	96.00

ANALYSIS OF FTE POSITIONS AUTHORIZED BY THE LEGISLATIVE ASSEMBLY IN 2019 FOR THE 2019-21 BIENNIUM

Agency	2017-19 FTE Positions	2019-21 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
GENERAL GOVERNMENT				
101 - Governor's office	18.00	18.00	0.00	0.0%
108 - Secretary of State	32.00	32.00	0.00	0.0%
110 - Office of Management and Budget	117.00	112.00	(5.00)	(4.3%)
112 - Information Technology Department	344.30	402.00 ^{1,2}	57.70 ^{1,2}	16.8%
117 - State Auditor	56.00	58.00	2.00	3.6%
120 - State Treasurer	7.00	7.00	0.00	0.0%
125 - Attorney General	237.00	246.00 ³	9.00 ³	3.8%
127 - Tax Commissioner	133.00	123.00	(10.00)	(7.5%)
140 - Office of Administrative Hearings	5.00	5.00	0.00	0.0%
160 - Legislative Council	36.00	36.00	0.00	0.0%
180 - Judicial branch	355.50	363.00	7.50	2.1%
188 - Commission on Legal Counsel for Indigents	40.00	40.00	0.00	0.0%
190 - Retirement and Investment Office	19.00	20.00	1.00	5.3%
192 - Public Employees Retirement System	34.50	34.50	0.00	0.0%
195 - Ethics Commission	0.00	2.00	2.00	N/A
TOTAL GENERAL GOVERNMENT	<u>1,434.30</u>	<u>1,498.50</u>	<u>64.20</u>	<u>4.5%</u>

Agency	2017-19 FTE Positions	2019-21 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
HIGHER EDUCATION - see page J-7				
OTHER EDUCATION				
201 - Department of Public Instruction	91.75	89.25	(2.50)	(2.7%)
226 - Department of Trust Lands	31.00	28.00 ¹	(3.00) ¹	(9.7%)
250 - State Library	28.75	27.75	(1.00)	(3.5%)
252 - School for the Deaf	45.61	44.61	(1.00)	(2.2%)
253 - North Dakota Vision Services - School for the Blind	28.50	27.90	(0.60)	(2.1%)
270 - Department of Career and Technical Education	24.50	52.30 ²	27.80 ²	113.5%
TOTAL OTHER EDUCATION	<u>250.11</u>	<u>269.81</u>	<u>19.70</u>	<u>7.9%</u>
HEALTH AND WELFARE				
301 - State Department of Health	211.50	204.00	(7.50)	(3.5%)
303 - Department of Environmental Quality	152.50	165.50 ⁴	13.00 ⁴	8.5%
313 - Veterans' Home	120.72	120.72	0.00	0.0%
316 - Indian Affairs Commission	4.00	4.00	0.00	0.0%
321 - Department of Veterans' Affairs	7.00	7.00	0.00	0.0%
325 - Department of Human Services	2,162.23 ⁵	2,230.23 ¹	68.00 ¹	3.1%
360 - Protection and Advocacy Project	27.50	28.50	1.00	3.6%
380 - Job Service North Dakota	181.61	172.61	(9.00)	(5.0%)
TOTAL HEALTH AND WELFARE	<u>2,867.06</u>	<u>2,932.56</u>	<u>65.50</u>	<u>2.3%</u>

Agency	2017-19 FTE Positions	2019-21 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
REGULATORY				
401 - Insurance Commissioner	46.00	41.00	(5.00)	(10.9%)
405 - Industrial Commission	110.25 ⁶	112.25 ⁶	2.00 ⁶	1.8%
406 - Department of Labor and Human Rights	14.00	14.00	0.00	0.0%
408 - Public Service Commission	45.00	43.00	(2.00)	(4.4%)
412 - Aeronautics Commission	7.00	7.00	0.00	0.0%
413 - Department of Financial Institutions	30.00	31.00	1.00	3.3%
414 - Securities Department	9.00	10.00	1.00	11.1%
471 - Bank of North Dakota	181.50	181.50	0.00	0.0%
473 - Housing Finance Agency	44.00	44.00	0.00	0.0%
475 - Mill and Elevator Association	153.00	156.00	3.00	2.0%
485 - Workforce Safety and Insurance	260.14	260.14	0.00	0.0%
TOTAL REGULATORY	899.89	899.89	0.00	0.0%
PUBLIC SAFETY				
504 - Highway Patrol	204.00	197.00	(7.00)	(3.4%)
530 - Department of Corrections and Rehabilitation	845.29	899.79	54.50	6.4%
540 - Adjutant General	234.00	222.00 ¹	(12.00) ¹	(5.1%)
TOTAL PUBLIC SAFETY	1,283.29	1,318.79	35.50	2.8%

<u>Agency</u>	<u>2017-19 FTE Positions</u>	<u>2019-21 FTE Positions</u>	<u>Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
AGRICULTURE AND ECONOMIC DEVELOPMENT				
601 - Department of Commerce	66.40	61.80	(4.60)	(6.9%)
602 - Agriculture Commissioner	73.00	78.00	5.00	6.8%
627 - Upper Great Plains Transportation Institute	43.88 ⁷	43.88	0.00	0.0%
628 - Branch research centers	110.29 ⁷	109.81	(0.48)	(0.4%)
630 - North Dakota State University Extension Service	252.98 ⁷	242.51	(10.47)	(4.1%)
638 - Northern Crops Institute	11.80 ⁷	12.80	1.00	8.5%
640 - Main Research Center	336.12 ⁷	344.05	7.93	2.4%
649 - Agronomy Seed Farm	3.00 ⁷	3.00	0.00	0.0%
670 - Racing Commission	2.00	2.00	0.00	0.0%
TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>899.47</u>	<u>897.85</u>	<u>(1.62)</u>	<u>(0.2%)</u>
NATURAL RESOURCES AND HIGHWAYS				
701 - State Historical Society	75.00	75.00	0.00	0.0%
709 - Council on the Arts	5.00	5.00	0.00	0.0%
720 - Game and Fish Department	163.00	165.00 ⁸	2.00 ⁸	1.2%
750 - Parks and Recreation Department	62.50	61.50 ¹	(1.00) ¹	(1.6%)
770 - State Water Commission	93.00	90.00	(3.00)	(3.2%)
801 - Department of Transportation	1,047.00	982.00 ¹	(65.00) ¹	(6.2%)
TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>1,445.50</u>	<u>1,378.50</u>	<u>(67.00)</u>	<u>(4.6%)</u>

Agency	2017-19 FTE Positions	2019-21 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
SUMMARY TOTALS				
General Government	1,434.30	1,498.50	64.20	4.5%
Other Education	250.11	269.81	19.70	7.9%
Health and Welfare	2,867.06	2,932.56	65.50	2.3%
Regulatory	899.89	899.89	0.00	0.0%
Public Safety	1,283.29	1,318.79	35.50	2.8%
Agriculture and Economic Development	899.47	897.85	(1.62)	(0.2%)
Natural Resources and Highways	1,445.50	1,378.50	(67.00)	(4.6%)
TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	9,079.62	9,195.90	116.28	1.3%
HIGHER EDUCATION				
215 - North Dakota University System office	149.40 ⁹	148.90	(0.50)	(0.3%)
227 - Bismarck State College	358.35 ⁹	323.93	(34.42)	(9.6%)
228 - Lake Region State College	129.61 ⁹	118.10	(11.51)	(8.9%)
229 - Williston State College	100.75 ⁹	100.48	(0.27)	(0.3%)
230 - University of North Dakota	2,218.07 ⁹	2,132.17	(85.90)	(3.9%)
232 - University of North Dakota School of Medicine and Health Sciences	435.75 ⁹	485.32	49.57	11.4%
235 - North Dakota State University	1,895.66 ⁹	1,870.16	(25.50)	(1.3%)
238 - North Dakota State College of Science	345.04 ⁹	310.73	(34.31)	(9.9%)
239 - Dickinson State University	168.90 ⁹	213.26	44.36	26.3%
240 - Mayville State University	210.53 ⁹	209.27	(1.26)	(0.6%)
241 - Minot State University	441.65 ⁹	407.58	(34.07)	(7.7%)
242 - Valley City State University	202.75 ⁹	180.68	(22.07)	(10.9%)
243 - Dakota College at Bottineau	84.30 ⁹	82.29	(2.01)	(2.4%)

Agency	2017-19 FTE Positions	2019-21 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
244 - Forest Service	27.00 ⁹	27.00	0.00	0.0%
TOTAL HIGHER EDUCATION	<u>6,767.76</u>	<u>6,609.87</u>	<u>(157.89)</u>	<u>(2.3%)</u>
TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	<u><u>15,847.38</u></u>	<u><u>15,805.77</u></u>	<u><u>(41.61)</u></u>	<u><u>(0.3%)</u></u>

¹ The 2019 Legislative Assembly approved a shared services unification of certain agencies' information technology resources and personnel, including the transfer of 96 information technology FTE positions from 5 agencies to the Information Technology Department, including the Department of Trust Lands (2 FTE), Department of Human Services (48 FTE), Adjutant General - Department of Emergency Services (4 FTE), Parks and Recreation Department (1 FTE), and the Department of Transportation (41 FTE).

² The 2019 Legislative Assembly authorized the transfer of the Center for Distance Education (CDE), including 29.80 FTE positions, from the Information Technology Department to the Department of Career and Technical Education. The Legislative Assembly removed 1 FTE CDE position in the Department of Career and Technical Education to provide a total of 28.80 FTE CDE positions for the 2019-21 biennium.

³ The 2019-21 biennium authorization for the Attorney General includes 245 FTE positions authorized in Senate Bill No. 2003 and 1 FTE position authorized in Section 3 of Senate Bill No. 2015.

⁴ The 2019-21 biennium authorization for the Department of Environmental Quality includes 8 FTE positions related to the state assuming primacy over the quad O and quad Oa federal air pollution programs and are available to the department beginning July 1, 2020.

⁵ The 2017-19 biennium authorization for the Department of Human Services includes 6 FTE positions for the purpose of implementing the community behavioral health program, as approved in Senate Bill No. 2015 (2017).

⁶ The 2017-19 biennium authorization for the Industrial Commission includes 2 contingent FTE positions that are available only if the total number of oil wells capable of production and injection exceeds 18,200. This contingency was met and in December 2018 the Budget Section approved the Industrial Commission's request to hire these 2 FTE positions. The 2019-21 biennium authorization includes 2 contingent FTE positions that are available only if the total number of oil wells capable of production and injection exceeds 20,800.

⁷ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 10 of Senate Bill No. 2020 (2017):

	2017-19 Legislative Authorization	2017-19 Adjusted FTE Position Level	Variance from 2017-19 Adjusted Level to 2017-19 Legislative Authorization	2019-21 Legislative Authorization	Variance from 2017-19 Adjusted Level to 2019-21 Legislative Authorization
Upper Great Plains Transportation Institute	43.88	43.88	0.00	43.88	0.00
Branch research centers	110.29	109.81	(0.48)	109.81	0.00
North Dakota State University Extension Service	252.98	242.51	(10.47)	242.51	0.00
Northern Crops Institute	11.80	12.80	1.00	12.80	0.00
Main Research Center	336.12	340.05	3.93	344.05	4.00
Agronomy Seed Farm	3.00	3.00	0.00	3.00	0.00
Total	758.07	752.05	(6.02)	756.05	4.00

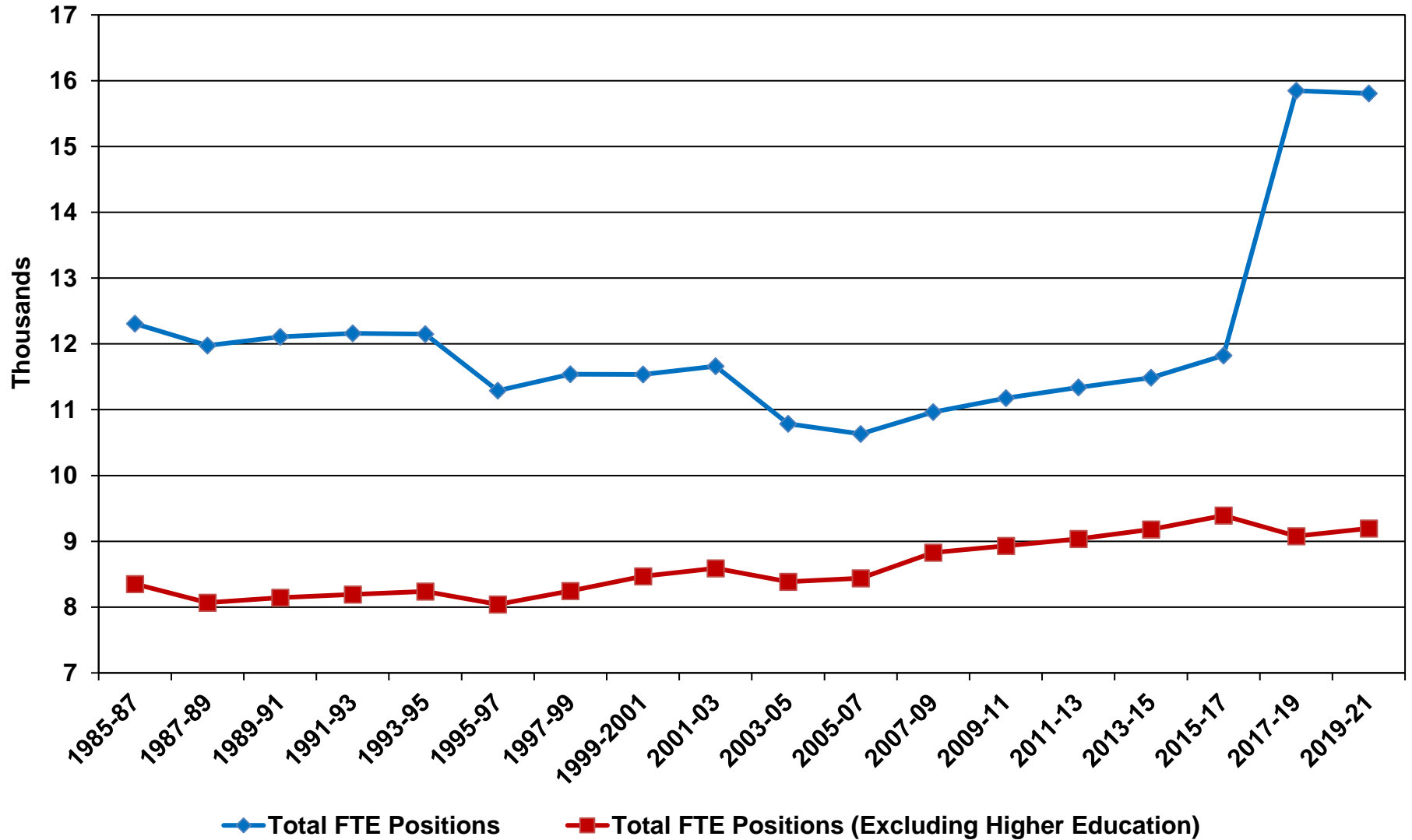
⁸ The 2019-21 biennium authorization for the Game and Fish Department includes 163 FTE positions authorized in Senate Bill No. 2017 and 2 FTE positions authorized in Section 7 of Senate Bill No. 2293.

⁹ The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 21 of Senate Bill No. 2003 (2017):

	2017-19 Legislative Authorization	2017-19 Adjusted FTE Position Level	Variance from 2017-19 Adjusted Level to 2017-19 Legislative Authorization	2019-21 Legislative Authorization	Variance from 2017-19 Adjusted Level to 2019-21 Legislative Authorization
North Dakota University System office	149.40	148.90	(0.50)	148.90	0.00
Bismarck State College	358.35	323.93	(34.42)	323.93	0.00
Lake Region State College	129.61	118.10	(11.51)	118.10	0.00
Williston State College	100.75	100.48	(0.27)	100.48	0.00
University of North Dakota	2,218.07	2,132.17	(85.90)	2,132.17	0.00
University of North Dakota School of Medicine and Health Sciences	435.75	485.32	49.57	485.32	0.00
North Dakota State University	1,895.66	1,870.16	(25.50)	1,870.16	0.00
North Dakota State College of Science	345.04	310.73	(34.31)	310.73	0.00
Dickinson State University	168.90	213.26	44.36	213.26	0.00
Mayville State University	210.53	209.27	(1.26)	209.27	0.00
Minot State University	441.65	407.58	(34.07)	407.58	0.00
Valley City State University	202.75	180.68	(22.07)	180.68	0.00
Dakota College at Bottineau	84.30	82.29	(2.01)	82.29	0.00
Forest Service	27.00	27.00	0.00	27.00	0.00
Total	6,767.76	6,609.87	(157.89)	6,609.87	0.00

NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state employee FTE positions for the 1985-87 through 2019-21 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions Excluding Higher Education	Higher Education	Total FTE Positions
1985-87	915.50	396.39	3,393.11	996.43	552.80	802.28	1,294.50	8,351.01	3,956.84	12,307.85
1987-89	975.55	296.10	3,079.89 ¹	1,021.93	648.77	770.58	1,273.00	8,065.82	3,909.16	11,974.98
1989-91	916.25	309.36	3,028.11	1,047.94	699.27	785.57	1,357.50	8,144.00	3,963.02	12,107.02
1991-93	949.85	327.91	2,876.26	1,078.92	727.69	826.57	1,406.50	8,193.70	3,965.80	12,159.50
1993-95	1,016.10	322.44	2,794.66	1,138.81	774.04	787.02 ²	1,404.00	8,237.07	3,912.91	12,149.98
1995-97	1,004.42	313.38	3,103.11 ⁴	665.50 ⁴	774.52	777.97	1,402.50	8,041.40	3,249.13 ³	11,290.53
1997-99	1,039.90	312.54	3,124.00	696.00	894.64	817.12	1,359.50	8,243.70	3,297.30	11,541.00
1999-2001	1,164.00 ⁵	308.19	3,099.06	723.00	954.68	856.35	1,363.00	8,468.28	3,068.64 ⁶	11,536.92
2001-03	1,236.20	271.07	3,069.86	762.50	967.18	914.03	1,369.75	8,590.59	3,070.58	11,661.17
2003-05	1,266.70 ⁷	245.60	2,852.80	767.37	995.18 ⁷	878.65	1,379.75	8,386.05	2,400.38 ⁸	10,786.43 ⁹
2005-07	1,246.00	243.89	2,840.20	763.51	1,056.28	898.80	1,389.00	8,437.68	2,194.42	10,632.10
2007-09	1,325.00	242.69	2,993.75	783.51	1,136.29	939.93	1,407.00	8,828.17	2,136.59	10,964.76
2009-11	1,362.00	253.19	3,008.65	806.20	1,161.29	921.30	1,417.50	8,930.13	2,245.51	11,175.64
2011-13	1,373.60	255.19	2,968.33	823.20	1,234.29	952.31	1,429.50	9,036.42	2,303.74	11,340.16
2013-15	1,419.10	262.11	2,975.06	859.89	1,273.29	933.79	1,456.50	9,179.74	2,304.74	11,484.48
2015-17	1,505.10	264.61	2,984.06	907.89	1,285.29	950.08	1,489.50	9,386.53	2,430.35	11,816.88
2017-19	1,434.30	250.11	2,867.06	899.89	1,283.29	899.47	1,445.50	9,079.62	6,767.76 ¹⁰	15,847.38
2019-21	1,498.50	269.81	2,932.56	899.89	1,318.79	897.85	1,378.50	9,195.90	6,609.87	15,805.77

¹Reflects a phase-out of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

²Excludes 14.1 authorized FTE positions for commodity groups because House Bill No. 1203 (1993) provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

³The state colleges and universities changed the formula for counting teacher FTE positions based on the number of months worked during the year. Those who worked 12 months were reduced from 1.2 FTE positions to 1 FTE position, and those who worked 9 months were reduced from 1 FTE position to .75 FTE position. The net reduction from the change is 415.85 FTE positions. In addition, the University of North Dakota Rehabilitation Hospital was privatized resulting in a reduction of 286.2 FTE positions.

⁴Job Service North Dakota and its 420.5 FTE positions were switched from **Regulatory** to **Health and Welfare**.

⁵The judicial branch added 129.5 FTE positions with the clerk of court unification.

⁶Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

⁷Reflects an increase of 31 FTE positions in **General Government** and a corresponding reduction in **Public Safety** due to State Radio being consolidated with the Office of Management and Budget.

⁸The FTE count for higher education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

⁹House Bill No. 1505 (2003) provided that on November 1, 2003, 24 FTE positions relating to information services, including electronic mail, file and print server administration, database administration, storage, application server, and hosting services, must be reduced and transferred to the Information Technology Department. The project executive committee recommended the transfer of 8.5 FTE positions to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. The 2003-05 FTE positions reflect the transfer of 8.5 FTE positions.

¹⁰Prior to the 2017-19 biennium, higher education FTE positions supported from special funds were not reflected in the budget, as the State Board of Higher Education and institutions under its control have continuing appropriation authority for special funds. The 2015 Legislative Assembly amended North Dakota Century Code Section 54-44.1-04 to require higher education entities to enter all budget data in the state's budget system in the same manner as other agencies. This increased the total number of FTE positions by 4,337.41. The 2017 Legislative Assembly reduced the number of general fund supported FTE positions in higher education by 313.27 to 2,117.08 for the 2017-19 biennium. Higher education FTE positions supported from all funds was 6,767.76 in the 2017-19 biennium.

HISTORY OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increases	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 the Governor's control to January 1, 1987	1.9%
1987	0%	3.7%
1988	0%	4.1%
1989	11.4% higher education faculty at the University of North Dakota and North Dakota State University; 9.5% higher education faculty at other 4-year universities; 7.3% higher education faculty at 2-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 4-year universities, 5% higher education faculty at 2-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 North Dakota 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 were based on merit and equity	2.2%
2000	2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity. An additional 1% was provided to the extent the increase could be paid with existing agency resources.	3.4%
2001 ¹	3% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	2.8%
2002 ¹	2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	1.6%

Year	General Salary Increase Provided or Proposed	Annual Inflation*
2003	Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase could 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 was required to 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 4 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 could 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 was required to 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%	3.2%
2007 ²	4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board)	2.9%
2008 ²	4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board)	3.8%
2009 ³	5% with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board)	(0.3%)
2010 ³	5% with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board)	1.6%
2011 ⁴	3% (Salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by the Office of Management and Budget (OMB).)	3.1%
2012 ⁴	3% (Salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by OMB.)	2.1%
2013 ⁵	From 3% to 5% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.5%
2014 ⁵	From 2% to 4% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.6%
2015 ⁶	From 2% to 4% based on performance	0.1%
2016 ⁶	From 2% to 4% based on performance	1.2%
2017	0%	1.6%
2018	0%	2.2%
2019	2% with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 ⁷	2.0% (projected)
2020	2.5%	2.1% (projected)

*Percentage change, consumer price index annual rate, Moody's Analytics and IHS Markit

¹In addition the 2001 Legislative Assembly provided:

- \$5 million, \$2.7 million of which was 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 was used for salary increases to address equity issues.
- \$178,233, \$142,697 of which was from the general fund, for salary equity adjustments for elected and appointed officials.

²In addition the 2007 Legislative Assembly provided \$10 million, \$5 million of which was 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 were to receive the largest increase (Senate Bill No. 2189 (2007)).

The 2007-09 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

³In addition the 2009 Legislative Assembly provided an appropriation of \$15,984,000, of which \$9,000,000 is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 (2009) provided the statewide equity pool be used for market equity compensation adjustments for classified and nonclassified state employees of executive branch agencies, institutions, and departments, excluding entities under the control of the State Board of Higher Education. The market equity increases were to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan needed to give priority to employees who were employed by the state for the greatest length of time and were furthest below their salary range midpoint. The Office of Management and Budget, in developing the plan, was to consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming.

The 2009-11 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

⁴In addition the 2011 Legislative Assembly provided additional salary equity-related funding for the following agencies:

- Attorney General's office - \$125,000 from the general fund - Salary increases available upon certification completion for personnel advancement.
- Industrial Commission - \$502,832 from the general fund - Salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer - \$24,000 from the general fund - Salary increases for employee reclassifications.
- Department of Transportation - \$600,000 from special funds - Optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

The 2011-13 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance premium increases.

The 2011 Legislative Assembly provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

⁵The 2013 Legislative Assembly provided salary increases for eligible classified employees of up to 2 percent per year based on an employee's position in the assigned pay range and increases of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance. The Legislative Assembly provided salary increases to eligible nonclassified employees of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance.

The Legislative Assembly also provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2014. For the increase, employees paid 1 percent of the increased contribution and the state paid the remaining 1 percent.

⁶The 2015 Legislative Assembly provided salary increases for all eligible classified and nonclassified employees of 2 to 4 percent per year, based on performance.

The 2015 Legislative Assembly also provided targeted market equity funds of \$4.49 million, which included \$3.75 million from the general fund to address occupational market disparities, economic growth areas, recruitment and retention challenges, and external pay inequities for employees who are critical to the mission of the agency. Agencies that received a targeted market equity salary adjustment include the Adjutant General (\$71,323), Veterans' Home (\$468,954), State Department of Health (\$724,558), Department of Human Services (\$3,039,616), and the Protection and Advocacy Project (\$185,549).

The 2015 Legislative Assembly also provided additional salary market equity-related funding for the following agencies:

- Attorney General's office - \$1,546,301, which includes \$1,012,301 from the general fund.

- Office of Administrative Hearings - \$38,110 from special funds.
- Retirement and Investment Office - \$50,000 from special funds.
- Department of Public Instruction - \$100,000 from the general fund.
- Department of Corrections and Rehabilitation - \$2,126,442 from the general fund.
- Adjutant General - \$192,621 from the general fund.

⁷The 2019 Legislative Assembly approved state employee salary increases of 2 percent with a \$120 monthly minimum and a \$200 monthly maximum on July 1, 2019, which results in the following:

- Employees earning less than \$72,000 each year will receive a \$120 monthly salary increase rather than a 2 percent increase;
- Employees earning \$72,000 or more each year but less than \$120,000 each year will receive a 2 percent salary increase; and
- Employees earning \$120,000 or more each year are limited to a \$200 monthly salary increase rather than a 2 percent increase.

ELECTED OFFICIALS' SALARIES

The 2019 Legislative Assembly authorized 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020, for elected officials. The 2017 Legislative Assembly did not authorize salary increases for state employees, including elected officials, for the 2017-19 biennium. The schedule below shows for each elected official the salary authorized by the 2017 Legislative Assembly and by the 2019 Legislative Assembly.

State Official	Statutory Annual Salary Authorized by the 2017 Legislative Assembly		Statutory Annual Salary Authorized by the 2019 Legislative Assembly	
	Effective July 1, 2017	Effective July 1, 2018	Effective July 1, 2019	Effective July 1, 2020
Governor	\$132,964 ¹	\$132,964 ¹	\$135,364	\$138,748
Lieutenant Governor	\$103,221	\$103,221	\$105,285	\$107,917
Secretary of State	\$105,770	\$105,770	\$107,885	\$110,582
Attorney General	\$157,009	\$157,009	\$159,409	\$163,394
Superintendent of Public Instruction	\$120,410	\$120,410	\$122,810	\$125,880
Tax Commissioner	\$114,791	\$114,791	\$117,087	\$120,014
Insurance Commissioner	\$105,770	\$105,770	\$107,885	\$110,582
Public Service Commissioners (3)	\$108,656	\$108,656	\$110,829	\$113,600
Agriculture Commissioner	\$108,656	\$108,656	\$116,836 ²	\$119,757 ²
State Auditor	\$105,770	\$105,770	\$107,885	\$110,582
State Treasurer	\$99,881	\$99,881	\$107,885 ³	\$110,582 ³

¹Section 5 of 2017 House Bill No. 1001 includes legislative intent that the Governor accept the Governor's salary, but allows the Governor, if the Governor chooses, to decline the salary. The Governor declined the 2017-19 biennium salary appropriated by the 2017 Legislative Assembly.

²The 2019 Legislative Assembly provided a salary equity increase to the Agriculture Commissioner of \$5,889 per year, the same salary equity increase provided to the State Treasurer.

³The 2019 Legislative Assembly provided a salary equity increase to the State Treasurer of \$5,889 per year to align the State Treasurer's salary with the State Auditor's salary.

For each judge or justice, the following schedule shows the current salary and the salary approved by the 2017 Legislative Assembly and by the 2019 Legislative Assembly:

	Statutory Annual Salary Authorized by the 2017 Legislative Assembly		Statutory Annual Salary Authorized by the 2019 Legislative Assembly	
	Effective July 1, 2017	Effective July 1, 2018	Effective July 1, 2019	Effective July 1, 2020
Supreme Court Chief Justice	\$161,517	\$161,517	\$163,917	\$168,015
Other Supreme Court justices	\$157,009	\$157,009	\$159,409	\$163,394
District court presiding judges	\$148,025	\$148,025	\$150,425	\$154,186
Other district court judges	\$143,869	\$143,869	\$146,269	\$149,926

COST OF STATE EMPLOYEE SALARY AND HEALTH INSURANCE INCREASE HISTORY

The following is a summary of the cost of providing salary and health insurance increases for the 1999-2001 through 2019-21 bienniums:

State Employee Salary Increases				
Biennium	Percentage Increase	General Fund	Other Funds	Total
1999-2001	2 percent with a \$35 per month minimum on July 1, 1999, and 2 percent with a \$35 per month minimum on July 1, 2000	\$17,681,836	\$9,633,401	\$27,315,237
2001-03	3 percent with a \$35 per month minimum on July 1, 2001, and 2 percent with a \$35 per month minimum on July 1, 2002	\$27,043,178	\$12,493,632	\$39,536,810
2003-05	Up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005 (based on the elimination of positions and savings from vacant positions)	\$0	\$0	\$0
2005-07	4 percent on July 1, 2005, and 4 percent on July 1, 2006	\$19,778,486	\$21,746,666	\$41,525,152
2007-09	4 percent with a \$75 per month minimum on July 1, 2007, and 4 percent with a \$75 per month minimum on July 1, 2008	\$23,372,817	\$22,505,911	\$45,878,728
2009-11	5 percent with a \$100 per month minimum on July 1, 2009, and 5 percent with a \$100 per month minimum on July 1, 2010	\$36,821,006	\$31,667,339	\$68,488,345
2011-13	3 percent on July 1, 2011, and 3 percent on July 1, 2012	\$23,920,117	\$20,892,142	\$44,812,259
2013-15	From 3 to 5 percent on July 1, 2013, and from 2 to 4 percent on July 1, 2014, for performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range in July 2013 and July 2014 for market equity	\$41,268,879	\$34,551,738	\$75,820,617
2015-17	From 2 to 4 percent based on performance on July 1, 2015, and from 2 to 4 percent based on performance on July 1, 2016	\$31,461,697	\$24,353,454	\$55,815,151
2017-19	The 2017 Legislative Assembly did not approve state employee salary increases for the 2017-19 biennium	\$0	\$0	\$0
2019-21	2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020	\$36,759,178	\$48,127,899	\$84,887,077

State Employee Health Insurance Increases						
Biennium	Monthly Premium	Increase From Previous Biennium	Percentage Increase	General Fund	Special Funds	Total
1999-2001	\$350	\$49	16.3%	\$6,989,537	\$3,858,174	\$10,847,711
2001-03	\$409	\$59	16.9%	\$11,182,551	\$6,001,252	\$17,183,803
2003-05	\$489	\$80	19.6%	\$8,027,122	\$8,258,216	\$16,285,338
2005-07	\$554	\$65	13.3%	\$5,335,798	\$7,903,870	\$13,239,668
2007-09	\$658	\$104	18.8%	\$9,115,817	\$12,346,031	\$21,461,848
2009-11	\$826	\$168	25.5%	\$15,889,790	\$20,215,824	\$36,105,614
2011-13	\$887	\$61	7.4%	\$7,179,809	\$5,995,847	\$13,175,656
2013-15	\$982	\$95	10.7%	\$11,127,312	\$9,700,989	\$20,828,301
2015-17	\$1,130	\$148	15.1%	\$19,877,362	\$14,316,411	\$34,193,773
2017-19	\$1,241	\$111	9.8%	\$19,741,923	\$23,074,031	\$42,815,954
2019-21	\$1,427	\$186	15.0%	\$29,220,876	\$40,005,248	\$69,226,124

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2019-21 BIENNIUM¹

Agency or Institution	Project	2019-21 Legislative Appropriations		
		General Fund	Other Funds	Total
108 - Secretary of State	Voting systems replacement and ePoll Book implementation		\$12,000,000	\$12,000,000
112 - Information Technology Department	Statewide interoperable radio network		120,000,000	120,000,000
	Cybersecurity tool set modernization	\$13,722,680	4,000,000	17,722,680
	Statewide land parcel database project		1,150,000	1,150,000
	IT service management		2,000,000	2,000,000
	Application platform as a service implementation		1,325,000	1,325,000
	Automation/orchestration platform implementation for delivery of services		900,000	900,000
190 - Retirement and Investment Office	Teachers Fund for Retirement pension administration system modernization		9,000,000	9,000,000
201 - Department of Public Instruction	State automated reporting system rewrite		1,200,000	1,200,000
325 - Department of Human Services	Child and family services comprehensive child welfare information and payment system mainframe migration project		1,250,000	1,250,000
	Medicaid management information system technical stack upgrade		7,104,000	7,104,000
380 - Job Service North Dakota	Unemployment insurance modernization and registration project		17,562,746	17,562,746
405 - Industrial Commission - Department of Mineral Resources	Oil database software upgrade		5,000,000	5,000,000
485 - Workforce Safety and Insurance	Claims and Policy Replacement System, Releases 7, 8, 9, 10 myWSI extranet enhancement project		7,010,000	7,010,000
			850,000	850,000
801 - Department of Transportation	Driver's license system rewrite		22,500,000	22,500,000
Total		\$13,722,680	\$212,851,746*	\$226,574,426

*Of this amount, \$35,701,000 is from the strategic investment and improvements fund and \$1,200,000 is from the foundation aid stabilization fund.

¹North Dakota Century Code Section 54-59-02.1 requires the State Information Technology Advisory Committee (SITAC) to prioritize major executive branch computer software projects. The committee met on October 30, 2018, and prioritized information technology projects for the 2019-21 biennium with a total cost over \$500,000 by funding source. The following is a summary of the prioritization, including information regarding the preliminary project budget and the amount appropriated by the 2019 Legislative Assembly.

General Fund Projects					
	Project	Agency	SITAC Preliminary Project Budget	2019-21 Legislative Appropriations	Difference
1	Statewide interoperable radio network	Information Technology Department	\$53,000,000	\$120,000,000 ^{a,b}	\$67,000,000
2	Cybersecurity tool set modernization	Information Technology Department	\$16,335,690	\$17,722,680 ^{a,c}	\$1,386,990
3	Unified data platform	Information Technology Department	\$1,000,000	\$0	(\$1,000,000)
4	North Dakota gateway portal project	Information Technology Department	\$6,000,000	\$0	(\$6,000,000)
5	Mainframe transition project	Information Technology Department	\$5,000,000	\$0	(\$5,000,000)

6	Citizen relationship management system	Information Technology Department	\$4,500,000	\$0	(\$4,500,000)
7	Basic care application replacement project	Department of Human Services	\$1,920,000	\$0	(\$1,920,000)
8	Statewide land parcel dataset project	Information Technology Department	\$1,060,000	\$1,150,000 ^a	\$90,000

Federal Fund Projects

1	Voting systems replacement	Secretary of State	\$9,500,000	\$12,000,000 ^{a,d}	\$2,500,000
2	Child and family services FRAME system replacement	Department of Human Services	\$25,000,000	\$0	(\$25,000,000)
3	Medicaid management information system technical stack upgrade	Department of Human Services	\$7,100,000	\$7,104,000 ^{a,e}	\$4,000
4	ePoll Book implementation	Secretary of State	\$3,000,000	\$0 ^d	(\$3,000,000)
5	Disaster supplemental nutrition assistance program replacement	Department of Human Services	\$2,120,000	\$0	(\$2,120,000)
6	Mainframe migration assessment	Department of Human Services	\$1,220,000	\$0	(\$1,220,000)
7	Roadway information management system replacement	Department of Transportation	\$5,590,000	\$0	(\$5,590,000)
8	Child and family services comprehensive child welfare information and payment system mainframe migration project	Department of Human Services	\$1,250,000	\$1,250,000 ^{a,f}	\$0
9	Early childhood integrated data system expansion	Department of Public Instruction	\$7,100,000	\$0	(\$7,100,000)
10	Master data management/master client index assessment	Department of Human Services	\$660,000	\$0	(\$660,000)

Special Fund Projects

1	Driver's license system rewrite	Department of Transportation	\$16,500,000	\$22,500,000 ^g	\$6,000,000
2	Oil database software upgrade	Department of Mineral Resources	\$4,040,000	\$5,000,000 ^h	\$960,000
3	IT service management system	Information Technology Department	\$2,000,000	\$2,000,000 ⁱ	\$0
4	Claims and policy system - Release 7	Workforce Safety and Insurance	\$1,700,000	\$1,700,000 ⁱ	\$0
5	Automatic vehicle GPS implementation	Department of Transportation	\$2,650,000	\$0	(\$2,650,000)
6	Claims and policy system - Release 8	Workforce Safety and Insurance	\$1,890,000	\$1,890,000 ⁱ	\$0
7	Claims and policy system - Release 10	Workforce Safety and Insurance	\$2,480,000	\$2,490,000 ⁱ	\$10,000
8	Application platform as a service implementation	Information Technology Department	\$1,330,000	\$1,325,000 ⁱ	(\$5,000)
9	myWSI enhancement project - Releases 3-4	Workforce Safety and Insurance	\$850,000	\$850,000 ⁱ	\$0
10	Claims and policy system - Release 9	Workforce Safety and Insurance	\$930,000	\$930,000 ⁱ	\$0
11	Automation/orchestration platform implementation for delivery of services	Information Technology Department	\$900,000	\$900,000 ⁱ	\$0
12	Maintenance management system	Department of Transportation	\$3,850,000	\$0	(\$3,850,000)
13	Teachers Fund For Retirement pension administration system modernization	Retirement and Investment Office	\$9,140,000	\$9,000,000 ^k	(\$140,000)
14	Traffic data editing and analysis system rewrite	Department of Transportation	\$1,530,000	\$0	(\$1,530,000)
15	Mobile/digital driver's license project	Department of Transportation	\$3,150,000	\$0	(\$3,150,000)

^aThese projects include funding from the strategic investment and improvements fund.

^bHouse Bill No. 1435 provides \$120 million for the statewide interoperable radio network (SIRN) project, of which \$80 million is from a Bank of North Dakota line of credit, \$20 million is from current earnings and accumulated undivided profits of the Bank of North Dakota and \$20 million is from the strategic investment and improvements fund. Before the Industrial Commission transfers any Bank of North Dakota earnings to the SIRN fund, \$25 million of the line of credit must be used.

^cOf the \$17,722,680 provided for the cybersecurity tool set modernization project, \$11.4 million is from the general fund and \$4 million is from the strategic investment and improvements fund for information technology software and supplies and other operating expenses. The remaining \$2,322,680 is from the general fund for 8 FTE cybersecurity positions, of which \$1,974,440 is for salaries and wages and \$348,240 is for operating expenses.

^dThe Legislative Assembly provided a total of \$12 million for the voting systems replacement and ePoll Book implementation projects, of which \$8.2 million is from the strategic investment and improvements fund, \$3 million is from federal funds, and \$800,000 is from the Secretary of State's general services operating fund.

^eOf the \$7,104,000 provided for the Medicaid management information system technical stack upgrade, \$5,328,000 is from federal funds and \$1,776,000 is from the strategic investment and improvements fund.

^fFunding for the child and family service comprehensive child welfare information and payment system mainframe migration project includes \$675,000 from federal funds and \$575,000 from the strategic investment and improvements fund.

^gFunding for the driver's license system rewrite project is from the highway fund.

^hFunding for an oil database software upgrade, also known as the risk-based data management system 3.0 project, is from the abandoned oil and gas well plugging and site reclamation fund.

ⁱFunding for the IT service management system, application platform as a service implementation, and automation/orchestration platform implementation for delivery of services project is from the Information Technology Department's operating service fund.

^jFunding for the claims and policy system and the myWSI enhancement project is from the workmens compensation fund.

^kFunding for the Teachers Fund for Retirement pension administration system modernization project is from the retirement and investment fund.

NOTE: The Legislative Assembly provided \$1,200,000 for the state automated reporting system rewrite and \$17,562,746 for the unemployment insurance modernization and registration project. These projects were not prioritized by the SITAC.

SECTION L - TRUST FUND ANALYSES

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ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Estimated beginning balance		\$17,382,475		\$21,028,063
Add estimated revenues				
Fees, forfeitures, transfers, and recoveries penalties ¹	\$3,211,000		\$2,157,000	
Oil and gas tax collections (2017 SB 2013; 2019 HB 1014) ^{2,3}	8,399,588		14,820,000	
Total estimated revenues		11,610,588		16,977,000
Total estimated available		\$28,993,063		\$38,005,063
Less estimated expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983 (2019 SB 2123) ⁴	\$2,562,000		\$3,000,000	
Reclamation of well sites placed into service on or before July 31, 1983 (2017 HB 1347)	3,426,000		600,000	
Transfer to the environmental quality restoration fund ⁵	400,000		400,000	
Brine pond and soil remediation studies (2017 HB 1347)	1,358,000		400,000	
Pipeline restoration and reclamation oversight program - Agriculture Commissioner (2017 HB 1009; 2019 SB 2009) ⁶	200,000		200,000	
Oil database information technology project (2019 HB 1014)			5,000,000	
Miscellaneous ⁷	19,000		25,000	
Total estimated expenditures and transfers		7,965,000		9,625,000
Estimated ending balance		\$21,028,063		\$28,380,063

¹Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

²In Senate Bill No. 2013 (2017), the Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease is effective only for the 2017-19 biennium.

House Bill No. 1014 (2019) decreases the allocation limit related to the fund balance by \$50 million, from \$100 million to \$50 million.

³Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the 2019 legislative revenue forecast.

⁴Senate Bill No. 2123 (2019) clarifies the fund may be used for the reclamation of saltwater handling facility sites and treating plant sites.

⁵For the 2017-19 biennium through December 31, 2018, the State Department of Health has not requested any transfers. North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

⁶The Legislative Assembly appropriated \$200,000 in House Bill No. 1009 (2017). Senate Bill No. 2009 (2019) includes an appropriation of \$200,000 from the fund for the program.

⁷Miscellaneous expenditures include credit card merchant fees and audit fees.

FUND HISTORY

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

The Legislative Assembly, in House Bill No. 1032 (2015), increased the oil and gas tax allocation to the fund by \$2.5 million per fiscal year, from \$5 million to \$7.5 million, and increased the allocation limit from an amount that would bring the balance of the fund over \$75 million to an amount that would bring the balance of the fund over \$100 million. In Senate Bill No. 2013 (2017), the Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease is effective only for the 2017-19 biennium.

**ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND
FOR THE 2017-19 AND 2019-21 BIENNIUMS**

	2017-19 Biennium ¹		2019-21 Biennium ¹	
		\$6,080,229		\$7,080,229
Beginning cash balance		\$6,080,229		\$7,080,229
Add estimated revenues				
Transfers of Bank of North Dakota profits (2017 SB 2014; 2019 HB 1014)	\$6,000,000		\$6,000,000	
Transfers from partnership in assisting community expansion (PACE) funds ²	500,000		0	
Recoveries from loans previously written-off	0		0	
Investment interest	12,000		12,000	
Total estimated revenues		6,512,000		6,012,000
Total available		\$12,592,229		\$13,092,229
Less estimated expenditures and transfers				
Interest rate buydowns	\$5,500,000		\$6,000,000	
Transfers to PACE funds ²	0		0	
Transfers to the value-added agriculture equity loan program ³	0		0	
Public Service Commission rail rate complaint case (2017 HB 1008; 2019 SB 2008) ⁴	0		0	
Intermodal container transportation shipping fees (2019 HB 1018) ⁵	0		1,300,000	
Administrative expenses including audit fees	12,000		12,000	
Total estimated expenditures and transfers		5,512,000		7,312,000
Estimated ending cash balance		\$7,080,229		\$5,780,229

¹The beginning and ending cash balances do not include the value of the outstanding loans because the loans are reflected on the Bank of North Dakota's balance sheet.

²North Dakota Century Code Sections 6-09.13-04 and 6-09-15.5 authorize the Bank of North Dakota to transfer any unobligated funds that have been appropriated for interest rate buydowns between the beginning farmer revolving loan fund, the Ag PACE fund and other PACE funds. No transfers are anticipated in the 2019-21 biennium.

³Section 6-09-15.5 authorizes the Bank of North Dakota to transfer up to \$1 million per biennium of unobligated funds from the beginning farmer revolving loan fund to the value-added agriculture equity loan program. No transfers are anticipated for the 2017-19 and 2019-21 bienniums.

⁴The 2017 and 2019 Legislative Assemblies authorized the transfer of up to \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. Any amounts spent by the Public Service Commission must be reimbursed to the beginning farmer revolving loan fund using the amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail rate complaint case. No transfers are anticipated during the 2017-19 and 2019-21 bienniums.

⁵House Bill No. 1018 (2019) provides up to \$1.3 million from the beginning farmer revolving loan fund to the Department of Commerce to pay intermodal container transportation shipping fees if the containers are unable to be shipped resulting in fees to transport the containers to new locations.

FUND HISTORY

The beginning farmer revolving loan fund was established in Senate Bill No. 2220 (1983) and is maintained to provide interest rate buydowns on loans to beginning farmers for the first purchase of farm real estate or chattels. The beginning farmer revolving loan fund is administered by the Bank of North Dakota pursuant to Section 6-09-15.5.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$38,308,669		\$399,903,648
Add estimated revenues				
Investment income	\$1,510,000 ¹		\$8,980,000 ¹	
Oil and gas tax collections	75,000,000 ²		75,000,000 ²	
Transfer from general fund	285,084,979 ³		0	
Total estimated revenues		361,594,979		83,980,000
Total available		\$399,903,648		\$483,883,648
Less estimated expenditures and transfers				
None	\$0		\$0	
Total estimated expenditures and transfers		0		0
Estimated ending balance		\$399,903,648		\$483,883,648

¹Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01.

²Section 57-51.1-07.5 provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire \$75 million amount is anticipated to be deposited into the fund during the 2017-19 and 2019-21 bienniums.

³Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The 2019-21 biennium general fund appropriations approved by the 2019 Legislative Assembly total \$4,843,563,166; therefore, the 15 percent maximum budget stabilization fund balance is \$726,534,475 for the 2019-21 biennium.

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 any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. House Bill No. 1451 (2011) decreased the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. House Bill No. 1155 (2017) increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides any amount in the 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 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 a general fund revenue shortfall. The section originally limited the transfer 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. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the Governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the Director of the Budget.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS¹

	2017-19 Biennium		2019-21 Biennium	
Estimated beginning balance		\$5,089,876		\$6,430,536
Add estimated revenues				
Investment income	\$231,880		\$300,000	
Governor's residence fundraising	387,000		0	
Rentals, royalties, and bonuses	3,948,880		1,560,400	
Total estimated revenues		4,567,760		1,860,400
Total estimated available		\$9,657,636		\$8,290,936
Less estimated expenditures and transfers				
Administrative expenses	\$45,500		\$50,000	
Income payments to counties	6,600 ²		6,800 ²	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02)	175,000 ³		250,000 ³	
Capitol Grounds Planning Commission operating expenses (2017 HB 1015; 2019 SB 2015)	25,000		25,000	
Office of Management and Budget Capitol projects (2017 HB 1015; 2019 SB 2015)	1,245,563 ⁴		4,220,000 ⁴	
Legislative Assembly digital signage and voting system upgrades (2019 HB 1001)			140,000	
Judicial branch Supreme Court law library space remodel (2019 HB 1002)			970,000	
Governor's residence (2015 SB 2304)	1,729,437 ⁵			
Total estimated expenditures and transfers		3,227,100		5,661,800
Estimated ending balance		\$6,430,536		\$2,629,136

¹The analysis reflects the legislative appropriations for the 2017-19 and 2019-21 bienniums and does not include the land owned by the fund.

²Section 15-04-23 provides the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payments. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for the repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

³Section 20 of Senate Bill No. 2015 (2019) amended Section 48-10-02 to increase a continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 per biennium to \$250,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the 1st day of the biennium.

⁴The Legislative Assembly, in House Bill No. 1015 (2017), authorized the \$1.4 million appropriated by the 2015 Legislative Assembly for Capitol building entrance and signage projects to be continued into the 2017-19 biennium to provide up to \$1 million for extraordinary repairs and the remaining amount for Capitol building entrance and signage projects. Senate Bill No. 2015 (2019) appropriates one-time funding of \$4.22 million from the fund for a Capitol building south entrance project (\$2 million), extraordinary repairs (\$1.9 million) and special assessments on the Capitol grounds (\$320,000).

⁵Funding of \$4 million was appropriated from the Capitol building fund by the 2015 Legislative Assembly in Senate Bill No. 2304, for the demolition of the existing Governor's residence and the construction of a new residence. The bill also included an appropriation of \$1 million from private donations for a total appropriation of \$5 million for the project, which continued into the 2017-19 biennium.

ANALYSIS OF THE CENTERS OF EXCELLENCE FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance ¹		\$623,004		\$0
Add estimated revenues				
Investment income	\$2,500			
Refunds from previously awarded grants ²	307,807			
Total estimated revenues		310,307		0
Total available		\$933,311		\$0
Less estimated expenditures and transfers				
Administrative expenses ³	\$6,500			
Centers of excellence grants funding distributions	559,915			
Transfer to the Research North Dakota fund ⁴	366,896			
Total estimated expenditures and transfers		933,311		0
Estimated ending balance ⁴		\$0		\$0

¹The 2009 Legislative Assembly provided \$31,070,541 for the centers of excellence fund, including a transfer of \$15 million from the general fund, a contingent transfer of \$5 million from the general fund, a transfer of \$4.45 million from the general fund related to centers of excellence grants awarded but not distributed, and \$6,620,541 from the permanent oil tax trust fund related to unexpended 2007-09 biennium centers of excellence funding.

²In February 2018 and February 2019, the Department of Commerce received refunds totaling \$307,807 from North Dakota State University. North Dakota State University had been awarded this funding during the 2005-07, 2009-11, and 2011-13 bienniums for six centers of excellence centers. Of this amount, \$158,984 was received due to the Center for Advanced Technology Development and Commercialization not spending centers of excellence funding prior to closing in December 2016. The remaining \$148,823 was received from five centers due to the allowable time for grant expenditures expiring.

³North Dakota Century Code Section 15-69-05(6), as amended by the Legislative Assembly in Senate Bill No. 2057 (2011), authorized the Department of Commerce to use funds available within the centers of excellence fund for the department's administrative expenses.

⁴In Section 7 of Senate Bill No. 2224 (2019), the Legislative Assembly provided for a transfer of any balance in the centers of excellence fund to the Research North Dakota fund on July 1, 2019. Section 6 of the bill repeals the centers of excellence program on July 1, 2019.

FUND HISTORY

Section 15-69-06 (Senate Bill No. 2018 (2009)) establishes a centers of excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of excellence program. Interest earned on money in the fund is retained in the fund. The Legislative Assembly did not appropriate new funding to the centers of excellence fund for the 2011-13, 2013-15, 2015-17, or 2017-19 bienniums. Estimated expenditures for these bienniums relate to centers of excellence grants awarded in prior bienniums. The Legislative Assembly approved Senate Bill No. 2057 (2011), which would have repealed the centers of excellence fund on August 1, 2023. The Legislative Assembly approved Senate Bill No. 2224 (2019), which repeals Chapter 15-69 related to the centers of excellence program and fund on July 1, 2019.

ANALYSIS OF THE CENTERS OF RESEARCH EXCELLENCE FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Estimated beginning balance ¹		\$2,264,626		\$0
Add estimated revenues				
Investment income	\$3,800			
Refunds from previously awarded grants ²	5,970			
Total estimated revenues		9,770		0
Total available		\$2,274,396		\$0
Less estimated expenditures and transfers				
Centers of research excellence grants				
University of North Dakota (UND) ^{3,4}	\$948,650			
North Dakota State University (NDSU) ³	802,952			
Base realignment grants				
UND ⁴	213,190			
Transfer to the Research North Dakota fund ⁵	309,604			
Total estimated expenditures and transfers		2,274,396		0
Estimated ending balance ⁵		\$0		\$0

¹The 2011 Legislative Assembly appropriated \$12 million from the general fund for transfer to the centers of research excellence fund to provide funding for a limited deployment-cooperative airspace project grant, centers of research excellence grants, and base realignment grants for the 2011-13 biennium. Of this amount, \$4 million was designated for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance opportunities for a limited deployment-cooperative airspace project in the state during the 2011-13 biennium. The remaining \$8 million was designated for centers of research excellence grants. See footnote 3 for additional information.

²In February 2018 the Department of Commerce received a refund of \$4,672 from NDSU. North Dakota State University had been awarded this funding during the 2011-13 biennium for the NDSU Center for Life Sciences Research and Applications. However, the allowable time for the center to spend centers of research excellence funding expired, resulting in the refunds. In May 2018 the department received a refund of \$1,298 from UND. The University of North Dakota was awarded this funding during the 2015-17 biennium for the Center for Gas Utilization. However, the allowable time for the center to spend centers of research excellence funding expired, resulting in the refunds. The department does not anticipate receiving any refunds during the 2019-21 biennium.

³The amount of centers of research excellence grants awarded originally in the 2011-13 biennium totaled \$4,813,750. Of this amount, the Center for Life Sciences Research and Applications at NDSU was awarded \$1,350,000. However, the center has been closed by NDSU, resulting in \$1,100,000 of grants becoming uncommitted. As a result, the Centers of Excellence Commission opened a special base realignment grant round under North Dakota Century Code Section 54-65-04 during the 2015-17 biennium. In February 2017 the Department of Commerce awarded \$1,212,145 of grant funds to UND for base realignment grants.

Of the remaining \$250,000 awarded and distributed to the Center for Life Sciences Research and Applications, \$44,672 was refunded to the Department of Commerce due to the allowable time for the center to spend the centers of research excellence funding expiring, resulting in \$205,328 awarded and spent by the Center for Life Sciences Research and Applications. The Center for Gas Utilization also refunded \$1,298 of the \$300,000 awarded and distributed by the department, resulting in \$298,702 available to the Center for Gas Utilization.

The Department of Commerce anticipates awarding \$1,751,602 during the 2017-19 biennium, of which \$802,952 is for the Center for Technologically Innovative Processes and Products at NDSU and \$948,650 is for the Center for Biobased Materials Science and Technology at UND, resulting in a total of \$5,419,382 awarded for the program.

NDSU	
Center for Life Sciences Research and Applications	\$205,328
Center for Technologically Innovative Processes and Products 1	320,000
Center for Technologically Innovative Processes and Products 2	1,011,250
Center for Technologically Innovative Processes and Products 3	802,952
UND	
Center for Avian Therapeutics for Infectious Diseases	700,000
Center for Gas Utilization	298,702
Center for Biobased Materials Science and Technology 1	1,132,500
Center for Biobased Materials Science and Technology 2	948,650
Total	\$5,419,382

⁴Of the \$4,000,000 available to UND through the centers of research excellence program from funds appropriated for the 2011-13 biennium, \$3,000,000 was designated for Grand Forks base realignment grants. The purpose of the base realignment grants was to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission and to enhance infrastructure and economic development projects or programs to accommodate growth near the Grand Forks Air Force Base. Any funds not committed within the first 18 months of the 2011-13 biennium are available for the centers of research excellence program. The amount of base realignment grants awarded originally totaled \$2,840,400. Due to NDSU closing the Center for Life Sciences Research and Applications, \$1,212,145 of centers of research excellence grants became uncommitted. In February 2017 the Department of Commerce awarded an additional \$1,212,145 of grant funds to UND for base realignment grants. The department anticipates awarding an additional \$213,190 of base realignment grants for beyond visual line of sight radar during the 2017-19 biennium, resulting in a total of \$4,265,735 awarded for base realignment grants:

UND	
Global Hawk sensor operator part task trainer	\$878,204
Joint Distributed Common Ground System	125,706
North Dakota Unmanned Aircraft Systems Airspace Initiative (Phase 2)	255,440
Airspace Integration Team - Unmanned Aircraft System National Test Site	500,000
Enhanced Use Lease for Grand Forks Air Force Base	921,050
Enhanced Use Lease Phase IV for Grand Forks Air Force Base	160,000
Beyond Visual Line of Sight Radar - Unmanned Aircraft System National Test Site grant number 1	1,212,145
Beyond Visual Line of Sight Radar - Unmanned Aircraft System National Test Site grant number 2	213,190
Total	\$4,265,735

⁵In Section 7 of Senate Bill No. 2224 (2019), the Legislative Assembly provided for a transfer of any balance in the centers of research excellence fund to the Research North Dakota fund on July 1, 2019. Section 6 of the bill repeals the centers of research excellence program on July 1, 2019.

FUND HISTORY

Section 12 of Senate Bill No. 2057 (2011) established the centers of research excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of research excellence program. Interest earned on money in the fund is retained in the fund.

The 2013 Legislative Assembly designated \$8 million of the \$12 million for centers of research excellence grants. The Centers of Excellence Commission may not award centers of research excellence grants of more than \$4 million to one research university or nonprofit foundation related to that research university. The centers of research excellence program established by the Legislative Assembly in 2011 replaces the centers of excellence program with the following modifications:

- Removed the requirement for Budget Section or Emergency Commission approval and authorized the Centers of Excellence Commission to award grants.
- Removed tourism from the definition of an "industry cluster."

- Removed the requirement that research universities limit applications to two per round of funding and removed the requirement that the awarding process give consideration to a center's ability to become financially self-sustaining.
- Replaced the prior requirement of annual audits with the requirement for an audit of all funds distributed to the centers after the 2nd full fiscal year, after all funds distributed to the centers have been expended, and for all other years during the postaward monitoring. The centers may contract with an independent accountant for an agreed-upon procedures engagement. Postaward monitoring lasts for no fewer than 6 years and no more than 10 years following the designation of a center for both the centers of excellence and the centers of research excellence programs.
- Provided a statement of legislative intent for the centers of research excellence program to be an ongoing program. (The centers of excellence program had an established expiration date.)

The Legislative Assembly did not appropriate new funding to the centers of research excellence fund for the 2013-15, 2015-17, or 2017-19 bienniums. Estimated expenditures for these bienniums relate to centers of research excellence grants awarded in prior bienniums.

The Legislative Assembly approved Senate Bill No. 2224 (2019), which repeals Sections 54-65-02, 54-65-03, 54-65-04, and 54-65-05 related to the centers of research excellence program and fund on July 1, 2019.

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2019-21 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Mineral Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	13.57%
	1999	\$444,823,559	\$23,200,000	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	11.05%
	2001	\$521,509,978	\$23,775,000	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	(1.34%)
	2003	\$522,905,814	\$28,896,500	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	12.60%
	2005	\$614,738,548	\$30,000,000	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	7.51%
	2007	\$761,901,287	\$31,100,000	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	(4.22%)
	2009	\$908,928,685	\$33,400,000	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	14.48%
	2011	\$1,221,501,801	\$38,589,000	17.99%
2011-13	2012	\$1,622,412,984	\$46,257,000	2.42%
	2013	\$1,917,135,220	\$46,257,000	10.65%
2013-15	2014	\$2,417,363,782	\$65,163,000	13.85%
	2015	\$3,128,315,233	\$65,163,000	.50%
2015-17	2016	\$3,437,988,002	\$103,067,000	(0.63%)
	2017	\$3,512,355,582	\$103,067,000	9.50%
2017-19	2018	\$3,940,114,988	\$144,132,000	6.50%
	2019	\$4,318,989,728	\$144,132,000	1
2019-21 ²	2020	1	\$183,378,000	1
	2021	1	\$183,378,000	1

¹Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$4,411,276,226 as of February 28, 2019.**

²The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund. In addition, Senate Bill No. 2362 provides, if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with Section 26 of Article X of the Constitution of North Dakota exceed the estimate made by the 66th Legislative Assembly by at least \$64,370,000, the State Treasurer must immediately transfer \$64,370,000 from the general fund to the common schools trust fund, for the biennium beginning July 1, 2019, and ending June 30, 2021.

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. In Measure No. 1 (2006), approved by voters, removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals, but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X, Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Select North Dakota Century Code Provisions

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

Until July 1, 2017, 45 percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund was transferred to the common schools trust fund and became a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the settlement agreement and to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, no additional tobacco settlement proceeds will be deposited into the common schools trust fund.

Tobacco settlement money received by the state and transferred to the common schools trust fund totaled \$189,745,840. The following is a summary of transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement, and pursuant to reallocations approved by the 2017 and 2019 Legislative Assemblies:

1999-2001	\$23,805,353 (actual)
2001-03	\$23,998,745 (actual)
2003-05	\$20,977,122 (actual)
2005-07	\$19,722,653 (actual)
2007-09	\$27,672,929 (actual)
2009-11	\$18,248,834 (actual)
2011-13	\$18,108,052 (actual)
2013-15	\$19,003,716 (actual)
2015-17	\$18,208,436 (actual)
2017-19	\$0 (estimate)
2019-21 and thereafter	\$0 (estimate)

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND Select Constitutional Provisions

Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of lands and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The

measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.

- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

Select North Dakota Century Code Provisions

Section 15-01-02

This section provides the Board of University and School Lands has full control of:

- The selection, appraisalment, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
		\$609,221		\$19,327,323
Beginning balance		\$609,221		\$19,327,323
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$40,718,102 ¹		\$0	
Projected remaining transfers from the tobacco settlement trust fund	0 ²		36,000,000 ²	
Total estimated revenues		40,718,102 ²		36,000,000 ²
Total available		\$41,327,323		\$55,327,323
Less estimated expenditures and adjustments				
State Department of Health (2017 SB 2004; 2019 HB 1004)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control			\$6,500,000 ³	
Tobacco prevention and control, including the Tobacco Quitline and the tobacco cessation coordinator and operating expenses	\$3,200,000 ⁴		3,200,000 ⁴	
Women's Way program	329,500		329,500	
Behavioral Risk Factor State Survey	470,500		270,500	
Dentists' loan repayment program			324,000 ⁵	
Behavioral health loan repayment program			200,000 ⁶	
Department of Human Services (2017 HB 1012; 2019 SB 2012) - Medical Services Division	18,000,000		32,400,000	
Total estimated expenditures and adjustments		22,000,000		43,224,000
Estimated ending balance		\$19,327,323		\$12,103,323

¹Through April 2019 the state has received tobacco settlement payments totaling \$74,073,990 for the 2017-19 biennium, of which \$40,630,695 has been transferred from the tobacco settlement trust fund to the community health trust fund for the 2017-19 biennium. The tobacco settlement payment received in April 2018 included funding released from an escrow account related to the settlement of an ongoing dispute between the state and major tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement. The funding released from the escrow account resulted in an additional \$20.5 million being deposited in the community health trust fund. In addition, the community health trust fund received a transfer of \$87,407 from the tobacco settlement trust fund related to funding returned to the tobacco settlement trust fund from an appropriation to the Attorney General for the 2015-17 biennium. Total transfers of \$82,883,844, including the amount returned by the Attorney General, have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues have been estimated based on actual revenues received through April 2019 and legislative estimates for the 2019-21 biennium. Estimates for the 2017-19 biennium are net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. **In Senate Bill No. 2012 (2019), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund.**

Initiated Measure No. 3 (2008) resulted in the allocation shown below of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools

trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017 and 2019 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	74.2 million ¹	N/A	0	33.3 million	40.7 million
Estimated 2019-21 biennium	36.0 million	N/A	0	0	36.0 million
Estimated 2021-23 biennium	52.5 million	N/A	0	0	52.5 million
Estimated 2023-25 biennium	52.5 million	N/A	0	0	52.5 million
Total	\$545.9 million	\$105.7 million	\$101.2 million	\$134.5 million	\$204.1 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

³In 2017 the Legislative Assembly provided \$6.5 million from the tobacco prevention and control trust fund to the State Department of Health for grants to local public health units for tobacco prevention and control programs. The Legislative Assembly, in House Bill No. 1004 (2019), provided \$6.5 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2019-21 biennium.

⁴Section 54-27-25 provides money in the community health trust fund may be appropriated for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. The 2007 Legislative Assembly authorized 1 full-time equivalent tobacco prevention coordinator position and related funding for salaries and wages and operating expenses for the position. The 2017 Legislative Assembly did not approve direct funding for the Tobacco Quitline or the tobacco prevention coordinator position, but appropriated \$3.2 million from the community health trust fund for tobacco prevention and control programs for the 2017-19 biennium. The State Department of Health anticipates spending \$3.2 million from the fund for tobacco prevention and control during the 2017-19 biennium. The 2019 Legislative Assembly approved an appropriation \$3.2 million from the community health trust fund to the department for tobacco prevention and control programs for the 2019-21 biennium.

⁵In 2017 the Legislative Assembly provided \$600,000 to the State Department of Health for the dental loan repayment program for the 2017-19 biennium, of which \$360,000 was from the student loan trust fund and \$240,000 was from the general fund. The 2019 Legislative Assembly approved a total of \$740,000 for the dental loan repayment program, of which \$324,000 is from the community health trust fund and \$416,000 is from the general fund.

⁶In 2017 the Legislative Assembly provided \$243,640 from the tobacco prevention and control trust fund to the State Department of Health for the behavioral health loan repayment program in the 2017-19 biennium. The 2019 Legislative Assembly approved a total of \$364,000 for the behavioral health loan repayment program, of which \$200,000 is from the community health trust fund and \$164,000 is from the general fund.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established the community health trust fund. This section created 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:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE
2013-15, 2015-17, 2017-19, AND 2019-21 BIENNIUMS**

	2013-15 Biennium Actual		2015-17 Biennium Actual		2017-19 Biennium Estimated		2019-21 Biennium Estimated	
	Beginning balance		\$77,651,986		\$75,867,942		\$36,687,549	
Add revenues								
Interest income	\$81,030		\$50,723		\$69,500		\$40,000	
Miscellaneous reimbursements	1,007,480		2,716,118		600,000		100,000	
Oil and gas tax collections	22,000,000 ²		3,482,364 ⁷		0 ⁸		0 ¹⁸	
Total revenues		23,088,510		6,249,205		669,500		140,000
Total available		\$100,740,496		\$82,117,147		\$37,357,049		\$22,356,900
Less estimated expenditures								
Disasters occurring prior to 2009	1,306,121 ⁶							
2009 flooding	2,530,274 ^{6,11}		247,214 ¹⁵		57,462 ¹⁷			
January 2010 snowstorm	310,392 ^{6,11}							
2010 flooding	320,896 ^{6,11}		269,007 ¹⁵		1,199,702 ¹⁷			
April 2010 ice storm	565,976 ^{6,11}		102,560 ¹⁵					
2011 flooding	7,430,968 ^{6,11}		6,366,153 ¹⁵		2,752,909 ¹⁷		3,955,617 ¹⁹	
2011 ice storm	616,217 ¹¹		925 ¹⁵					
Costs relating to flooding in incorporated cities	1,461,014 ⁶							
Disaster response coordination contract	400,000 ³		200,000 ³					
State disasters and flood mitigation efforts (road grade raising projects)	91,986 ⁶		2,562 ¹⁵		18,620 ¹⁷		81,380 ¹⁹	
Housing rehab and retention	2,461,071 ¹¹							
Flood-impacted housing assistance grant program	1,500,000 ⁴		1,088,468 ¹⁵					
Disaster recovery planning and technical services	1,031,218 ⁵		34,810 ⁵					
Fargo interior flood protection			30,000,000 ⁹					
Chronic flooding relief			2,000,000 ¹⁰					
2013 Red River Valley flood	1,591,135 ¹¹		589,741 ¹⁵		899,474 ¹⁷		21,989 ¹⁹	
2013 winter storm	36,116 ¹¹		59,539 ¹⁵		314,044 ¹⁷		286,110 ¹⁹	
2014 rain storms	219,170 ¹¹		84,122 ¹⁵		72,201 ¹⁷		104,931 ¹⁹	
2017 flooding							410,823 ¹⁹	

Federal Emergency Management Agency (FEMA) flood mitigation programs					353,582 ¹⁹
Valley City flood protection	3,000,000 ¹²				
Double Ditch Historic Site repairs		384,497 ¹³		1,725,737 ¹³	
Bismarck area flood protection		4,000,000 ¹⁴			
Dickey County FEMA repayment					200,000 ¹⁹
Non-oil-producing township road maintenance and improvement				8,100,000 ²⁰	
Total estimated expenditures and transfers		24,872,554		15,140,149 ¹⁶	5,414,432
Estimated ending balance		<u>\$75,867,942</u>		<u>\$22,216,900</u>	<u>\$16,942,468</u>

¹Section 17 of Senate Bill No. 2371 (2011) provided the Office of Management and Budget transfer \$48.7 million from the general fund to the state disaster relief fund during the 2011-13 biennium for the following purposes:

Relief Assistance	Transfer Amount	Appropriation Authority
Disaster-related expenses	\$32,700,000	Section 15 of Senate Bill No. 2371 (2011) provided appropriation authority of \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of the bill provided a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding.
Flood-impacted housing assistance grant program	10,000,000	Section 9 of Senate Bill No. 2371 appropriated \$10 million from the state disaster relief fund to the Adjutant General for providing additional rebuilders loan program funding to the Bank of North Dakota and funding to political subdivisions for flood-impacted housing rehabilitation.
Road grade raising grants	6,000,000	Section 14 of Senate Bill No. 2371 appropriated \$6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal aid-eligible roads.
Total	\$48,700,000	

²House Bill No. 1451 (2011) created North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$543.79 million is deposited in the general fund, property tax relief fund, and strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

³In Senate Bill No. 2016 (2011), the Legislative Assembly provided authority to the Department of Emergency Services to utilize \$400,000 from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters. House Bill No. 1016 (2013) continued the same level of funding for the 2013-15 biennium. Senate Bill No. 2016 (2015) provided a \$200,000 appropriation from the state disaster relief fund for disaster response coordination for the 2015-17 biennium.

⁴Section 4 of House Bill No. 1016 (2013) appropriated \$1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants to counties, cities, local housing authorities, and other nonprofit entities providing flood-impacted housing assistance. The section required an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants were eligible to receive housing assistance under federal Department of Housing and Urban

Development guidelines, that a land use agreement was in place for temporary housing units, and that a plan had been developed for the disposal of temporary housing units. The Housing Finance Agency was to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

⁵The 2013-15 biennium legislative appropriations include funding of \$1.5 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery. Senate Bill No. 2016 (2015) appropriated \$1 million for continuing the disaster recovery planning and technical assistance contracted services for the 2015-17 biennium.

⁶Section 1 of House Bill No. 1016 (2013) included spending authority of \$13.9 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2013-15 biennium.

⁷This amount reflects actual oil tax revenue allocations for the 2015-17 biennium. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$700 million is deposited in the general fund, tax relief fund, and strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$25 million; and
- Any additional revenues:
 - 70 percent into the strategic investment and improvements fund; and
 - 30 percent into the political subdivision allocation fund.

⁸This amount reflects estimated oil tax revenue allocations for the 2017-19 biennium based on the January 2019 legislative revenue forecast. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$775 million is deposited in the general fund, tax relief fund, budget stabilization fund, strategic investment and improvements fund, and lignite research fund;
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

⁹Section 11 of Senate Bill No. 2020 (2015) appropriates \$30 million from the state disaster relief fund to the State Water Commission for flood protection projects within the city limits of Fargo.

¹⁰Section 3 of Senate Bill No. 2016 (2015) appropriates \$2 million from the state disaster relief fund to the Adjutant General to provide for repair and replacement of infrastructure and for removal of debris and other health hazards in organized service districts that are experiencing chronic flooding. The Adjutant General is required to consult with the Environmental Division of the State Department of Health regarding the process of environmental cleanup.

¹¹Subdivision 9 of Section 1 of Senate Bill No. 2023 (2015) provides a deficiency appropriation of \$5 million from the state disaster relief fund for four disasters occurring in 2013 and 2014 (\$2.1 million) and for disasters occurring in 2009, 2010, and 2011 (\$2.9 million).

¹²Subdivision 6 of Section 1 of Senate Bill No. 2023 (2015) provides a deficiency appropriation of \$3 million from the state disaster relief fund to Valley City State University for flood protection.

¹³Section 5 of Senate Bill No. 2018 (2015) appropriates \$2 million from the state disaster relief fund for Double Ditch Historic Site repairs. Section 6 of House Bill No. 1018 (2017) appropriates \$500,000 from the state disaster relief fund for Double Ditch Historic Site repairs.

¹⁴Section 15 of Senate Bill No. 2020 (2015) appropriates \$4 million from the state disaster relief fund to the State Water Commission for levee projects for the Missouri River Correctional Center (\$1.2 million) and for Lincoln Township's Fox Island area (\$2.8 million).

¹⁵Section 1 of Senate Bill No. 2016 (2015) included spending authority of \$17.8 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2015-17 biennium.

¹⁶This amount is an estimate based on actual expenditures through April 30, 2018, and agency estimated expenditures through June 30, 2019.

¹⁷Section 1 of House Bill No. 1016 (2017) includes spending authority of \$8.5 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium. Section 13 of House Bill No. 1016 (2017) includes carryover authority for amounts related to disaster costs for road grade raising projects. The amount of carryover is estimated to be approximately \$100,000.

¹⁸This amount reflects estimated oil tax revenue allocations for the 2019-21 biennium based on the 2019 legislative revenue forecast. House Bill No. 1066 (2019) and Senate Bill No. 2016 (2019) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next \$15 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$15 million.

¹⁹Section 1 of Senate Bill No. 2016 (2019) includes spending authority of \$7.1 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2019-21 biennium.

²⁰Section 4 of Senate Bill No. 2016 (2019) provides a 2017-19 biennium appropriation of \$8.1 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges.

FUND HISTORY

Section 37-17.1-27 (Section 4 of Senate Bill No. 2012 (2009)) establishes a state disaster relief fund. Any interest or other fund earnings must be deposited in the fund. In Senate Bill No. 2369 (2011), the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. In Senate Bill No. 2292 (2013), the Legislative Assembly further amended the section to allow money in the fund to be used for wide area search and rescue activities. Section 6 of Senate Bill No. 2055 (2019) further amends Section 37-17.1-27 to allow the fund to be used for the state share of FEMA disaster response, recovery, and mitigation grants, to remove the requirement for Emergency Commission and Budget Section approval of the use of money that has been appropriated by the Legislative Assembly, and to provide for the Adjutant General to report to the Budget Section on fund expenditures.

**ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND
FOR THE 2017-19 AND 2019-21 BIENNIUMS**

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$4,527,455		\$3,086,025
Add estimated revenues				
Pesticide registration fees (North Dakota Century Code Section 19-18-04) ¹	\$4,675,000		\$4,675,000	
Weed seed-free forage (Section 4.1-14-04) ²	78,922		78,922	
Fertilizer registration, inspection, and tonnage fees (Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06) ^{3,4}	1,400,000		1,400,000	
Commercial feed registration, inspection, and tonnage fees (Section 19-13.1-16) ⁵	727,500		727,500	
Total estimated revenues		6,881,422		6,881,422
Total available		\$11,408,877		\$9,967,447
Less estimated expenditures and transfers				
Agriculture Commissioner (2017 HB 1009; 2019 SB 2009)				
Administrative Services Division	\$458,811		\$664,175	
Wildlife Services program ⁶	384,400		433,800	
Animal Health Division (State Veterinarian) ⁶	82,872		119,414	
Plant Industries Division ⁷	1,863,042		1,887,220	
Livestock Development Division ⁸	314,560		332,056	
Pesticide and Fertilizer Division	2,983,106		3,214,134	
Crop Protection Product Harmonization and Registration Board (2017 HB 1009; 2019 SB 2009) ⁹				
Crop protection product registration, labeling, and grants	75,000		75,000	
Minor use pesticide registration	325,000		325,000	
State Department of Health (2017 SB 2004) / Department of Environmental Quality (2019 HB 1024)				
Ground water testing, including a \$50,000 grant for the North Dakota Stockmen's Association environmental services program	250,000		250,000	
Adjutant General (2019 SB 2024) ¹⁰				
Emergency hay operation loan repayment	1,586,061			
Total estimated expenditures and transfers		8,322,852		7,300,799
Estimated ending balance		\$3,086,025		\$2,666,648

¹The Legislative Assembly approved Senate Bill No. 2009 (1999), which included a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350. The Legislative Assembly approved House Bill No. 1009 (2009), which deposits all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund.

²Chapter 4.1-14 allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. The appropriation provided to the department for the program is the amount that is anticipated to be received from fees charged for certifications.

³House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that deposits certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections are to be deposited in the environment and rangeland protection fund, and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner.

⁴Senate Bill No. 2009 (2011) amended Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. House Bill No. 1321 (2011) also amended Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund.

⁵Section 19-13.1 provides for the deposit of the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

⁶House Bill No. 1009 (2017) provides for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$82,872) to be paid from the environment and rangeland protection fund. Senate Bill No. 2009 (2019) provides for a portion of funding for the Wildlife Services program (\$433,800) and the State Board of Animal Health (\$119,414) to be paid from the environment and rangeland protection fund.

⁷House Bill No. 1009 (2017) included a one-time appropriation of \$120,000 from the environment and rangeland protection fund to the Agriculture Commissioner for the national genomics center.

⁸House Bill No. 1009 (2013) provides for the Agriculture Commissioner to assume livestock development duties from the Dairy Coalition.

⁹Section 4-35-30, as created by House Bill Nos. 1009 (2001) and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. In Senate Bill No. 2027 (2017), the Legislative Assembly replaced Section 4-35-30 with Section 4.1-39-02 as part of the rewrite of Agriculture statutes. The duties of the board relate to crop protection product labeling and registration.

¹⁰Senate Bill No. 2024 (2019) appropriates \$1,586,061 from the environment and rangeland protection fund to the Adjutant General during the 2017-19 biennium to repay a Bank of North Dakota loan authorized during an August 2017 special meeting of the Emergency Commission. The Adjutant General obtained loan proceeds of \$1.5 million from the Bank for disaster costs for an emergency hay transportation program for livestock producers experiencing hardship from drought conditions in the state. The loan proceeds were transferred to the Agriculture Commissioner to administer the program. The amount appropriated in Senate Bill No. 2024 includes the repayment of \$86,061 of interest on the loan.

FUND HISTORY

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), establishes the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Pursuant to Section 19-18-04, as amended by House Bill No. 1009 (2009), beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
		\$		\$
Beginning balance		\$621,854,625		\$419,207,625
Add estimated revenues				
Oil extraction tax allocations	\$176,430,000 ¹		\$213,290,000 ¹	
Total estimated revenues		176,430,000		213,290,000
Total available		\$798,284,625		\$632,497,625
Less estimated expenditures and transfers				
Department of Public Instruction - State school aid (2017 HB 1013; 2019 SB 2013)	\$110,000,000		\$110,000,000	
Department of Public Instruction - One-time funding for state school aid (2017 HB 1013)	185,000,000			
Department of Public Instruction - One-time funding to rewrite the state automated reporting system application (2019 SB 2013)			1,200,000	
Department of Public Instruction - One-time funding for regional education association merger grants (2017 HB 1013)	100,000			
Department of Public Instruction - One-time funding for rapid enrollment grants (2017 SB 2272; 2019 SB 2265)	6,000,000 ²		3,000,000 ²	
Department of Public Instruction - One-time funding for music education grants (2019 SB 2265)			800,000 ²	
Department of Public Instruction - One-time funding for English language learner grants (2017 SB 2272)	500,000 ²			
Career and Technical Education - One-time funding for grants to school districts and area centers, including \$50,000 for the Marketplace for Kids program (2017 SB 2019)	2,477,000 ²			
Transfer to the school construction assistance revolving loan fund (2017 SB 2272; 2019 SB 2214)	75,000,000 ²		75,000,000 ²	
Total estimated expenditures and transfers		379,077,000 ³		190,000,000 ³
Estimated ending balance		\$419,207,625		\$442,497,625
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium		269,168,800 ⁴		214,831,704 ⁵
Estimated ending balance available		\$150,038,825		\$227,665,921

¹Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the March 2019 revenue forecast and include the fiscal impact of oil extraction tax allocation adjustments in Senate Bill No. 2362 (2019). The bill changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

²The Legislative Assembly approved Senate Bill No. 2272 (2017), which provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund and for appropriations from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants (\$6 million) and English language learner grants (\$500,000). The Legislative Assembly also provided, in Senate Bill No. 2019 (2017), one-time funding of \$2,477,000 from the foundation aid stabilization fund for grants to school districts and area centers, including \$50,000 for the Marketplace for Kids program. In Senate Bill No. 2265 (2019) the Legislative Assembly provided \$3 million from the foundation aid stabilization fund for rapid enrollment grants to qualifying school districts during the 1st year of the 2019-21 biennium and \$800,000 from the foundation aid stabilization fund for music education grants for grades kindergarten through grade five. Senate Bill No. 2214 (2019) provides for a transfer of \$75 million from the foundation aid stabilization fund to the school

construction assistance revolving loan fund and legislative intent that the 67th Legislative Assembly appropriate \$110 million from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid and transfer an additional \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund.

³Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes.

⁴Amendments to the Constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. Based on general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers during the 2015-17 biennium, this change increases the required reserve during the 2017-19 biennium by \$3,397,900. The adjusted appropriation for integrated formula payments, transportation aid, and special education grants totaled \$1,990,940,000 during the 2015-17 biennium, of which \$219,134,000 is provided from the state tuition fund, \$116,053,293 is from the foundation aid stabilization fund, and \$1,655,752,707 is provided from the general fund. Based on this level of funding from the general fund during the 2015-17 biennium, the required balance in the foundation aid stabilization fund during the 2017-19 biennium would be \$251,760,806. However, the Office of Management and Budget reported in its 2017-19 executive budget documents a required reserve balance of \$265,770,900, which is the reserve balance required based on the original 2015-17 biennium state school aid appropriations. Therefore, based on original 2015-17 biennium appropriations for state school aid appropriations and for career and technical education grants to school districts and area centers, the required reserve totals \$269,168,800 for the 2017-19 biennium.

⁵The appropriation for integrated formula payments, transportation aid, and special education grants totals \$2,009,904,163 during the 2017-19 biennium, of which \$305,546,905 is provided from the state tuition fund, \$295,000,000 is from the foundation aid stabilization fund, and \$1,409,357,258 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education totaled \$22,854,100 during the 2017-19 biennium. Based on this level of funding from the general fund during the 2017-19 biennium, the Office of Management and Budget, in its 2019-21 executive budget documents, reported a required reserve balance of \$214,831,704 for the 2019-21 biennium. In 2019, the Legislative Assembly provided \$2,178,702,429 for integrated formula payments, transportation aid, and special education grants during the 2019-21 biennium, of which \$377,764,000 is provided from the state tuition fund, \$110,000,000 is from the foundation aid stabilization fund, and \$1,690,938,429 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education totaled \$24,887,780 during the 2019-21 biennium. Based on this level of funding from the general fund during the 2019-21 biennium, it is anticipated the required reserve balance for the 2021-23 biennium will be approximately \$257,373,931, \$42,542,227 more than the reserve required for the 2019-21 biennium.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

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

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016), and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. The Legislative Assembly approved Senate Bill No. 2272 (2017), which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provided that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent the allotment can be offset by transfers from the foundation aid stabilization fund. The Legislative Assembly approved Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the period July 1, 2017, through March 31, 2019, \$808,029 of interest from the foundation aid stabilization fund has been allocated to the general fund.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$831,510		\$67,158
Add estimated revenues				
Investment earnings	\$1,595		\$1,595	
Loan repayments - Principal and interest	1,014,012		1,014,012	
Total estimated revenues		1,015,607		1,015,607
Total available		\$1,847,117		\$1,082,765
Less expenditures and transfers				
Department of Human Services (DHS) increased payments to basic care and long-term care facilities (2017 HB 1012)	\$546,786 ¹		\$0	
DHS increased nursing home per-bed property cost limitation for single- and double-occupancy construction (2017 HB 1012)	139,405 ²		0	
DHS nursing facility operating margin increases (2017 HB 1012; 2019 SB 2012)	1,000,000		1,000,000	
State Department of Health operation and maintenance of the nurse aide registry (2017 SB 2004)	93,768		0	
Total estimated expenditures and transfers		1,779,959		1,000,000
Estimated ending balance		\$67,158 ³		\$82,765

¹House Bill No. 1012 (2017) appropriates \$546,786 to DHS for increased payments to basic care and long-term care facilities to continue funding for a portion of the bed layaway program from the health care trust fund.

²House Bill No. 1012 (2017) appropriates funding from the health care trust fund to continue 2015-17 biennium nursing home rate increases for property cost limitations of a single- or double-occupancy room.

³Section 19 of House Bill No. 1012 (2017) requires DHS to deposit any federal funding received in excess of the state's regular federal medical assistance percentage resulting from the department establishing requisite agreements with tribal health care organizations in the health care trust fund. The department also is required to maintain a separate account within the health care trust fund for this funding. No funds have been deposited into the fund relating to requisite agreements with tribal health care organizations. House Bill No. 1194 (2019) requires DHS to facilitate care coordination agreements between health care providers and tribal health care organizations. Any federal funding received in excess of the state's regular federal medical assistance percentage resulting from the agreements is to be deposited in the general fund (40 percent) and tribal health care coordination fund (60 percent). Money in the tribal health care coordination fund are to be distributed to the tribal governments and used for health-related purposes.

FUND HISTORY

The health care trust fund was established by the Legislative Assembly in Senate Bill No. 2168 (1999) for providing nursing alternative loans or grants. The Legislative Assembly in House Bill No. 1196 (2011) 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 DHS 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. The Legislative Assembly, in House Bill No. 1012 (2009), amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

ANALYSIS OF THE LEGACY FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
		\$		\$
Estimated beginning balance		\$4,630,254,963		\$5,853,094,963
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312) ¹	\$1,222,840,000		\$1,297,820,000	
Investment earnings (losses) ^{2,3}	300,000,000		100,000,000	
Total estimated revenues		1,522,840,000		1,397,820,000
Total estimated available		\$6,153,094,963		\$7,250,914,963
Less estimated expenditures and transfers				
Transfer of realized earnings to the general fund (2019 SB 2015) ^{3,4}	\$300,000,000		\$100,000,000	
Expenditure of principal ⁴	0		0	
Total estimated expenditures and transfers		300,000,000		100,000,000
Estimated ending balance		\$5,853,094,963		\$7,150,914,963

¹Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the 2019 legislative revenue forecast.

Senate Bill No. 2312 (2019) amends the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

²Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. The schedule below provides more detail on the investment earnings since the 2011-13 biennium.

	2011-13 Biennium Actual	2013-15 Biennium Actual	2015-17 Biennium Actual	2017-19 Biennium Estimated	2019-21 Biennium Estimated
Realized earnings (losses)	\$18,520,564	\$145,255,008	\$273,064,100	\$300,000,000	\$100,000,000
Unrealized earnings (losses)	(12,004,313)	67,871,752	252,305,388	0	0
Total investment earnings (losses)	\$6,516,251	\$213,126,760	\$525,369,488	\$300,000,000 ³	\$100,000,000 ³

The investment earnings (losses) for the legacy fund for the 2017-19 biennium through March 31, 2019, were approximately \$467.9 million, including realized earnings (losses) of \$427.8 million and unrealized earnings (losses) of \$40.1 million.

³The amounts shown reflect estimates included in the 2019 legislative revenue forecast which were used in the development of the state budget. The actual earnings may differ from these estimates based on actual investment performance. The 2017 legislative forecast prepared at the close of the 2017 legislative session included \$200 million of estimated investment earnings for the 2017-19 biennium pursuant to House Bill No. 1015 (2017).

Senate Bill No. 2015 (2019) creates a new section to Chapter 21-10 to recognize legacy fund earnings as part of the beginning balance for the subsequent biennium rather than as revenue of the biennium in which the transfer is made for budgetary purposes; however, **the Governor vetoed this provision.**

⁴The principal and earnings of the legacy fund may not be spent until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. After June 30, 2017, the principal and earnings may be spent as follows:

- Up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.
- The realized earnings accruing after June 30, 2017, are transferred by the state treasurer to the general fund at the end of the biennium and may be spent from the general fund pursuant to legislative appropriation.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Estimated beginning balance ¹		\$23,941,865		\$729,270
Add estimated revenues				
Separate two-cent coal severance tax	\$1,140,000		\$1,140,000	
50 percent of coal severance taxes deposited in the coal development trust fund (result of passage of Initiated Measure No. 3 in June 1990) (2017 SB 2014) ²	1,730,000		1,730,000	
20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects (result of constitutional amendment approved by voters in June 1994) (2017 SB 2014) ²	710,000		710,000	
15 percent of coal severance taxes (2017 SB 2014) ²	3,205,000		3,205,000	
Investment income on Dakota Gasification Company ammonia plant and Spiritwood Plant	180,000		180,000	
5 percent of the general fund share of coal conversion tax (2007 HB 1093)	2,310,000		2,310,000	
Oil and gas tax allocation (2017 HB 1152) (2019 HB 1066) ²	3,000,000		10,000,000	
Revenue bonds/short-term loan ³	0		0	
Transfer from the strategic investment and improvements fund (2017 SB 2014)	3,000,000		0	
Interest income and return of funds and litigation contributions	234,000		600,000	
Total estimated revenues		15,509,000		19,875,000
Total estimated available		\$39,450,865		\$20,604,270
Less estimated expenditures and transfers ^{4,5}				
Administration	\$850,000		\$900,000	
Lignite feasibility studies (nonmatching grants)	2,192,250		2,000,000	
Small research grants	6,974,844		2,500,000	
Lignite marketing	2,634,000		1,500,000	
Lignite litigation ⁶	1,500,000		1,500,000	
Demonstration projects	1,367,678			
Allam Cycle grants (2015 HB 1014) ⁷	2,358,678			
Advanced energy technology development	20,844,145		11,500,000	
Total estimated expenditures and transfers⁸		38,721,595		19,900,000
Estimated ending balance		\$729,270		\$704,270

¹The beginning balance shown for the 2017-19 biennium is \$72,952 less than the \$24,014,817 reported in June 2018 due to an adjustment to 2015-17 biennium expenditures.

²Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. House Bill No. 1152 (2017) changes the allocation of the state's share of oil and gas tax revenue to increase the allocation to the general fund and provide allocations to the budget stabilization fund and the lignite research fund, providing up to \$3 million of allocations to the lignite research fund.

House Bill No. 1066 (2019) increases the allocation of oil and gas tax revenue to the lignite research fund by \$7 million, from \$3 million to \$10 million.

³Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

⁴The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration research project can receive more than 37.5 percent of available funds.

⁵The Industrial Commission has waived the fund allocation policy. The commission has committed \$22 million through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects is not proceeding and released the project's commitment of \$8,732,503. Expenditures for Lignite Vision 21 Project have been \$1,360,750 during the 2003-05 biennium, \$2,243,391 during the 2005-07 biennium, \$2,200,000 during the 2007-09 biennium, \$3,972,090 during the 2009-11 biennium, \$678,851 during the 2011-13 biennium, \$110,000 during the 2013-15 biennium, \$914,663 during the 2015-17 biennium, and anticipated expenditures of \$1,367,678 in subsequent bienniums. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net of funds that were distributed but later returned when projects did not proceed.)

⁶Lignite litigation - House Bill No. 1093 (2007) provides that \$500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. Activities associated with the litigation have been initiated with \$83,379 spent during the 2007-09 biennium, \$153,907 spent during the 2009-11 biennium, \$652,519 spent during the 2011-13 biennium, \$983,288 during the 2013-15 biennium with \$451,555 of that amount paid by industry, \$259,159 during the 2015-17 biennium with \$122,866 of that amount paid by industry, and \$1,500,000 is set aside to be spent during the 2017-19 biennium and the 2019-21 biennium.

The State of North Dakota was successful in its litigation against the State of Minnesota and will be receiving a total of \$1,410,000. Of the \$1,410,000, \$670,000 will be paid to industry partners, and the remaining \$740,000 will be deposited in the lignite research fund during the 2017-19 and 2019-21 bienniums. The original \$500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums. In addition, the lignite industry has paid a portion of the litigation costs.

House Bill No. 1014 (2019) provides legislative intent that at least \$500,000 from the lignite research fund, including proceeds from successful litigation, is available for fees associated with lignite litigation brought by the state to protect and promote the continued development of lignite resources.

⁷The 2015 Legislative Assembly provided \$5 million from the general fund; however, the appropriation was reduced by \$327,500 as the result of the August 2016 budget reductions. All of the funding was committed during the 2015-17 biennium, the funding is distributed as projects are completed. As of February 20, 2019, the remaining \$2,358,678 has been distributed.

⁸The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6.

FUND HISTORY

Section 57-61-01.5(2) and Section 21 of Article X of the Constitution of North Dakota provide for up to 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.

ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$7,996,508		\$0
Add estimated revenues				
Oil and gas gross production tax collections	\$10,800,000 ¹		\$15,000,000 ²	
Interest income	45,000		45,000	
Total estimated revenues		10,845,000		15,045,000
Total available		\$18,841,508		\$15,045,000
Less estimated expenditures and transfers				
Grant award commitments	\$19,342,517 ³		\$14,845,000 ³	
Grant awards withdrawn	(651,009)			
Administrative expenses	150,000		200,000	
Total estimated expenditures and transfers		18,841,508		15,045,000
Estimated ending balance		\$0		\$0

¹Senate Bill No. 2013 (2017) includes provisions amending North Dakota Century Code Section 57-51-15 to adjust the maximum oil and gas gross production tax collection deposits from \$40 million to \$10 million for the period September 1, 2017, through August 31, 2019, only. The estimated allocations for the 2017-19 biennium and the 2019-21 biennium are based on the 2019 legislative revenue forecast.

²House Bill No. 1014 (2019) limits the oil and gas gross production tax collection deposits in the fund to \$7.5 million per fiscal year for the period of September 1, 2019, through August 31, 2021.

³The amount shown reflects estimated funds that will be available for grants in the 2017-19 biennium and the 2019-21 biennium based on the 2019 legislative revenue forecast for oil and gas gross production tax collections. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded will be expended during the 2017-19 biennium. The commission anticipates approximately \$8 million will be expended from the fund during the 2017-19 biennium or the 2019-21 biennium for grants.

FUND HISTORY

The North Dakota outdoor heritage fund was established in House Bill No. 1278 (2013) (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the North

Dakota outdoor heritage fund from 4 percent of the first 1 percent of oil and gas gross production tax collections to 8 percent, and to increase the maximum oil and gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. For the period September 1, 2017, through August 31, 2019, a maximum of \$10 million of oil and gas gross production tax collections may be deposited in the fund. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

House Bill No. 1066 (2019) amends Section 57-51-15 to continue the maximum oil and gas gross production tax collection deposits of 8 percent up to \$20 million per fiscal year; however, House Bill No. 1014 (2019) limits the oil and gas gross production tax collection deposits in the fund to \$7.5 million per fiscal year for the period September 1, 2019, through August 31, 2021.

ANALYSIS OF THE RESEARCH NORTH DAKOTA FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
		\$		\$
Beginning balance ^{1,2}		\$13,632,996		\$1,943,056
Add estimated revenues				
Investment income	\$13,000		\$13,000	
Transfer from the centers of excellence fund (2019 SB 2224) ⁸			366,896	
Transfer from the centers of research excellence fund (2019 SB 2224) ⁸			309,604	
Total estimated revenues		13,000		689,500
Total available		\$13,645,996		\$2,632,556
Less estimated expenditures and transfers				
Technical review expenses	\$4,000		\$1,000	
Administrative expenses	5,000		3,000	
Research North Dakota grants ³	1,886,007		1,347,556	
Research North Dakota grants designated for biotechnology ⁴	1,368,973			
Research North Dakota venture grants ⁵	1,238,960			
Department of Commerce tourism operating ⁶	500,000			
Department of Commerce grants - Energy and Environmental Research Center (EERC) ⁶	500,000			
Department of Commerce discretionary grants ⁶	1,000,000			
Department of Commerce entrepreneurship grants and vouchers ^{6,7}	1,200,000			
Transfer to the general fund (2017 SB 2018, 2019 SB 2224) ^{6,8}	4,000,000		581,000	
Transfer to the bioscience innovation grant fund (2019 SB 2224) ⁸			700,000	
Total estimated expenditures and transfers		11,702,940		2,632,556
Estimated ending balance ⁹		\$1,943,056		\$0

¹In Senate Bill No. 2013 (2013), the Legislative Assembly established the Research North Dakota fund and provided a transfer of \$12 million from the general fund to provide funding for the Research North Dakota grant program and the Research North Dakota venture grant program. House Bill No. 1018 (2015) included a transfer of \$4.5 million from the general fund to the Research North Dakota fund. However, the transfer in the 2015-17 biennium was reduced by \$146,458 to \$4,353,542 due to the general fund budget reductions made during the August 2016 special legislative session. House Bill No. 1018 (2015) also directed the Office of Management and Budget (OMB) to transfer unobligated funds from the centers of excellence fund to the Research North Dakota funds. Unobligated funds of \$7.65 million in the centers of excellence fund were transferred to the Research North Dakota fund in January 2017.

²The 2017-19 biennium beginning balance of \$13,632,996 included \$5,308,699 of funds awarded but not distributed and \$8,324,297 of available funds not yet awarded.

³Of the \$12 million appropriated for Research North Dakota for the 2013-15 biennium, \$6 million is available for Research North Dakota grants without any specific designation. The purpose of the Research North Dakota grant program is to provide grants to research universities for research, development, and commercialization activities in collaboration with a private sector partner. The Department of Commerce and the Centers of Excellence Commission are to develop guidelines for the grant application, which must include a detailed partnership agreement and proof of dollar-for-dollar matching funds which must be in cash. The partnership agreement must include the scope and location of the work, a budget, and intellectual property agreements.

⁴The 2013 Legislative Assembly designated \$4 million of the \$12 million provided for the Research North Dakota grant program for biotechnology grants. These grants are to be provided to a research university to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment

of, or cure for cancer; virally infectious diseases; or other pathogens, including bacteria, mycobacteria, fungi, and parasites. The Department of Commerce did not receive sufficient applications to award the full \$4 million of funding for biotechnology grants; therefore, the department reallocated unawarded funds for other Research North Dakota grants. The 2015 Legislative Assembly designated \$1 million of the \$4.5 million general fund transfer to the Research North Dakota fund for biotechnology grants. The Legislative Assembly provided if the entire \$1 million allocation was not awarded by December 31, 2016, any remaining funds must be reallocated for other Research North Dakota purposes. The funds were not reallocated as the department awarded the entire \$1 million prior to December 31, 2016.

⁵The 2013 Legislative Assembly designated up to \$2 million of the \$12 million provided for the Research North Dakota grant program for venture grants. These grants are to be provided to a research university to further the commercialization of technology developed by the university or jointly with a startup or spinoff business operating in North Dakota. The Department of Commerce and the Centers of Excellence Commission developed guidelines for the grants and established three categories--Phase 1, Phase 2, and Phase 1-2 grants. Phase 1 venture grant recipients are not required to provide a match of grant funds. Phase 2 venture grant recipients must have established a startup or spinoff business during Phase 1 and must provide matching funds for grants received. Phase 1-2 venture grants recipients are not required to match grant funds received during the 1st grant year, but must provide matching funds during the 2nd grant year to receive additional funding. The 2015 Legislative Assembly did not designate any funding for venture grants. However, the Department of Commerce reallocated \$3.6 million of unallocated Research North Dakota funding for venture grants. Of this amount, \$2.4 million was distributed during the 2015-17 biennium and the department anticipates distributing the remaining \$1.2 million during the 2017-19 biennium. The 2017 and 2019 Legislative Assemblies did not designate any funding for venture grants and the department does not anticipate any additional funding will be reallocated for venture grants during the 2017-19 and 2019-21 bienniums.

⁶The 2017 Legislative Assembly approved a transfer of \$4 million from the Research North Dakota fund to the general fund in Section 15 of Senate Bill No. 2018 to be transferred by OMB during the 2017-19 biennium. The transfer was made in July 2017. Section 14 of the bill also requires \$3.5 million of available funding to be used for Department of Commerce programs during the 2017-19 biennium. Of this amount, \$500,000 is for the North Dakota tourism program, \$1 million is for discretionary funds, \$1.5 million is for entrepreneurship grants and vouchers (see noted 7 below), and \$500,000 is appropriated to the department for the purpose of providing a grant to EERC at the University of North Dakota. The grant provided to EERC, as described in Section 13 of Senate Bill No. 2018 (2017), must be utilized for economic development and diversification of the North Dakota economy and may be spent only to the extent EERC provides \$1 of matching funds from private or other public sources for each \$1 provided by the department for the 2017-19 biennium.

⁷Of the \$1.5 million available to the Department of Commerce for entrepreneurship grants and vouchers, Governor Burgum vetoed \$300,000 designated for an organization that provides workforce safety, resulting in a total of \$1.2 million available to the department for entrepreneurship grants and vouchers from Research North Dakota during the 2017-19 biennium.

⁸In Section 7 of Senate Bill No. 2224 (2019), the Legislative Assembly provided for the transfer of any balance in the centers of excellence fund and centers of research excellence fund to the Research North Dakota fund on July 1, 2019. Section 6 of the bill repeals the centers of excellence and centers of research excellence programs on July 1, 2019. Section 8 of the bill directs OMB to transfer \$700,000 from the Research North Dakota fund to the bioscience innovation grant fund during the 2019-21 biennium, of which up to \$200,000 may be awarded to entities providing assistance to develop bioscience companies. Section 9 of the bill directs OMB to transfer any balance in the Research North Dakota fund to the general fund on June 30, 2021. Section 5 of the bill repeals the Research North Dakota fund and program on July 1, 2021.

⁹The 2017-19 biennium estimated ending balance of \$1,943,056 includes funds awarded but not distributed of \$1,312,225 and available funds not yet awarded of \$630,831.

FUND HISTORY

Section 17 of Senate Bill No. 2018 (2013) established a Research North Dakota fund in Section 54-65-08. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the Research North Dakota grant program and the Research North Dakota venture grant program. Interest earned on money in the fund is retained in the fund.

The Legislative Assembly approved Senate Bill No. 2224 (2019), which repeals Section 10-30.5-14 and Chapter 54-65 related to the Research North Dakota program and fund on July 1, 2021.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance, excluding infrastructure revolving loan fund		\$306,411,028		\$332,681,401
Add estimated revenues				
Oil extraction tax collections	\$352,870,000 ¹		\$437,240,000 ¹	
Repayments and reimbursements	12,324,400		13,568,805	
Investment earnings/Miscellaneous income	10,185,973		4,492,000	
Total estimated revenues		375,380,373		455,300,805
Total available		\$681,791,401		\$787,982,206
Less funds designated for the infrastructure revolving loan fund (North Dakota Century Code Section 61-02-78)	\$0 ²		\$0 ²	
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, pursuant to 2017 HB 1020 and 2019 SB 2020 for the 2019-21 biennium	345,650,000 ³		778,482,206 ⁴	
Total estimated State Water Commission expenditures and loans		345,650,000		778,482,206
Transfer to renewable energy development fund (Section 57-51.1-07)	\$3,000,000 ⁵		\$3,000,000 ⁵	
Transfer to energy conservation grant fund (Section 57-51.1-07)	460,000 ⁵		1,200,000 ⁵	
Total estimated transfers		3,460,000		4,200,000
Estimated ending balance, excluding funds designated for infrastructure revolving loan fund		<u>\$332,681,401</u>		<u>\$5,300,000</u>

¹Estimated revenues - The estimated allocations for the 2017-19 biennium and the 2019-21 biennium are based on the 2019 legislative revenue forecast. The forecast includes \$61.6 million (\$5.56 million in the 2017-19 biennium and \$56.03 million in the 2019-21 biennium) in additional revenue as a result of changes to oil extraction tax allocations in Senate Bill No. 2362 (2019).

²House Bill No. 1020 (2017) amended Section 61-02-78 to provide no more than \$26 million of total resources trust fund revenue may be allocated to the infrastructure revolving loan fund. As a result, excess transfers of \$8,440,473 were returned to the resources trust fund during the 2017-19 biennium and there will be no more transfers to the infrastructure revolving loan fund.

Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections	
	Infrastructure Revolving Loan Fund Transfers
2013-15 biennium	\$11,407,864
2015-17 biennium	23,032,609
2017-19 biennium	(8,440,473)
Total	\$26,000,000 ¹

¹Loans outstanding as of December 31, 2018, totaled \$23,507,561.

³Sections 1 and 3 of House Bill No. 1020 (2017) appropriate \$542,515,358 or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2017-19 biennium.

⁴Senate Bill No. 2020 (2019) includes \$640,877,240 from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

⁵The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. House Bill No. 1020 (2017) reduced the resources trust fund allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium and restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019. The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands. The changes also restored the maximum allocation to the energy conservation grant fund from \$200,000 to \$1.2 million, resulting in additional transfers of \$260,000, increasing the estimated transfer from \$200,000 to \$460,000 for the remainder of the 2017-19 biennium.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the Legislative Assembly in Senate Bill No. 2233 (2013), which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **\$26 million**.

RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated 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; and
- Energy conservation programs.

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

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

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Section 24 of Article X of the Constitution of North Dakota.

Section 57-51.1-07, as amended by Senate Bill No. 2129 (2011) , provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Section 24 of Article X of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The Legislative Assembly in Senate Bill No. 2020 (2015), directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030.

The Legislative Assembly, in Senate Bill No. 2020 (2019), provided \$37.2 million to pay off the Bank of North Dakota loan. The bill contains an emergency clause, added in Senate Bill No. 2015; therefore, the State Water Commission anticipates paying off the Bank of North Dakota loan from the water development trust fund during the 2017-19 biennium.

ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$7,947,463 ^{1,2}		\$8,700,000 ^{1,2}	
Total estimated revenues		7,947,463		8,700,000
Total available		\$7,947,463		\$8,700,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants	\$7,600,000 ³		\$8,700,000 ³	
Transfer to the general fund	347,463 ⁴		0	
Total estimated expenditures and transfers		7,947,463		8,700,000
Estimated ending balance		\$0		\$0

¹The allocation from sales, use, and motor vehicle excise tax collections is shown below:

Fiscal Year	Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections	Percentage Increase (Decrease) From Previous Year
2010	\$1,310,947 (actual)	5.4%
2011	\$1,399,652 (actual)	6.8%
2012	\$1,695,832 (actual)	21.2%
2013	\$1,821,347 (actual)	7.4%
2014	\$2,311,346 (actual)	26.9%
2015	\$2,654,064 (actual)	14.8%
2016	\$3,169,878 (actual)	19.4%
2017	\$3,627,787 (actual)	14.4%
2018	\$3,886,950 (actual)	7.1%
2019	\$4,060,513 (estimate)	4.5%
2020	\$4,350,000 (estimate)	7.1%
2021	\$4,350,000 (estimate)	0%

²Senate Bill No. 2242 (2011) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs from two-thirds of the amount levied in the county for senior citizen programs to three-fourths of the amount levied in the county for senior citizen programs, limited to one mill.

Senate Bill No. 2162 (2013) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from three-fourths of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable years beginning after December 31, 2012. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from three-fourths of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill.

Senate Bill No. 2143 (2015) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from 85 percent of one mill levied statewide to 87.5 percent of the amount appropriated up to one mill levied statewide effective for taxable years beginning after December 31, 2014. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 85 percent of the amount levied in the county for senior citizen programs to 87.5 percent of the amount appropriated up to one mill.

³The county senior citizen matching grants are shown below:

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2010	\$1,298,462 (actual)	5.9%
2011	\$1,384,391 (actual)	6.6%
2012	\$1,687,098 (actual)	21.9%
2013	\$1,789,363 (actual)	6.1%
2014	\$2,290,963 (actual)	28.0%
2015	\$2,650,725 (actual)	15.7%
2016	\$3,143,803 (actual)	18.6%
2017	\$3,504,725 (actual)	11.5%
2018	\$3,723,317 (actual)	6.2%
2019	\$3,876,683 (estimate)	4.1%
2020	\$4,350,000 (estimate)	12.2%
2021	\$4,350,000 (estimate)	0%

⁴Any funds remaining at the end of each biennium are transferred to the general fund.

FUND HISTORY

Senate Bill No. 2267 (2005) created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Current statutory provisions provide that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties. Senate Bill No. 2242 (2011) amended statutory provisions to increase the amount of collections to be allocated to the fund and the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied for senior citizen programs, limited to one mill. Senate Bill No. 2162 (2013) increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. Senate Bill No. 2143 (2015) increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$191,748,438 ¹		\$201,845,127 ^{1,2}	
Total estimated revenues		191,748,438		201,845,127
Total available		\$191,748,438		\$201,845,127
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$102,968,911		\$108,390,833	
City share (46.3 percent)	88,779,527		93,454,294	
Total estimated expenditures and transfers		191,748,438		201,845,127
Estimated ending balance		\$0		\$0

¹The estimated allocations for the 2017-19 biennium and the 2019-21 biennium are based on the 2019 legislative revenue forecast, including the effect of House Bill No. 1292 (2019). This analysis does not reflect the effect of House Bill Nos. 1097, 1205, and 1439, and Senate Bill Nos. 2165, 2258, and 2338, because based on the fiscal notes, the effect of these bills cannot be determined.

²House Bill No. 1292 (2019) authorizes a reduction to the purchase price of a replacement vehicle, which was stolen or declared a total loss, resulting in a decrease in motor vehicle excise tax collections of \$170,000, of which \$14,800 is the state aid distribution fund share of the reduction.

FUND HISTORY

North Dakota Century Code 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 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. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

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

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

Population Category Through June 30, 2011			
Counties	Percentage	Cities (Based on Population)	Percentage
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
Total	100.00%		100.0%

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties, which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

Population Category Effective July 1, 2011		
Counties	Percentage	Cities
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
Total	100.00%	

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census date.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2017-19 AND 2019-21 BIENNIUMS**

	2017-19 Biennium		2019-21 Biennium	
		\$374,001,957		\$1,079,497,497
Estimated beginning balance				
Add estimated revenues				
Production royalties (2017 SB 2134; 2019 HB 1192) ^{1,2}	\$207,120,533		\$200,320,800	
Mineral leases ¹	842,386		600,000	
Oil and gas bonuses ¹	5,154,962		4,000,000	
Investment earnings ¹	20,605,790		36,223,214	
Oil and gas tax collections (2017 HB 1152; 2017 SB 2013; 2019 HB 1014; 2019 HB 1066; 2019 SB 2249; 2019 SB 2312; 2019 SB 2362) ^{3,4}	745,290,000		517,470,000	
Transfer from political subdivision allocation fund (2017 SB 2013) ⁵	7,660,518			
Unspent appropriations from prior bienniums returned to fund	100,000			
Total estimated revenues		986,774,189		758,614,014
Total estimated available		\$1,360,776,146		\$1,838,111,511
Less estimated expenditures and transfers				
Secretary of State				
Voting system information technology project (2019 SB 2002)			\$8,200,000	
Office of Management and Budget				
Litigation funding pool (2019 SB 2015)			3,500,000	
Comprehensive real estate assessment (2019 SB 2015)			500,000	
Transfer to preliminary planning revolving fund (2019 SB 2015)			100,000	
Information Technology Department				
Information technology projects (2019 HB 1021)			5,150,000	
Statewide interoperable radio network (2019 HB 1435)			20,000,000	
State Treasurer				
Transfer to energy impact fund (2017 SB 2013)	\$3,000,000			
Information technology project (2019 SB 2005)			35,000	
Attorney General				
Contingent court-ordered payments to a bankruptcy estate (2017 HB 1024)	15,872,000			
Domestic violence and sexual assault examiner grants (2017 SB 2191)	150,000			
Department of Trust Lands				
Oil and gas impact grants (2019 HB 1013)			2,000,000	
Contract costs to determine mineral revenue repayments (2019 SB 2211)			2,000,000	
State Department of Health				
Federal litigation costs (2017 SB 2004)	500,000			
Department of Environmental Quality				
Contingent appropriation for the implementation of air pollution control primacy (2019 HB 1024)			1,040,000	
Department of Human Services				
Information technology projects and capital projects (2019 SB 2012)			11,490,695	

Industrial Commission			
Federal litigation costs (2017 SB 2014)	1,000,000		
Transfer to the lignite research fund (2017 SB 2014)	3,000,000		
Limited survey review contract related to mineral revenue disputes (2017 SB 2134)	800,000		
Rare earth elements and fracturing sand studies (2019 HB 1014)		270,000	
Public Service Commission			
Litigation costs (2017 HB 1008)	100,000		
Aeronautics Commission			
Airport grants (2019 HB 1006)		20,000,000	
Highway Patrol			
Equipment (2017 SB 2011)	358,000		
Department of Emergency Services			
Mobile radios and programming radios (2017 HB 1016)	300,000		
Department of Corrections and Rehabilitation			
Electronic medical records information technology project (2017 SB 2015)	935,907		
Equipment, repairs, and a facility assessment (2019 HB 1015)		1,218,000	
Adjutant General			
Dispatch system information technology project and Camp Grafton expansion project (2019 SB 2016)		2,502,253	
Department of Commerce			
Enhanced use lease grant (2017 SB 2018)	2,000,000		
Grant for unmanned aerial systems (2017 SB 2018)	2,000,000		
Base retention grants (2017 SB 2018)	600,000		
Entrepreneurship grants and vouchers program (2019 HB 1018)		3,000,000	
Department of Agriculture			
Transfer to environmental law impact review fund (2017 HB 1009)	1,000,000		
NDSU Main Research Center			
Extraordinary repairs (2019 HB 1020)		940,465	
Parks and Recreation Department			
Various capital projects at parks and the International Peace Garden (2019 SB 2019)		3,755,000	
Transfer to the general fund (2017 HB 1015; 2019 SB 2015)	248,000,000	764,400,000	
Contingent transfer to the infrastructure revolving loan fund (2019 HB 1014)		0 ⁶	
Mineral revenue repayments from reserves (2017 SB 2134; 2019 HB 1192) ²	0		
Administrative costs/other fees	1,662,742	2,400,000	
Total estimated expenditures and transfers		281,278,649	852,501,413
Estimated ending balance		\$1,079,497,497	\$985,610,098
Restricted fund income			
Reserve relating to potential title disputes (2017 SB 2134; 2019 HB 1192) ^{2,7}		229,325,049	229,325,049
Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296) ⁸		0	50,000,000
Estimated ending balance - Unobligated		\$850,172,448	\$706,285,049

¹The amounts shown reflect projections by the Department of Trust Lands for the 2017-19 and 2019-21 bienniums.

²Senate Bill No. 2134 (2017) changes the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund and requiring repayments for previously received mineral revenues. The bill appropriates \$100 million from the strategic investment and improvements fund and authorizes \$87 million from a line of credit through the Bank of North Dakota for the mineral revenue repayments. Some production royalties may be deposited in the strategic investment and improvements fund prior to the implementation of the repayment process. The bill provides legislative intent that the \$87 million line of credit is to be repaid from the strategic investment and improvements fund; however, the total amount of funding needed for mineral revenue repayments is unknown and any changes to the amount of funding or the line of credit repayments will be determined by future legislative assemblies.

House Bill No. 1202 (2019) clarifies the definition of navigable waters, which may affect the state's mineral interests and mineral revenue deposited in the strategic investment and improvements fund. However, the estimated impact is unknown.

³Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the 2019 legislative revenue forecast.

⁴House Bill No. 1152 (2017) changes the allocation of the state's share of oil and gas tax revenue to increase the allocation to the general fund and provide allocations to the budget stabilization fund and the lignite research fund, resulting in a decrease in the allocations to the strategic investment and improvements fund. Senate Bill No. 2013 (2017) changes the allocations to hub cities, hub city school districts, the North Dakota outdoor heritage fund, the abandoned oil and gas well plugging and site reclamation fund, and the oil and gas impact grant fund resulting in an increase to the allocations under the state's share.

House Bill No. 1014 (2019), House Bill No. 1066 (2019), Senate Bill No. 2016 (2019), Senate Bill No. 2249 (2019), Senate Bill No. 2312 (2019), and Senate Bill No. 2362 (2019) change the oil and gas tax revenue allocation formulas. The combined effect of the bills results in a decrease in the allocations to the strategic investment and improvements fund.

⁵The Legislative Assembly created the political subdivision allocation fund in House Bill No. 1377 (2015), to provide additional allocations from oil and gas tax collections to political subdivisions. In Senate Bill No. 2013 (2017), the Legislative Assembly provided that instead of allocating the funds to political subdivisions, the funds be transferred to the newly created energy impact fund and to the strategic investment and improvements fund.

⁶House Bill No. 1014 (2019) provides a contingent transfer of up to \$40 million from the strategic investment and improvements fund to the infrastructure revolving loan fund if the actual oil and gas tax revenues deposited in the strategic investment and improvements fund during the 2017-19 biennium exceed \$755 million.

⁷These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve.

⁸Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from the strategic investment and improvements fund to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increases the limit for loan guarantees to \$50 million.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the state treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. 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 strategic investment and improvements fund, pursuant to North Dakota Century Code Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of

revenue in the legacy fund from the strategic investment and improvements fund. The unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

ANALYSIS OF THE TAX RELIEF FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$300,000,000		\$182,300,000
Add estimated revenues				
Allocation of oil and gas tax revenues	\$200,000,000 ^{1,2}		\$200,000,000 ^{1,2}	
Total estimated revenues		200,000,000		200,000,000
Total available		\$500,000,000		\$382,300,000
Less estimated expenditures and transfers				
Transfer to general fund (Section 10 of 2017 HB 1015)	\$183,000,000			
Transfer to social services finance fund (Section 20 of 2017 SB 2206)	134,700,000			
Transfer to general fund (Section 5 of 2019 SB 2015)			\$8,600,000	
Transfer to human service finance fund (Section 6 of 2019 SB 2015)			173,700,000	
Total estimated expenditures and transfers		317,700,000		182,300,000
Estimated ending balance		<u>\$182,300,000</u>		<u>\$200,000,000</u>

¹House Bill No. 1066 (2019) amends North Dakota Century Code Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue but did not change the allocation of \$200 million to the tax relief fund.

²Estimated revenues - The estimated allocations for the remainder of the 2017-19 biennium and the estimated allocations for the 2019-21 biennium are based on the 2019 legislative revenue forecast.

FUND HISTORY

Section 57-64-05, as created by Senate Bill No. 2199 (2009), created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of House Bill No. 1013 (2013), changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.

House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Sections 57-51.1-07.3 and 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and continued the allocation of \$300 million of the state's share of oil and gas tax revenue to the tax relief fund.

House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to reduce the allocation to the tax relief fund to \$200 million.

ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$58,216,127		\$8,468,773
Add estimated revenues				
Investment and miscellaneous revenue	\$910,000 ¹		\$250,000 ¹	
Total estimated revenues		910,000 ²		250,000 ²
Total available		\$59,126,127		\$8,718,773
Less estimated expenditures and transfers				
State Department of Health (2017 SB 2004, 2019 HB 1004)				
Local public health unit grants	\$2,000,000		\$525,000	
Cancer programs	644,804		580,324	
Stroke and cardiac care programs	756,418			
Physician loan repayment program	480,000			
Behavioral health loan repayment program	243,640			
Tobacco prevention and control program, including cessation and grants to local public health units for tobacco prevention and control	8,453,333			
Domestic violence offender treatment grants	300,000		300,000	
Microbiology laboratory capital improvements			1,220,000	
Department of Human Services (2017 HB 1012; 2019 SB 2012)				
Medical services grants	22,175,000		6,000,000	
Medicaid Expansion - Commercial rates	13,300,000			
Youth access to tobacco prevention services	75,000			
Substance use disorder voucher program	1,779,159			
Basic care services	450,000			
Total estimated expenditures and transfers		50,657,354		8,625,324
Estimated ending balance		<u>\$8,468,773</u>		<u>\$93,449</u>

¹In August 2015 the Tobacco Prevention and Control Executive Committee entered into an agreement with the State Investment Board to provide investment management services for the tobacco prevention and control trust fund. On September 30, 2015, the Tobacco Prevention and Control Executive Committee transferred \$47.3 million to the State Investment Board for management. The investment policy statement adopted by the executive committee includes an asset mix of 75 percent global fixed income, 10 percent global equity, and 15 percent cash. Estimated investment income reflects earnings and realized gains, but does not include changes in the market value of the investments. The Legislative Assembly repealed North Dakota Century Code Chapter 23-42 in Senate Bill No. 2024 (2017) to dissolve the Tobacco Prevention and Control Executive Committee and provided funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. In Section 15 of House Bill No. 1015 (2017) the Legislative Assembly directed the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

²Revenues have been estimated based on actual revenues received through April 2019 and legislative estimates for the 2019-21 biennium.

FUND HISTORY

The tobacco prevention and control trust fund was created as a result of voter approval of Initiated Measure No. 3 in the November 2008 general election. The measure added seven new sections to Century Code and amended Section 54-27-25 to establish the Tobacco Prevention and Control Advisory Committee and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provided for the advisory committee, appointed by the Governor,

to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provided for additional strategic contribution payments that began on April 15, 2008, and continued each April 15 thereafter through 2017. Section 54-27-25, created by House Bill No. 1475 (1999), did not distinguish between payments received under the separate subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of deposit in the fund to the community health trust fund, common schools trust fund, and water development trust fund. Senate Bill No. 2012 (2019) amended Section 54-27-25, effective July 1, 2019, to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

The measure provided for a portion of tobacco settlement dollars received by the state to be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement continues to be deposited in the tobacco settlement trust fund and will continue to be allocated pursuant to Section 54-27-25. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement was deposited into the tobacco prevention and control trust fund until the last payment was received in 2017. Interest earned on the balance in this fund is deposited in the fund. The fund was administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan. However, the Legislative Assembly approved Senate Bill No. 2024 (2017) to repeal Chapter 23-42 related to the tobacco prevention and control program and to amend Section 54-27-25 to provide funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. The Legislative Assembly did not provide funding for the Tobacco Prevention and Control Executive Committee for the 2017-19 biennium. In addition, Section 15 of House Bill No. 1015 (2017) requires the Office of Management and Budget administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

The measure also provided, if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The Legislative Assembly, in Section 39 of House Bill No. 1015 (2009), provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. Senate Bill No. 2024 (2017) repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure. The last payment under subsection IX(c)(2) of the Master Settlement Agreement was received in April 2017. The state received total tobacco settlement collections of \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement, of which \$105,689,732 was deposited into the tobacco prevention and control trust fund from April 2009 through April 2017.

ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Tobacco settlement revenues collected to date	\$74,073,990 ¹			
Funding turned back by the Attorney General for the 2015-17 biennium	158,922 ¹			
Projected tobacco settlement revenues	0		\$36,000,000	
Total estimated revenues		74,232,912 ²		36,000,000 ²
Total available		\$74,232,912 ^{3,4}		\$36,000,000 ^{3,4}
Less estimated expenditures and transfers				
Attorney General - Tobacco settlement agreement costs (2017 HB 1003)	\$200,000 ⁵		\$0 ⁵	
Transfers to the community health trust fund	40,718,102 ²		36,000,000 ²	
Transfers to the common schools trust fund	0 ²		0 ²	
Transfers to the water development trust fund	33,314,810 ²		0 ²	
Total estimated expenditures and transfers		74,232,912 ⁴		36,000,000 ⁴
Estimated ending balance		\$0		\$0

¹Through April 2019 the state has received tobacco settlement payments totaling \$74,073,990 for the 2017-19 biennium, which has been deposited in the tobacco settlement trust fund. Because payments under subsection IX(c)(2) of the Master Settlement Agreement ended in 2017, no funds were deposited in the tobacco prevention and control trust fund. Included in the tobacco settlement payment received in April 2018 was approximately \$37.3 million released from an escrow account related to the settlement of an ongoing dispute between the state and major tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement. In addition, the tobacco settlement trust fund received \$158,922 of unspent funds related to an appropriation to the Attorney General for the 2015-17 biennium. To date, the state has received total tobacco settlement collections of \$601,621,145, including \$482,133,684 under subsection IX(c)(1) of the Master Settlement Agreement and \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$601,621,145, \$495,931,413 has been deposited into the tobacco settlement trust fund and \$105,689,732 has been deposited into the tobacco prevention and control trust fund.

²Revenues - House Bill No. 1475 (1999), North Dakota Century Code Section 54-27-25, provides 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. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. **In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all moneys in the fund must be transferred within 30 days of receipt to the community health trust fund.** Because deposits in the tobacco settlement trust fund are transferred to the community health trust fund within 30 days, there is no provision for interest.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to provide a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, is deposited into the tobacco settlement trust fund and, beginning with the 2019-21 biennium, allocated 100 percent to the community health trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continued through 2017, began to be deposited in 2009 into the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729, which, because it was received prior to passage of the measure, was allocated pursuant to Section 54-27-25 prior to amendment.

Tobacco settlement trust fund revenues have been estimated based on actual revenues received through April 2019 and legislative estimates for the 2019-21 biennium.

³In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota 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 filed a lawsuit against the tobacco companies to collect the full payment and in 2018 reached a settlement with the tobacco companies. The total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total actual and estimated collections as revised by the Office of Management and Budget are:

Biennium	1999 Original Estimated Collections	Actual and 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	43,828,118
2007-09	82,231,080	75,633,409
2009-11	82,231,080	64,013,596
2011-13	82,231,080	63,035,245
2013-15	82,231,080	64,618,711
2015-17	82,231,080	63,570,920
2017-19	58,591,490	74,073,990
2019-21	58,591,490	36,000,000
2021-23	58,591,490	52,503,832
2023-25	58,591,490	52,503,832
Total	\$866,801,136	\$742,628,810

⁴Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In 2017 House Bill No. 1012, the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remained at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017 and 2019 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	74.2 million ¹	N/A	0	33.3 million	40.7 million
Estimated 2019-21 biennium	36.0 million	N/A	0	0	36.0 million
Estimated 2021-23 biennium	52.5 million	N/A	0	0	52.5 million
Estimated 2023-25 biennium	52.5 million	N/A	0	0	52.5 million
Total	\$545.9 million	\$105.7 million	\$101.2 million	\$134.5 million	\$204.1 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

⁵The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the settlement agreement and in Senate Bill No. 2003 (2019), the Legislative Assembly did not provide funding from the tobacco settlement trust fund to the Attorney General.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), 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:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in a new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization.

ANALYSIS OF THE STATE TUITION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
Beginning balance		\$1,745,972 ¹		\$1,902,729 ¹
Add estimated revenues				
Fines for violation of state laws	\$11,969,364 ²		\$11,000,000 ²	
Transfer from the public instruction fund (2017 HB 1013)	4,282,905 ³		0	
Transfers from the common schools trust fund	288,264,000		366,756,000	
Total estimated revenues		304,516,269		377,756,000
Total available		\$306,262,241		\$379,658,729
Less estimated expenditures and transfers				
State aid to schools (2017 HB 1013; 2019 SB 2013)	\$304,359,512 ³		\$377,764,000 ³	
Total estimated expenditures and transfers		304,359,512		377,764,000
Estimated ending balance		<u>\$1,902,729¹</u>		<u>\$1,894,729¹</u>

¹Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

²Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund during the 2017-19 biennium are based on actual fines deposited into the fund through April 2019 and estimated fine proceeds for the remainder of the 2017-19 biennium based on the 2019 legislative revenue forecast. Fine proceeds estimated to be deposited in the state tuition fund during the 2019-21 biennium are based on the 2019 legislative revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
1998	\$3,384,890 (actual)	N/A
1999	\$3,818,890 (actual)	12.8%
2000	\$4,866,644 (actual)	27.4%
2001	\$4,241,256 (actual)	(12.9%)
2002	\$4,778,756 (actual)	12.7%
2003	\$4,607,423 (actual)	(3.6%)
2004	\$4,721,407 (actual)	2.5%
2005	\$4,507,137 (actual)	(4.5%)
2006	\$4,506,316 (actual)	(0.01%)
2007	\$4,590,395 (actual)	1.9%
2008	\$4,692,048 (actual)	2.2%
2009	\$4,452,118 (actual)	(5.1%)
2010	\$4,593,325 (actual)	3.2%
2011	\$4,963,691 (actual)	8.1%
2012	\$5,769,861 (actual)	16.2%
2013	\$6,158,750 (actual)	6.7%
2014	\$6,844,632 (actual)	11.1%
2015	\$7,655,890 (actual)	11.9%
2016	\$6,945,206 (actual)	(9.3%)
2017	\$5,511,247 (actual)	(20.6%)
2018	\$6,055,397 (actual)	9.9%
2019	\$5,913,967 (estimate)	(2.3%)
2020	\$5,500,000 (estimate)	(7.0%)
2021	\$5,500,000 (estimate)	0%

³Section 15.1-28-01 provides distributions received from the common schools trust fund must be paid into the state treasury and, with the net proceeds of fines for the violation of state laws, constitute the state tuition fund. In 2013 the Legislative Assembly appropriated \$140,326,000 from the state tuition fund for state school aid payments during the 2013-15 biennium. In addition, Section 4 of House Bill No. 1013 (2013) provided that any money available in the state tuition fund in excess of the \$140,326,000 is appropriated to the Department of Public Instruction for distribution to school districts. However, the 2013 Legislative Assembly suspended Section 15.1-27-22.1 relating to the payment of excess funds appropriated for state school aid and, in 2015, Section 15.1-27-22.1 was repealed. During the 2013-15 biennium, common schools trust fund distributions deposited into the department's operating fund of \$130,326,000 and transfers from the state tuition fund to the department's operating fund of \$14,282,905 totaled \$144,608,905, \$4,282,905 more than appropriated from the state tuition fund for state school aid during the 2013-15 biennium. The funding in excess of the \$140,326,000 appropriated for state school aid of \$4,282,905 remained in the department's operating account at the end of the 2013-15 biennium instead of the state tuition fund. House Bill No. 1013 (2017) provides for a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund and includes the funding in the total appropriated from the state tuition fund for state school aid during the 2017-19 biennium.

FUND HISTORY

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX of the Constitution of North Dakota, which provides that payments to the common schools trust fund of the state include:

- Distributions from the common schools trust fund;
- All fines for violation of state laws; and
- All other amounts provided by law.

Section 15.1-28-01 provides the state tuition fund consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. Prior to the 2007-09 biennium, the Superintendent apportioned the money in the state tuition fund among the school districts in the state based on the number of school-age children in the district. Senate Bill No. 2200 (2007) consolidated 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, beginning with the 2007-09 biennium, the Superintendent includes the money in the state tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS

	2017-19 Biennium		2019-21 Biennium	
	Beginning balance		\$29,099,770	
Add estimated revenues				
Transfers to date from tobacco settlement trust fund	\$33,314,810 ¹			
Projected remaining transfers from tobacco settlement trust fund	0 ²		\$0 ²	
Total estimated revenues		33,314,810 ²		0 ²
Total available		\$62,414,580		\$22,362,453
Less estimated expenditures and transfers				
Bank of North Dakota loan repayment	\$37,214,049 ³			
Water projects (2017 HB 1020; 2019 SB 2020)	2,838,078 ⁴		\$21,022,608 ³	
Total estimated expenditures and transfers		40,052,127		21,022,608
Estimated ending balance		\$22,362,453		\$1,339,845

¹Through April 2019 the state has received tobacco settlement payments totaling \$74,073,990 for the 2017-19 biennium, of which \$33,243,295 has been transferred from the tobacco settlement trust fund to the water development trust fund. The tobacco settlement payment received in April 2018 included funding released from an escrow account related to the settlement of an ongoing dispute between the state and major tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement. In addition, the water development trust fund received a transfer of \$71,515 from the tobacco settlement trust fund related to funding returned to the tobacco settlement trust fund from an appropriation to the Attorney General for the 2015-17 biennium. Total transfers of \$223,060,651, including the funding returned by the Attorney General, have been made from the tobacco settlement trust fund to the water development trust fund.

²Revenues - Interest earned on the water development trust fund is deposited in the general fund. **In Senate Bill No. 2012 (2019), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to remove the transfer of funds to the water development trust fund and to provide all money in the tobacco settlement trust fund be transferred within 30 days of receipt to the community health trust fund.**

Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017 and 2019 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million ¹	22.9 million	18.2 million	18.2 million	4.0 million
Estimated 2017-19 biennium	74.2 million ¹	N/A	0	33.3 million	40.7 million
Estimated 2019-21 biennium	36.0 million	N/A	0	0	36.0 million

Estimated 2021-23 biennium	52.5 million	N/A	0	0	52.5 million
Estimated 2023-25 biennium	52.5 million	N/A	0	0	52.5 million
Total	\$545.9 million	\$105.7 million	\$101.2 million	\$134.5 million	\$204.1 million

¹This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

³Sections 1 and 4 of Senate Bill No. 2020 (2019) appropriate \$58,236,657, and any additional funding that becomes available from the water development trust fund, for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium. Of the funding provided from the water development trust fund, the Legislative Assembly identified \$25,900,000 for the repayment of a Bank of North Dakota loan. This payment, in addition to scheduled payments, will total \$37.2 million and will pay off the Bank loan. Section 37 of Senate Bill No. 2015 (2019) declared Senate Bill No. 2020 (2019) an emergency, and as a result, the State Water Commission anticipates paying off the Bank loan during the 2017-19 biennium.

⁴Sections 1 and 3 of House Bill No. 1020 (2017) appropriate \$34,949,628, and any additional funding that becomes available from the water development trust fund, for the purpose of defraying the expenses of the State Water Commission for the 2017-19 biennium.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established a water development trust fund to be used for the long-term water development and management needs of the state. This section created 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:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee to adequately provide for the comprehensive plan. The Legislative Assembly in Section 39 of House Bill No. 1015 (2009) provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. In Senate Bill No. 2024 (2017) the Legislative Assembly repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

Section 61-02.1-04, created by Senate Bill No. 2188 (1999), provides 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.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the water development trust fund. Senate Bill No. 2012 (2019), removed the authorization to appropriate money in the fund to the Attorney General.

SECTION M - HISTORICAL DATA

HISTORY OF GENERAL FUND BUDGETS	M-1
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GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers:

	Actual			Estimated	
	2011-13	2013-15	2015-17	2017-19	2019-21
Beginning balance	\$996,832,711	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000
Tax and fee revenues	4,530,367,522	4,906,838,448	3,437,604,096	3,723,782,356	3,781,742,616
Transfers and other sources of revenue to general fund	625,487,038	894,959,058	1,511,601,317	940,022,572	1,041,217,024
Total available	\$6,152,687,271	\$7,197,856,692	\$5,678,734,802	\$4,728,804,928	\$4,887,959,640
Expenditures	(\$4,575,567,500)	(\$6,468,327,303)	(\$5,581,532,047)	(4,378,719,949)	(\$4,843,563,166)
Transfers to budget stabilization fund	(181,060,585)	0	(32,202,755)	(285,084,979)	0
Total expenditures and transfers	(\$4,756,628,085)	(\$6,468,327,303)	(\$5,613,734,802)	(\$4,663,804,928)	(\$4,843,563,166)
Ending balance	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$44,396,474

MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2019-21 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2019-21 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 2013-15 biennium and the lowest percentage occurring in the 1967-69 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1981-83 biennium and the lowest percentage in the 1967-69 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated, but authorized to be spent by Emergency Commission action or continuing appropriations.

TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2019-21 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations ¹	Total Special Funds Appropriations ¹	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,293,000,000 ⁹	4.42%	10.66%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,459,000,000 ⁹	5.31%	12.88%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,137,000,000 ⁹	5.47%	11.94%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$5,770,000,000 ⁹	5.16%	11.33%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,987,000,000 ⁹	5.54%	11.00%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,051,000,000 ⁹	7.14%	14.16%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,102,000,000 ⁹	6.74%	14.38%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$11,206,000,000 ⁹	8.12%	18.88%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$14,757,000,000 ⁹	6.90%	14.68%
1985-87	\$1,134,183,661 ²	\$1,339,411,840	\$2,473,595,501	\$16,544,000,000 ⁹	6.86%	14.95%
1987-89	\$1,058,708,224 ³	\$1,440,445,277	\$2,499,153,501	\$17,508,000,000 ⁹	6.05%	14.27%
1989-91	\$1,061,507,822 ⁴	\$1,760,553,694 ⁵	\$2,822,061,516	\$17,419,000,000 ⁹	6.09%	16.20%
1991-93	\$1,202,891,103 ⁶	\$2,028,208,088	\$3,231,099,191	\$19,905,000,000 ⁹	6.04%	16.23%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$24,188,000,000 ⁹	5.18%	14.12%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$27,212,000,000 ⁹	4.97%	13.21%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,705,000,000 ⁹	5.09%	13.45%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$32,990,000,000 ⁹	4.90%	14.79%
2001-03	\$1,728,640,384 ⁷	\$3,049,996,983	\$4,778,637,367	\$35,261,000,000 ⁹	4.90%	13.55%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$38,876,000,000 ⁹	4.67%	13.14%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$43,211,000,000 ⁹	4.63%	13.39%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$52,411,000,000 ⁹	4.91%	12.64%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$58,934,000,000 ⁹	5.59%	15.17%
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$75,024,000,000 ⁹	5.73%	14.24%
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336	\$81,384,000,000 ⁹	8.45%	17.39%
2015-17	\$5,687,291,911 ⁸	\$8,319,007,773 ⁸	\$14,006,299,684	\$79,583,000,000 ⁹	7.15%	17.60%
2017-19	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704	\$82,659,000,000 ¹⁰	5.35%	16.55%
2019-21	\$4,843,563,166	\$9,847,034,571	\$14,690,597,737	\$93,800,000,000 ¹⁰	5.16%	15.66%

¹Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

²In addition changes made to general fund appropriations were (a) reductions of \$12,965,250 as a result of 1987 Legislative Assembly action; (b) a \$44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and (c) an increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.

³In addition changes made to general fund appropriations were reductions of \$3,175,000 required because of the cable television sales tax referral and \$21 million budget allotment mandated by the Governor in September 1988.

⁴This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990, 2 percent unallotment.

⁵This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.

⁶In addition the Legislative Assembly in House Bill No. 1046 (1991) appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 biennium revenue estimates made by the Legislative Assembly in 1991, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.

⁷The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002.

⁸The general fund appropriation amount for the 2015-17 biennium has been restated to reflect the 6.55 percent general fund budget reductions made by the Legislative Assembly in the August 2016 special legislative session. The special fund appropriation amount has also been restated to reflect the \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments, as a result of general fund budget allotments ordered by the Governor of 4.05 percent in February 2016 and 2.50 percent in August 2016.

⁹Source: United States Bureau of Economic Analysis.

¹⁰Source: IHS Markit.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2019-21 BIENNIUMS¹**

	General Fund Appropriations	Special Funds Appropriations	Total All Appropriations	General Fund Revenues²
1967-69				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	<u>13,142,530</u>	<u>1,004,394</u>	<u>14,146,924</u>	<u>16,980,000</u>
Legislative budget	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
1969-71				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	<u>17,084,026</u>	<u>45,659,367</u>	<u>62,743,393</u>	<u>22,092,623</u>
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
1971-73				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	<u>(384,651)</u>	<u>10,528,371</u>	<u>10,143,720</u>	<u>1,769,348</u>
Legislative budget	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
1973-75				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	<u>6,733,531</u>	<u>38,835,098</u>	<u>45,568,629</u>	<u>(5,705,492)</u>
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	<u>23,135,698</u>	<u>3,168,074</u>	<u>26,303,772</u>	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
1975-77				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	<u>\$442,529,561</u>	<u>\$436,181,752</u>	<u>\$878,711,313</u>	<u>\$512,971,280</u>
1977-79				
Executive budget	\$538,440,978	\$477,421,009	\$1,015,861,987	\$647,900,000
Legislative increase (decrease)	<u>35,376,433</u>	<u>87,268,156</u>	<u>122,644,589</u>	<u>371,650</u>
Legislative budget	\$573,817,411	\$564,689,165	\$1,138,506,576	\$648,271,650

Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	<u>\$575,067,852</u>	<u>\$565,096,709</u>	<u>\$1,140,164,561</u>	<u>\$648,271,650</u>
1979-81				
Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	<u>\$654,719,450</u>	<u>\$768,387,797</u>	<u>\$1,423,107,247</u>	<u>\$703,245,691</u>
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	<u>\$680,417,154</u>	<u>\$772,341,770</u>	<u>\$1,452,758,924</u>	<u>\$703,245,691</u>
1981-83				
Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	<u>\$903,596,232</u>	<u>\$1,177,517,161</u>	<u>\$2,081,113,393</u>	<u>\$1,026,732,695</u>
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	<u>\$910,249,232</u>	<u>\$1,205,292,293</u>	<u>\$2,115,541,525</u>	<u>\$1,026,732,695</u>
1983-85				
Executive budget	\$924,455,265 ³	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	<u>\$1,005,111,046</u>	<u>\$1,139,498,982</u>	<u>\$2,144,610,028</u>	<u>\$1,042,505,250</u>
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>
1985-87				
Executive budget	\$1,188,601,469 ⁴	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	<u>\$1,125,546,007</u>	<u>\$1,334,612,417</u>	<u>\$2,460,158,424</u>	<u>\$1,157,413,862</u>

Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49 th Legislative Assembly personal property tax replacement deficiency appropriation not spent until the 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				(75,126,740)
Legislative budget as restated	<u>\$1,134,183,661</u> ⁵	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
1987-89				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224</u> ⁶	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
1989-91				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
2 percent unallotment (August 1990)	<u>22,395,712</u>		<u>22,395,712</u>	
Legislative budget as restated	<u>\$1,061,507,822</u>	<u>\$1,760,553,694</u>	<u>\$2,822,061,516</u>	<u>\$1,028,079,292</u>
1991-93				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	<u>32,041,733</u>	<u>125,939,720</u>	<u>157,981,453</u>	<u>36,936,959</u>
Legislative budget	<u>\$1,198,630,674</u> ⁷	<u>\$2,027,082,913</u>	<u>\$3,225,713,587</u> ⁷	<u>\$1,222,392,959</u>

Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	<u>\$1,202,891,103</u>	<u>\$2,028,208,088</u>	<u>\$3,231,099,191</u>	<u>\$1,222,392,959</u>
1993-95				
Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	<u>22,940,773</u>	<u>(88,551,589)</u>	<u>(65,610,816)</u>	<u>7,099,865</u>
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	<u>\$1,251,925,967</u>	<u>\$2,162,505,820</u>	<u>\$3,414,431,787</u>	<u>\$1,260,153,865</u>
1995-97				
Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	<u>1,284,129</u>	<u>34,396,992</u>	<u>35,681,121</u>	<u>2,668,581</u>
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>
1997-99				
Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
Legislative budget	\$1,489,240,087	\$2,485,367,317	\$3,974,607,404	\$1,500,096,023
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	<u>\$1,510,747,421</u>	<u>\$2,485,617,317</u>	<u>\$3,996,364,738</u>	<u>\$1,500,096,023</u>
1999-2001				
Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	<u>(21,280,878)</u>	<u>504,237,505</u> ⁸	<u>482,956,627</u>	<u>(20,209,113)</u>
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394

Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	<u>\$1,614,882,210</u>	<u>\$3,265,271,344</u>	<u>\$4,880,153,554</u>	<u>\$1,605,357,394</u>
2001-03				
Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	<u>40,684,605</u>	<u>52,604,631</u>	<u>93,289,236</u>	<u>38,009,116</u>
Legislative budget	\$1,746,983,713	\$3,022,696,983 ⁹	\$4,769,680,696	\$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	<u>(18,343,329)</u>		<u>(18,343,329)</u>	
Legislative budget as restated	<u>\$1,728,640,384</u> ¹⁰	<u>\$3,049,996,983</u>	<u>\$4,778,637,367</u> ¹⁰	<u>\$1,758,978,407</u>
2003-05				
Executive budget	\$1,762,103,934	\$3,231,267,168	\$4,993,371,102	\$1,772,149,343
Legislative increase (decrease)	<u>41,557,227</u>	<u>24,511,067</u>	<u>66,068,294</u>	<u>41,764,727</u>
Legislative budget	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$1,813,914,070
Add				
Deficiency appropriations provided by the 2005 Legislative Assembly	13,224,344	34,000,000	47,224,344	
Less				
Special funds reductions required by 2003 HB 1505		<u>(62,241)</u>	<u>(62,241)</u>	
Legislative budget as restated	<u>\$1,816,885,505</u>	<u>\$3,289,715,994</u>	<u>\$5,106,601,499</u>	<u>\$1,813,914,070</u>
2005-07				
Executive budget	\$2,007,001,269	\$3,538,353,475	\$5,545,354,744	\$2,017,154,996
Legislative increase (decrease)	<u>(17,548,646)</u>	<u>224,867,692</u>	<u>207,319,046</u>	<u>(17,406,842)</u>
Legislative budget	\$1,989,452,623	\$3,763,221,167	\$5,752,673,790	\$1,999,748,154
Add				
Deficiency appropriations provided by the 2007 Legislative Assembly	11,084,451	22,000,000	33,084,451	
Legislative budget as restated	<u>\$2,000,537,074</u>	<u>\$3,785,221,167</u>	<u>\$5,785,758,241</u>	<u>\$1,999,748,154</u>

2007-09

Executive budget	\$2,468,326,339	\$3,864,876,095	\$6,333,202,434	\$2,502,682,419
Legislative increase (decrease)	<u>(6,352,383)</u>	<u>155,638,989</u>	<u>149,286,606</u>	<u>(27,052,284)</u>
Legislative budget	\$2,461,973,956	\$4,020,515,084	\$6,482,489,040	\$2,475,630,135
Add				
Deficiency appropriations provided by the 2009 Legislative Assembly	<u>112,339,319</u>	<u>29,152,403</u>	<u>141,491,722</u>	
Legislative budget as restated	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$2,475,630,135

2009-11

Executive budget	\$3,110,921,665	\$4,598,634,482	\$7,709,556,147	\$3,175,713,942
Legislative increase (decrease)	<u>148,443,816</u>	<u>1,000,274,902</u>	<u>1,148,718,718</u>	<u>103,180,918</u>
Legislative budget	\$3,259,365,481	\$5,598,909,384	\$8,858,274,865	\$3,278,894,860
Add				
Deficiency appropriations provided by the 2011 Legislative Assembly	<u>37,230,168</u>	<u>43,433,000</u>	<u>80,663,168</u>	
Legislative budget as restated	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$3,278,894,860

2011-13

Executive budget	\$3,295,569,541	\$5,998,005,832	\$9,293,575,373	\$3,351,306,217
Legislative increase (decrease)	<u>941,116,919</u>	<u>364,281,588</u>	<u>1,305,398,507</u>	<u>1,092,272,719</u>
Legislative budget	\$4,236,686,460	\$6,362,287,420	\$10,598,973,880	\$4,443,578,936
Add				
Deficiency appropriations provided by the 2013 Legislative Assembly	<u>60,314,701</u>	<u>25,000,000</u>	<u>85,314,701</u>	
Legislative budget as restated	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$4,443,578,936

2013-15

Executive budget	\$4,786,171,981	\$7,998,462,773	\$12,784,634,754	\$4,866,676,875
Legislative increase (decrease)	<u>2,087,415,373</u>	<u>(1,116,787,817)</u>	<u>970,627,556</u>	<u>2,082,954,407</u>
Legislative budget	\$6,873,587,354	\$6,881,674,956	\$13,755,262,310	\$6,949,631,282
Add				
Deficiency appropriations provided by the 2015 Legislative Assembly	<u>6,084,026</u>	<u>393,380,000</u>	<u>399,464,026</u>	
Legislative budget as restated	<u>\$6,879,671,380</u>	<u>\$7,275,054,956</u>	<u>\$14,154,726,336</u>	<u>\$6,949,631,282</u>

2015-17

Executive budget	\$7,232,580,330	\$8,494,450,631	\$15,727,030,961	\$7,329,943,668
Legislative increase (decrease)	<u>(1,186,417,652)</u>	<u>(320,216,515)</u>	<u>(1,506,634,167)</u>	<u>(1,092,771,398)</u>
Legislative budget	\$6,046,162,678	\$8,174,234,116	\$14,220,396,794	\$6,237,172,270
Add				
Deficiency appropriations provided by the 2017 Legislative Assembly	617,010	28,720,364	29,337,374	
Less				
August 2016 special session adjustments	<u>(359,487,777)</u>	<u>116,053,293</u>	<u>(243,434,484)</u>	<u>(579,572,842)</u>
Legislative budget as restated	\$5,687,291,911 ¹¹	\$8,319,007,773	\$14,006,299,684 ¹¹	\$5,657,599,428

2017-19

Revised executive budget ¹²	\$4,621,320,412	\$8,656,595,503	\$13,277,915,915	\$4,713,426,208
Legislative increase (decrease)	<u>(311,057,771)</u>	<u>586,228,308</u>	<u>275,170,537</u>	<u>(352,719,938)</u>
Legislative budget	\$4,310,262,641	\$9,242,823,811 ¹³	\$13,553,086,452	\$4,360,706,270
Add				
Deficiency and supplemental appropriations provided by the 2019 Legislative Assembly	115,560,181	11,009,071	126,569,252	
Legislative budget as restated	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704	\$4,360,706,270

2019-21

Executive budget	\$4,936,726,893	\$9,357,096,100	\$14,293,822,993	\$4,935,448,310
Legislative increase (decrease)	<u>(93,163,727)</u>	<u>489,938,471</u>	<u>396,774,744</u>	<u>(112,488,670)</u>
Legislative budget	\$4,843,563,166	\$9,847,034,571	\$14,690,597,737	\$4,822,959,640

¹This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

²The general fund revenues include estimated general fund balances at the beginning of a biennium which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The 1967 Legislative Assembly increased the sales tax from 2.25 to 3 percent.
- The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.
- The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.

- The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the general fund.
- The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 to 3 percent.
- The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.
- The 1981 Legislative Assembly reduced estimated income tax collections by \$51.7 million as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas gross production tax to the highway tax distribution fund and townships resulting in a reduction of \$32 million to general fund revenues, and added \$21.5 million due to a March 19, 1981, executive budget office revision of revenue estimates.
- The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the executive budget office; increased revenues by \$86.03 million to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of \$102.75 million for personal and corporate income taxes, \$41.59 million in accelerated tax collections, \$8.2 million in coal conversion taxes, \$9.5 million in cigarette taxes, and \$4.2 million in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 to 4 percent.
- The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the executive budget office and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5.32 million to remove the sales tax exemption from candy and selected carbonated beverages, and by \$7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.
- Revenues for the 1985-87 biennium were reduced by \$75,126,740 after the 1985 legislative session consisting of a reduction of \$110,386,758 due to revised revenue estimates of the executive budget office, primarily a result of significant oil tax revenue shortfalls; an increase of \$18,984,018 due to a higher than estimated July 1, 1985, general fund balance; increases totaling \$16,276,000 as a result of the 1986 special session action, of which \$13,276,000 relates to a one-cent sales and use tax increase for the last 6 months of the 1985-87 biennium; and a \$3 million increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase, which was defeated in March 1987).
- The 1987 Legislative Assembly increased general fund revenues by \$9.22 million due to revised revenue estimates of the executive budget office by \$46.14 million due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television; by \$8.3 million due to a 1-year 10 percent individual income tax surtax; by \$9,724,000 due to a nine-cent per package cigarette tax increase; and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.
- The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the executive budget office by \$87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent); by \$4,714,200 for a 6 percent sales tax on bingo; by \$42.6 million to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates; and by \$4.6 million to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.
- The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.

- The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund, which received a portion of the sales, use, and motor vehicle excise tax; by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price; and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.
- The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.
- The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas gross production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.
- The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special funds transfers, and additional court filing fee revenue.
- The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.
- The 2003 Legislative Assembly increased general fund revenues by \$41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and providing transfers from the water development trust fund and the health care trust fund.
- The 2005 Legislative Assembly decreased general fund revenues by \$17.4 million due to defeating the executive budget proposal to repeal North Dakota Century Code Section 54-27.2-02 providing for the end of the biennium general fund balance in excess of \$65 million to be transferred to the budget stabilization fund resulting in a reduction in revenue of \$65 million, defeating the executive budget proposal to increase the limit for oil revenues to be deposited in the general fund rather than the permanent oil tax trust fund resulting in a reduction in revenue of \$13.3 million, increasing the transfer from the lands and minerals trust fund, and providing transfers from the permanent oil tax trust fund.
- The 2007 Legislative Assembly decreased general fund revenues by \$120.85 million due to reducing the income tax "marriage penalty" and providing property tax relief by an income tax credit, decreased general fund revenues by \$12.62 million to deposit motor vehicle excise tax collections in the highway fund rather than the general fund, decreased general fund revenues by \$4.6 million to provide tax reductions and exemptions for heating fuels, and increased general fund revenues by \$115 million by providing a transfer from the permanent oil tax trust fund.
- The 2009 Legislative Assembly increased general fund revenues by \$103.18 million due to providing a \$435 million transfer from the permanent oil tax trust fund to the general fund, providing individual and corporate income tax rate reductions of \$100 million, removing a \$60 million transfer from the Bank of North Dakota to the general fund, defeating the executive recommendation to increase the limit of oil revenues deposited in the general fund rather than the permanent oil tax trust fund by \$39 million, and depositing \$30.46 million of motor vehicle excise tax collections in the highway fund rather than the general fund.
- The 2011 Legislative Assembly increased general fund revenues by \$1,092,270,000 due to providing a \$295 million transfer from the property tax relief sustainability fund, providing a \$305 million transfer from the strategic investment and improvements fund, increasing the amount of oil and gas tax revenues deposited in the general fund by \$229 million, transferring the permanent oil tax trust fund balance of \$615 million at the end of the 2009-11 biennium, removing a transfer of \$60 million from the Bank of North Dakota, removing a transfer of \$239 million from the lands and minerals trust fund,

removing a transfer of \$232 million from the permanent oil tax trust fund, defeating the executive recommendation to deposit \$45.7 million of motor vehicle excise taxes in the highway tax distribution fund rather than the general fund, and providing individual and corporate income tax rate reductions of \$145 million. The amount shown also reflects adjustments made during the November 2011 special session to reflect an additional \$336.6 million for the actual general fund balance on July 1, 2011, and a decrease in general fund revenue of \$11 million due to an increase in available tax credits for contributions to the housing incentive fund from \$4 million to \$15 million.

- The 2013 Legislative Assembly increased general fund revenues by \$2,082,950,000 due to providing a \$520 million transfer from the strategic investment and improvements fund; providing a \$341.79 million transfer from the property tax relief fund; removing 2011-13 transfers of \$744.8 million to the property tax relief fund, \$720 million to the highway fund, and \$30 million to the housing incentive fund all of which affected the estimated beginning balance; and approving individual and corporate income tax rate reductions of \$250 million.
- The 2015 Legislative Assembly decreased general fund revenues by \$1.1 billion primarily due to removing a \$700 million transfer from the strategic investment and improvements fund and reducing the general fund revenue forecast by \$419 million.
- The 2017 Legislative Assembly decreased general fund revenues by \$352.7 million primarily due to changes to the oil and gas tax allocation formula and various transfers.
- The 2019 Legislative Assembly decreased general fund revenues by \$112.5 million primarily due to the establishment of an insurance premium tax credit for an invisible reinsurance pool and reducing the general fund revenue forecast.

³This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

⁴This is the amount of general fund appropriations recommended by Governor Alan Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor George Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.

⁵In addition to adjustments for deficiency appropriations, Governor Sinner mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50th Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover which resulted in a 1985-87 general fund spending level of \$1,081,481,356.

⁶Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by Governor Sinner because of an anticipated reduction in general fund revenues.

⁷In addition the Legislative Assembly in House Bill No. 1046 (1991) appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than the 1991-93 biennium revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by Governor Sinner during the 1991-93 biennium of \$4,305,000.

⁸The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

⁹The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

¹⁰In addition to an adjustment for deficiency appropriations, Governor John Hoeven mandated a 1.05 percent general fund allotment reduction totaling \$18,343,329 in July 2002.

¹¹In addition to an adjustment for deficiency appropriations, the Legislative Assembly made additional general fund reductions totaling \$359,487,777 in a special session in August 2016.

¹²The amounts shown reflect the revised executive budget recommended by Governor Doug Burgum for the 2017-19 biennium rather than the original executive budget recommended by Governor Jack Dalrymple. Governor Dalrymple's budget provided for total appropriations of \$12,475,345,672, of which \$4,780,662,854 is from the general fund, for the 2017-19 biennium.

¹³The special funds appropriation increase from the prior biennium results primarily from the Legislative Assembly adding \$1.85 billion of appropriation authority for higher education tuition income and local funds. If higher education tuition income and local funds had not been specifically appropriated, the 2017-19 biennium legislative budget would have been approximately \$7.40 billion, a \$920 million decrease from the 2015-17 biennium special funds legislative budget of \$8.32 billion.

**COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS, AND LEGISLATIVE APPROPRIATIONS FOR
STATE SCHOOL AID FOR THE 1967-69 THROUGH 2019-21 BIENNIUMS**

Biennium	Department of Public Instruction Request	Executive Recommendation	Legislative Appropriation	Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment	Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment
1967-69					
General fund state school aid appropriation	\$48,200,000	\$38,450,000	\$45,500,000	\$9,650,000	26.9%
1st-year per student payments	N/A	\$220	\$220	\$44	25.0%
2nd-year per student payments	N/A	\$220	\$220	\$0	0.0%
1969-71					
General fund state school aid appropriation	\$51,750,000	\$48,700,000	\$50,200,000	\$4,700,000	10.3%
1st-year per student payments	N/A	\$230	\$230	\$10	4.5%
2nd-year per student payments	N/A	\$230	\$240	\$10	4.3%
1971-73					
General fund state school aid appropriation	\$67,200,000	\$51,135,000	\$54,385,000	\$4,185,000	8.3%
1st-year per student payments	N/A	Not specified	\$250	\$10	4.2%
2nd-year per student payments	N/A	Not specified	\$260	\$10	4.0%
1973-75					
Total state school aid appropriation	\$77,025,000	\$67,000,000	\$118,200,000	\$63,815,000	117.3%
Less federal revenue sharing			25,300,000	25,300,000	
General fund appropriation	<u>\$77,025,000</u>	<u>\$67,000,000</u>	<u>\$92,900,000</u>	<u>\$38,515,000</u>	70.8%
1st-year per student payments	N/A	Not specified	\$540	\$280	107.7%
2nd-year per student payments	N/A	Not specified	\$540	\$0	0.0%
1975-77					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>(13,300,000)</u>	
General fund appropriation	<u>\$144,600,000</u>	<u>\$144,600,000</u>	<u>\$141,378,805</u>	<u>\$48,478,805</u>	52.2%
1st-year per student payments	\$620	\$620	\$640	\$100	18.5%
2nd-year per student payments	\$680	\$680	\$690	\$50	7.8%

1977-79

Total state school aid appropriation	\$187,000,000	\$185,000,000	\$186,752,000	\$33,373,195	21.8%
Less federal revenue sharing	11,000,000	11,000,000	11,000,000	(1,000,000)	
General fund appropriation	<u>\$176,000,000</u>	<u>\$174,000,000</u>	<u>\$175,752,000</u>	<u>\$34,373,195</u>	24.3%
1st-year per student payments	\$765	\$765	\$775	\$85	12.3%
2nd-year per student payments	\$840	\$840	\$850	\$75	9.7%

1979-81

State school aid					
Per student payments	\$255,943,625	\$243,074,830	\$256,252,000	N/A	
Less: 20-mill district and 21-mill county deducts	61,080,000	61,080,000	63,631,500	N/A	
Net per student payments	\$194,863,625	\$181,994,830	\$192,620,500	N/A	
Tuition fund distributions			16,500,000 ¹	N/A	
Textbooks	6,000,000	5,000,000			
Transportation aid	<u>21,910,000</u>	<u>21,910,000</u>	<u>22,073,500</u>	<u>N/A</u>	
Total state school aid appropriation	\$222,773,625	\$208,904,830	\$231,194,000	\$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			<u>16,500,000 ¹</u>	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000 ²</u>	<u>\$16,842,000</u>	9.6%
1st-year per student payments	\$875	\$875	\$903	\$53	6.2%
1st-year tuition fund payments			Not specified	N/A	N/A
Total 1st-year payments	<u>\$875</u>	<u>\$875</u>	<u>\$903</u>	<u>\$53</u>	6.2%
2nd-year per student payments	\$970	\$922	\$970	\$67	7.4%
2nd-year tuition fund payments			Not specified	N/A	N/A
Total 2nd-year payments	<u>\$970</u>	<u>\$922</u>	<u>\$970</u>	<u>\$67</u>	7.4%

1981-83

State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	69,300,000	71,972,000	34,972,000 ³	(28,659,500)	
Net per student payments	\$359,950,044	\$357,278,044	\$350,989,408	\$158,368,908	
Appropriation for 21-mill levy replacement		\$34,000,000			
Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	<u>40,053,500</u>	<u>40,053,500</u>	<u>37,715,468</u>	<u>15,641,968</u>	
Total state school aid appropriation	\$400,003,544	\$431,331,544	\$418,582,276	\$187,388,276	81.1%

Less					
Oil extraction tax		128,000,000	169,266,667 ⁴	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	<u>\$400,003,544</u>	<u>\$303,331,544</u>	<u>\$202,738,209</u>	<u>\$10,144,209</u>	5.3%
1st-year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
1st-year tuition fund payments			Not specified	N/A	N/A
Total 1st-year payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
2nd-year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
2nd-year tuition fund payments			Not specified	N/A	N/A
Total 2nd-year payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
1983-85					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	\$372,716,564	\$283,223,600	\$313,139,250	(\$37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	\$444,351,616	\$359,158,652	\$389,766,802	(\$28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667) ⁶	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 ⁵	7,222,600	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u> ⁷	<u>\$149,928,593</u>	74.0%
1st-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
1st-year tuition fund payments	N/A ⁸	N/A ⁸	120 ⁵	120	N/A
Total 1st-year payments	\$1,526 ⁸	\$1,400 ⁸	\$1,520	(\$71)	(4.5%)
2nd-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
2nd-year tuition fund payments	N/A ⁸	N/A ⁸	170 ⁵	50	41.7%
Total 2nd-year payments	\$1,648 ⁸	\$1,400 ⁸	\$1,520	\$0	0.0%

1985-87

State school aid

Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475	
Less: 20-mill deduct	<u>42,432,000</u>	<u>42,432,000</u>	<u>39,709,423</u>	<u>1,709,423</u>	
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Transportation aid	<u>41,511,724</u>	<u>41,511,724</u>	<u>40,068,810</u>	<u>541,258</u>	
Total state school aid appropriation	\$439,493,206	\$425,720,452	\$417,982,112	\$28,215,310	7.2%
Less					
Tuition fund distributions	47,895,000	47,895,000	47,895,000 ⁹	10,795,000	
Federal revenue sharing	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	
General fund appropriation	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u> ¹⁰	<u>\$17,233,310</u>	4.9%
1st-year per student payments	\$1,470	\$1,406	\$1,425 ¹⁰	\$75	5.6%
1st-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> ⁹	<u>25</u>	14.7%
Total 1st-year payments	\$1,660	\$1,596	\$1,620	\$100	6.6%
2nd-year per student payments	\$1,544	\$1,502	\$1,455 ¹⁰	\$30	2.1%
2nd-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> ⁹		0.0%
Total 2nd-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%

1987-89

State school aid

Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	<u>39,204,350</u>	<u>39,204,350</u>	<u>39,070,442</u>	<u>(638,981)</u>	
Net per student payments	\$416,060,376	\$321,552,316	\$316,500,022	(\$13,518,280)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 ¹¹	(4,795,000)	
Transportation aid	<u>40,068,810</u>	<u>40,068,810</u>	<u>38,109,386</u>	<u>(1,959,424)</u>	
Total state school aid appropriation	\$504,024,186	\$404,721,126	\$397,709,408	(\$20,272,704)	(4.9%)
Less					
Federal revenue sharing				(187,000)	
Tuition fund distributions	<u>47,895,000</u>	<u>43,100,000</u>	<u>43,100,000</u> ¹¹	<u>(4,795,000)</u>	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u> ¹²	<u>(\$15,290,704)</u>	(4.1%)
1st-year per student payments	\$1,729	\$1,413	\$1,400 ¹²	(\$55)	(3.8%)
1st-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> ¹¹	<u>(18)</u>	(9.2%)
Total 1st-year payments	\$1,924	\$1,590	\$1,577	(\$73)	(4.4%)
2nd-year per student payments	\$1,806	\$1,440	\$1,412 ¹²	\$12	0.9%
2nd-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> ¹¹		0.0%
Total 2nd-year payments	\$2,001	\$1,617	\$1,589	\$12	0.8%

1989-91

State school aid					
Per student payments	\$458,214,936	\$402,575,604	\$378,769,140	\$23,198,676	
Less: Mill deduct					
40 mills	77,400,055	77,400,055			
21 mills 1st year, 22 mills 2nd year			41,207,625	2,137,183	
Net per student payments	\$380,814,881	\$325,175,549	\$337,561,515	\$21,061,493	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%
Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
General fund appropriation	\$420,814,881	\$359,375,549	\$374,198,588 ¹³	\$19,589,180	5.5%
1st-year per student payments	\$1,850	\$1,641	\$1,525 ¹³	\$113	8.0%
1st-year tuition fund payments	169	169	200	23	13.0%
Total 1st-year payments	\$2,019	\$1,810	\$1,725	\$136	8.6%
2nd-year per student payments	\$1,942	\$1,690	\$1,545 ¹³	\$20	1.3%
2nd-year tuition fund payments	169	169	200		0.0%
Total 2nd-year payments	\$2,111	\$1,859	\$1,745	\$20	1.2%

1991-93

State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: Mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	\$358,798,796	\$339,598,795	\$344,707,785	\$7,146,270	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	36,274,714	36,274,714	36,306,549	(330,524)	
Total state school aid appropriation	\$442,473,510	\$423,098,965	\$428,239,790	\$5,841,202	1.4%
Less					
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
General fund appropriation	\$395,073,510	\$375,873,509	\$381,014,334 ¹⁴	\$6,815,746	1.8%
1st-year per student payments	\$1,750	\$1,531	\$1,552 ¹⁴	\$7	0.5%
1st-year tuition fund payments	198	197	197	(3)	(1.5%)
Total 1st-year payments	\$1,948	\$1,728	\$1,749	\$4	0.2%
2nd-year per student payments	\$1,825	\$1,587	\$1,608 ¹⁴	\$56	3.6%
2nd-year tuition fund payments	198	198	198	1	0.5%
Total 2nd-year payments	\$2,023	\$1,785	\$1,806	\$57	3.3%

1993-95

State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: Mill deduct					
40 mills	74,254,832				
50 mills 1st year, 60 mills 2nd year		103,271,462			
23 mills 1st year, 24 mills 2nd year			43,920,035	1,843,795	
Net per student payments	\$383,577,488	\$368,841,336	\$360,919,892	\$16,212,107	
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
Transportation aid	35,538,279	31,521,432	35,600,000	(706,549)	
Total state school aid appropriation	\$466,341,223	\$446,379,768	\$442,536,892	\$14,297,102	3.3%
Less					
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
General fund appropriation	<u>\$419,115,767</u>	<u>\$400,362,768</u> ¹⁵	<u>\$396,519,892</u> ¹⁶	<u>\$15,505,558</u>	4.1%
1st-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
1st-year tuition fund payments	197	\$192	192	(6)	(3.0%)
Total 1st-year payments	\$2,057	\$192	\$1,762	(\$44)	(2.4%)
2nd-year per student payments	\$1,900	Not specified	\$1,636	\$66	4.2%
2nd-year tuition fund payments	197	\$192	192		0.0%
Total 2nd-year payments	\$2,097	\$192	\$1,828	\$66	3.7%

1995-97

State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: Mill deduct					
24 mills	46,010,284	46,010,284			
28 mills 1st year, 32 mills 2nd year			59,709,197	15,789,162	
Net per student payments	\$380,523,570	\$371,039,864	\$396,506,035	\$35,586,143	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	36,000,798	36,000,798	36,000,798	400,798	
Total state school aid appropriation	\$462,541,368	\$453,057,662	\$478,523,833	\$35,986,941	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000	880,000	
General fund appropriation	<u>\$416,524,368</u>	<u>\$407,040,662</u>	<u>\$431,626,833</u> ¹⁸	<u>\$35,106,941</u>	8.9%
1st-year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
1st-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹	(2)	(1.0%)
Total 1st-year payments	\$1,873	\$1,842	\$1,947	\$119	6.5%
2nd-year per student payments	\$1,734	\$1,668	\$1,862	\$105	6.0%
2nd-year tuition fund payments	211 ¹⁹	190 ¹⁹	190 ¹⁹		0.0%
Total 2nd-year payments	\$1,945	\$1,858	\$2,052	\$105	5.4%

1997-99

State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: Mill deduct					
36.05 mills 1st year, 39.91 mills 2nd year	78,727,193				
32.42 mills 1st year, 33.34 mills 2nd year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	\$440,590,211	\$410,369,353	\$429,287,939	\$32,781,904	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
Limited English proficient student payments			300,000	300,000	
Equity payments		20,000,000 ²⁰			
Transportation aid	37,671,610	37,128,220	36,768,320	767,522	
Total state school aid appropriation	\$527,534,965	\$516,770,717	\$515,629,403	\$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
General fund appropriation	<u>\$478,261,821</u>	<u>\$467,497,573</u>	<u>\$466,356,259</u> ²¹	<u>\$34,729,426</u>	8.0%
1st-year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
1st-year tuition fund payments	225 ²²	204 ²²	204 ²²	14	7.4%
Total 1st-year payments	\$2,235	\$2,103	\$2,158	\$106	5.2%
2nd-year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
2nd-year tuition fund payments	225 ²²	204 ²²	204 ²²		0.0%
Total 2nd-year payments	\$2,346	\$2,139	\$2,236	\$78	3.6%

1999-2001

State school aid					
Per student payments	\$546,659,759	\$517,678,909	\$520,678,909	\$19,092,369	
Less: 32-mill deduct	78,072,650	78,072,650	78,072,650	5,774,049	
Net per student payments	\$468,587,109	\$439,606,259	\$442,606,259	\$13,318,320	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	36,400,000	36,000,000	36,000,000	(768,320)	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
General fund appropriation	<u>\$505,287,109</u>	<u>\$475,906,259</u>	<u>\$479,006,259</u>	<u>\$12,650,000</u>	2.7%
1st-year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
1st-year tuition fund payments	234 ²³	220 ²³	220 ²³	16	7.8%
Total 1st-year payments	\$2,429	\$2,349	\$2,365	\$129	5.8%
2nd-year per student payments	\$2,371	\$2,221	\$2,230	\$85	4.0%
2nd-year tuition fund payments	234 ²³	220 ²³	220 ²³		0.0%
Total 2nd-year payments	\$2,605	\$2,441	\$2,450	\$85	3.6%

2001-03

State school aid

Per student payments	\$555,110,467	\$532,704,091	\$522,264,541	\$1,585,632	
Less: 32-mill deduct	<u>83,611,330</u>	<u>83,611,330</u>	<u>84,942,893</u>	<u>6,870,243</u>	
Net per student payments	\$471,499,137	\$449,092,761	\$437,321,648	(\$5,284,611)	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	
Teacher compensation payments			35,036,000 ²⁴	35,036,000	
Transportation aid	<u>36,600,000</u>	<u>36,000,000</u>	<u>36,000,000</u>		
Total state school aid appropriation	\$569,895,162	\$552,781,786	\$576,246,673	\$43,712,197	8.2%
Less					
Tuition fund distributions	<u>61,346,025</u>	<u>67,239,025</u>	<u>67,239,025</u>	<u>13,710,808</u>	
General fund appropriation	<u>\$508,549,137</u>	<u>\$485,542,761</u>	<u>\$509,007,648</u>	<u>\$30,001,389</u>	6.3%
1st-year per student payments	\$2,364	\$2,323	\$2,287	\$57	2.6%
1st-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>	<u>80</u>	36.4%
Total 1st-year payments	\$2,630	\$2,623	\$2,587	\$137	5.6%
2nd-year per student payments	\$2,506	\$2,420	\$2,347	\$60	2.6%
2nd-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>		
Total 2nd-year payments	\$2,772	\$2,720	\$2,647	\$60	2.3%

2003-05

State school aid

Per student payments	\$605,477,848	\$534,667,340	\$555,800,961	\$33,536,420	
Less: Mill deduct ²⁵	<u>92,127,848</u>	<u>92,460,350</u>	<u>101,870,971</u>	<u>16,928,078</u>	
Net per student payments	\$513,350,000	\$442,206,990	\$453,929,990	\$16,608,342	
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments		66,277,000	51,854,000 ²⁶	16,818,000	
Transportation aid	<u>36,000,000</u>	<u>35,200,000</u>	<u>34,800,000</u>	<u>(1,200,000)</u>	
Total state school aid appropriation	\$619,495,371	\$613,829,361	\$610,729,361	\$34,482,688	6.0%
Less					
Tuition fund distributions	<u>69,495,371</u>	<u>69,495,371</u>	<u>69,495,371</u>	<u>2,256,346</u>	
General fund appropriation	<u>\$550,000,000</u>	<u>\$544,333,990</u>	<u>\$541,233,990</u>	<u>\$32,226,342</u>	6.3%
1st-year per student payments	\$2,766	\$2,430	\$2,509	\$162	6.9%
1st-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>	<u>35</u>	11.7%
Total 1st-year payments	\$3,101	\$2,765	\$2,844	\$197	7.4%
2nd-year per student payments	\$2,843	\$2,528	\$2,623	\$114	4.5%
2nd-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>		0.0%
Total 2nd-year payments	\$3,178	\$2,863	\$2,958	\$114	4.0%

2005-07

State school aid					
Per student payments	\$628,674,605	\$599,665,519	\$607,953,450	\$52,152,489	
Less: Mill deduct ²⁷	<u>122,961,760</u>	<u>122,961,760</u>	<u>124,549,691</u>	<u>22,678,720</u>	
Net per student payments	\$505,712,845	\$476,703,759	\$483,403,759	\$29,473,769	
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments	50,912,120	50,912,120	50,912,120 ²⁸	(941,880)	
Transportation aid	<u>34,800,000</u>	<u>34,800,000</u>	<u>33,500,000</u>	<u>(1,300,000)</u>	
Total state school aid appropriation	\$663,674,965	\$634,665,879	\$640,065,879	\$29,336,518	4.8%
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>71,600,000</u>	<u>71,600,000</u>	<u>2,104,629</u>	
General fund appropriation	<u>\$592,074,965</u>	<u>\$563,065,879</u>	<u>\$568,465,879</u>	<u>\$27,231,889</u>	5.0%
1st-year per student payments	\$2,880	\$2,726	\$2,765	\$142	5.4%
1st-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>	<u>16</u>	4.8%
Total 1st-year payments	\$3,231	\$3,077	\$3,116	\$158	5.3%
2nd-year per student payments	\$3,073	\$2,826	\$2,879	\$114	4.1%
2nd-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>		0.0%
Total 2nd-year payments	\$3,424	\$3,177	\$3,230	\$114	3.7%

2007-09²⁹

State school aid					
Per student formula payments	\$703,565,879	\$724,165,879	\$726,165,879	N/A	
Transportation aid payments	<u>33,500,000</u>	<u>33,500,000</u>	<u>33,500,000</u>	N/A	
Total state school aid appropriation	\$737,065,879	\$757,665,879	\$759,665,879	N/A	
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>76,200,000</u>	<u>76,200,000</u>	N/A ²⁹	N/A ²⁹
General fund appropriation	<u>\$665,465,879</u>	<u>\$681,465,879</u>	<u>\$683,465,879</u>	N/A ²⁹	N/A ²⁹
1st-year per student payments	Not specified	\$3,042	\$3,250	N/A ²⁹	N/A ²⁹
2nd-year per student payments	Not specified	\$3,142	\$3,325	N/A ²⁹	N/A ²⁹

2009-11

State school aid					
Per student formula payments	\$837,125,879	\$837,125,879	\$808,370,295	\$82,204,416	
Supplemental operations grants			16,795,584	16,795,584	
Supplemental one-time grants			85,644,337	85,644,337	
Mill levy reduction grants			299,444,264 ³⁰	299,444,264	
Transportation aid payments	<u>38,500,000</u>	<u>38,500,000</u>	<u>48,500,000</u> ³¹	<u>15,000,000</u>	
Total state school aid appropriation	\$875,625,879	\$875,625,879	\$1,258,754,480	\$499,088,601	65.7%

Less					
Federal funds			85,644,337	85,644,337	N/A
Tuition fund distributions	85,500,000	85,500,000	86,300,000	10,100,000	13.3%
Property tax relief sustainability fund			4,233,000	4,233,000	N/A
General fund appropriation	<u>\$790,125,879</u>	<u>\$790,125,879</u>	<u>\$1,082,577,143</u>	<u>\$399,111,264</u>	58.4%
1st-year per student payments	Not specified	\$3,420	\$3,200	(\$125)	(3.8%)
2nd-year per student payments	Not specified	\$3,779	\$3,779	\$579	18.1%
2011-13					
State school aid					
Per student formula payments	\$919,459,478 ³²	\$919,459,478 ³²	\$918,459,478 ³²	\$110,089,183	
Supplemental operations grants				(16,795,584)	
Supplemental one-time grants				(85,644,337)	
Federal education jobs fund program payments	21,242,838	21,242,838	21,242,838	21,242,838	
Rapid enrollment grants			5,000,000	5,000,000	
Mill levy reduction grants	341,790,000	341,790,000	341,790,000	42,345,736	
Transportation aid payments	48,500,000	48,500,000	48,500,000		
Total state school aid appropriation	<u>\$1,330,992,316</u>	<u>\$1,330,992,316</u>	<u>\$1,334,992,316</u>	<u>\$76,237,836</u>	6.1%
Less					
Federal funds	21,242,838	21,242,838	21,242,838	(64,401,499)	(75.2%)
Tuition fund distributions	101,638,000	101,638,000	101,638,000	15,338,000	17.8%
Property tax relief sustainability fund	341,790,000	341,790,000		(4,233,000)	(100.0%)
Oil and gas impact grant fund			5,000,000	5,000,000	N/A
General fund appropriation	<u>\$866,321,478</u>	<u>\$866,321,478</u>	<u>\$1,207,111,478</u>	<u>\$124,534,335</u>	11.5%
1st-year per student payments	Not specified	\$3,879	\$3,910	\$131	3.5%
2nd-year per student payments	Not specified	\$3,979	\$3,980	\$70	1.8%
2013-15					
State school aid					
Integrated formula payments	\$1,787,400,000 ³³	\$1,787,400,000 ³³	\$1,752,100,000 ³³	\$833,640,522 ³³	
Federal education jobs fund program payments				(21,242,838)	
Rapid enrollment grants	17,000,000	17,000,000	13,600,000	8,600,000	
Mill levy reduction grants				(341,790,000) ³³	
Transportation aid payments	53,500,000	53,500,000	53,500,000	5,000,000	
Total state school aid appropriation	<u>\$1,857,900,000</u>	<u>\$1,857,900,000</u>	<u>\$1,819,200,000</u>	<u>\$484,207,684</u>	36.3%
Less					
Federal funds				(21,242,838)	N/A
Tuition fund distributions	140,326,000	140,326,000	140,326,000	38,688,000	38.1%
Property tax relief fund	714,173,838	714,173,838			N/A
Oil and gas impact grant fund				(5,000,000)	N/A
General fund appropriation	<u>\$1,003,400,162</u>	<u>\$1,003,400,162</u>	<u>\$1,678,874,000</u>	<u>\$471,762,522</u>	39.1%
1st-year integrated per student payment rate	Not specified	\$8,810 ³³	\$8,810 ³³	\$4,830	121.4%
2nd-year integrated per student payment rate	Not specified	\$9,092 ³³	\$9,092 ³³	\$282	3.2%

2015-17

State school aid					
Integrated formula payments	\$1,900,000,000	\$1,900,000,000	\$1,916,640,000	\$164,540,000	
Rapid enrollment grants	14,800,000	14,800,000	12,504,530 ³⁴	(1,095,470)	
Transportation aid payments	<u>60,000,000</u>	<u>60,000,000</u>	<u>57,000,000</u>	<u>3,500,000</u>	
Total state school aid appropriation	\$1,974,800,000	\$1,974,800,000	\$1,986,144,530	\$166,944,530	9.2%
Less					
Foundation aid stabilization fund			116,053,293 ³⁴	116,053,293 ³⁴	N/A
Tuition fund distributions	<u>219,134,000</u>	<u>219,134,000</u>	<u>219,134,000</u>	<u>78,808,000</u>	56.2%
General fund appropriation	<u>\$1,755,666,000</u>	<u>\$1,755,666,000</u>	<u>\$1,650,957,237</u> ³⁴	<u>(\$27,916,763)</u> ³⁴	-1.7%
1st-year integrated per student payment rate	Not specified	\$9,482	\$9,365	\$273	3.0%
2nd-year integrated per student payment rate	Not specified	\$9,766	\$9,646	\$281	3.0%

2017-19

State school aid					
Integrated formula payments	\$1,937,375,000	\$1,947,120,547 ³⁵	\$1,935,204,163	\$18,564,163	
Rapid enrollment grants			6,000,000	(6,504,530)	
Transportation aid payments	<u>57,000,000</u>	<u>51,300,000</u> ³⁵	<u>55,400,000</u>	<u>(1,600,000)</u>	
Total state school aid appropriation	\$1,994,375,000	\$1,998,420,547	\$1,996,604,163	\$10,459,633	0.5%
Less					
Foundation aid stabilization fund		140,000,000 ³⁵	301,000,000	184,946,707	159.4%
Tuition fund distributions	<u>288,264,000</u>	<u>301,264,000</u>	<u>305,546,905</u>	<u>86,412,905</u>	39.4%
General fund appropriation	<u>\$1,706,111,000</u>	<u>\$1,557,156,547</u>	<u>\$1,390,057,258</u>	<u>(\$260,899,979)</u>	-15.8%
1st-year integrated per student payment rate	Not specified	\$9,646	\$9,646	\$0	0.0%
2nd-year integrated per student payment rate	Not specified	\$9,742 ³⁵	\$9,646	\$0	0.0%

2019-21

State school aid					
Integrated formula payments	\$1,930,921,258	\$2,050,702,323 ³⁶	\$2,098,202,429	\$162,998,266	
Rapid enrollment grants			3,000,000	(3,000,000)	
Transportation aid payments	<u>55,400,000</u>	<u>55,400,000</u> ³⁶	<u>56,500,000</u>	<u>1,100,000</u>	
Total state school aid appropriation	\$1,986,321,258	\$2,106,102,323	\$2,157,702,429	\$161,098,266	8.1%
Less					
Foundation aid stabilization fund	295,000,000	232,781,065 ³⁶	113,000,000	(188,000,000)	-62.5%
Tuition fund distributions	<u>301,264,000</u>	<u>379,764,000</u>	<u>377,764,000</u>	<u>72,217,095</u>	23.6%
General fund appropriation	<u>\$1,390,057,258</u>	<u>\$1,493,557,258</u>	<u>\$1,666,938,429</u>	<u>\$276,881,171</u>	19.9%
1st-year integrated per student payment rate	Not specified	\$9,839 ³⁶	\$9,839	\$193	2.0%
2nd-year integrated per student payment rate	Not specified	\$10,036 ³⁶	\$10,036	\$197	2.0%

N/A - Not available or not applicable

- ¹ Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.
- ² Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated \$12 million from the general fund as a deficiency appropriation for the 1979-81 biennium.
- ³ Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.
- ⁴ Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated \$25 million from the lands and minerals trust fund and \$6 million from the general fund for foundation aid to be distributed during the 1981-83 biennium.
- ⁵ Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were \$45,792,952, which resulted in payments of \$176 per census unit in 1984 and \$202 per census unit in 1985.
- ⁶ Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than the allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.
- ⁷ State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$347,425, 231.
- ⁸ Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of money in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.
- ⁹ Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were \$51,575,818, which resulted in payments of \$209 per census unit in 1986 and \$216 per census unit in 1987.
- ¹⁰ Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to \$348,731,488. The actual per student payments were \$1,425 and \$1,367 for 1986 and 1987, respectively.
- ¹¹ Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were \$50,603,504, which resulted in payments of \$215 per census unit in 1988 and \$206 per census unit in 1989.
- ¹² Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to \$347,212,599. The actual per student payments were \$1,400 and \$1,385 for 1988 and 1989, respectively.
- ¹³ Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a \$7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to \$358,302,784. The actual per student payments were \$1,411 and \$1,537 in 1990 and 1991, respectively.
- ¹⁴ Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to \$380,310,085. The actual per student payments were \$1,552 and \$1,542 in 1992 and 1993, respectively.
- ¹⁵ Executive recommendation - 1993-95 - The amounts shown were included in Governor George A. Sinner's budget recommendation. Governor Edward T. Schafer's budget recommendation included a general fund appropriation of \$381,014,334 for foundation aid.
- ¹⁶ State school aid - 1993-95 - The amount distributed for state school aid was increased to \$397,794,664 to reflect approximately \$600,000 available from the transportation aid appropriation and approximately \$1,300,000 available from the amount appropriated for school district restructuring, resulting in an additional payment of \$46 per student in the 2nd year of the biennium.
- ¹⁷ Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated \$880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund (\$250,000) and the public transportation fund (\$630,000).

- 18 State school aid - 1995-97 - The actual number of students was less than anticipated, and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$429,307,277.
- 19 Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 20 Equity payments - 1997-99 - The executive recommendation for the 1997-99 biennium included \$20 million for equity payments to school districts.
- 21 State school aid - 1997-99 - The actual number of students was less than anticipated, and, consequently, the statutory formula will not provide for the distribution of the entire appropriation.
- 22 Tuition fund payments - 1997-99 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 23 Tuition fund payments - 1999-2001 - The Department of Public Instruction request for the 1999-2001 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 24 Teacher compensation payments - 2001-03 - Governor Schafer's executive recommendation did not include an appropriation for teacher compensation payments; however, Governor John Hoeven's budget recommendation included \$50,009,575 for teacher compensation payments of \$2,000 the 1st year of the biennium and an additional \$1,500 the 2nd year for school district instructional and administrative personnel. The legislative appropriation excluded administrative personnel and provides for payments of \$1,000 the 1st year of the biennium and an additional \$2,000 the 2nd year.
- 25 Mill deduct - 2003-05 - The mill deduct used in the calculation of the 2003-05 state school aid for the Department of Public Instruction request and the executive budget recommendation was 32 mills. The Legislative Assembly increased the mill deduct from 32 mills to 34 mills for the 1st year of the 2003-05 biennium and to 36 mills for the 2nd year of the 2003-05 biennium.
- 26 Teacher compensation payments - 2003-05 - The Legislative Assembly provided a general fund appropriation of \$51,854,000 to continue the current level of teacher compensation payments of \$1,000 for 1st year teachers and \$3,000 per 2nd year returning teachers. The Legislative Assembly did not adopt the executive budget recommendation to provide an additional \$500 per 3rd year returning teachers in the 1st year of the 2003-05 biennium and an additional \$1,000 per 4th year returning teachers in the 2nd year of the biennium.
- 27 Mill deduct - 2005-07 - The mill deduct used in the calculation of the 2005-07 state school aid for the Department of Public Instruction request and the executive budget recommendation was 38 mills for the 1st year and 40 mills for the 2nd year of the biennium. The Legislative Assembly did not change the mill deduct of 38 mills for the 1st year of the biennium, but the Legislative Assembly increased the mill deduct from 40 mills to 41 mills for the 2nd year of the 2005-07 biennium.
- 28 Teacher compensation payments - 2005-07 - The Legislative Assembly provided a general fund appropriation of \$50,912,120 to continue the current level of teacher compensation payments of \$1,000 for 1st year teachers and \$3,000 for other teachers.
- 29 The 2007 Legislative Assembly did not change the executive budget recommendation to consolidate 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 legislative appropriations and per student payment amounts are not comparable between the 2005-07 and 2007-09 bienniums.
- 30 The executive budget recommendation included a continuing appropriation from the permanent oil tax trust fund for property tax relief by providing mill levy reduction grants totaling an estimated \$300 million for the 2009-11 biennium. The 2009 Legislative Assembly provided \$295 million from the general fund for mill levy reduction grants. The 2011 Legislative Assembly provided deficiency appropriations totaling \$4,444,264, of which \$211,264 is from the general fund and \$4,233,000 is from the property tax relief sustainability fund, for the 2009-11 biennium for mill levy reduction grants.

- 31 In addition to the \$43.5 million provided for transportation grants, the 2009 Legislative Assembly provided a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determined the June 30, 2011, general fund balance would exceed \$30 million, the Department of Public Instruction was to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district was entitled to receive. The February 2011 executive revenue forecast estimated the conditions would be met and the contingent supplemental funding was made available.
- 32 In addition to the funding provided in the Department of Public Instruction appropriation, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid--\$8 million from state school aid and \$1 million from transportation aid--from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium were distributed according to 2009 House Bill No. 1400.
- 33 The 2013 Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula change discontinued the mill levy reduction grant program and provided the state determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. This base level of support was funded through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement was set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources was provided by the state through the integrated formula payment.
- 34 Due to budget reductions approved by the Legislative Assembly in an August 2016 special legislative session, the Superintendent of Public Instruction reduced funding from the general fund for rapid enrollment grants by \$2,295,470. Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293.
- 35 The executive budget recommendation consisted of recommendations from Governor Jack Dalrymple's budget. In January 2017 Governor Doug Burgum released the revised executive budget recommendation, which did not include an increase in the integrated formula payment rate in the 2nd year of the 2017-19 biennium, a reduction of \$9,745,547 in integrated formula payments, and further reduced transportation aid payments by \$5.1 million to provide a total of \$46.2 million during the 2017-19 biennium. Governor Burgum also recommended an additional \$60 million in funding from the foundation aid stabilization fund to offset a reduction in funding from the general fund and to provide a total of \$200 million from the foundation aid stabilization fund for state school aid.
- 36 The executive budget recommendation consisted of recommendations from Governor Burgum's budget, which included funding to increase integrated per student payment rates by 2 percent each year of the 2019-21 biennium at a cost of \$62 million and adjust the state school aid formula to provide blended on-time funding at a cost of \$24.1 million. The executive budget recommendation also recognized savings by transitioning the state school aid formula from the dollar hold harmless and the per student hold harmless for school districts (\$14 million) and excluding new property from the 12 percent limitation in property tax increases resulting in an increased local share (\$8.9 million). The executive budget recommendation did not include an increase in transportation aid payments during the 2019-21 biennium. Governor Burgum also recommended an additional \$122.8 million in funding from the foundation aid stabilization fund, over the base budget of \$110 million, to provide a total of \$232.8 million from the foundation aid stabilization fund for state school aid.

MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2011-13 THROUGH 2019-21 BIENNIUMS

	2011-13	2013-15	2015-17	2017-19	2019-21
Assistance to political subdivisions (excluding school-related funding)					
General fund appropriations					
Grants to public libraries	\$1,500,000	\$1,766,500	\$2,033,000	\$1,737,528	\$1,737,528
Library Vision 2014 grants	237,500	237,500	237,500	237,500	237,500
Public library repairs and maintenance matching grants			250,000		
Homestead tax credit	8,792,788	20,000,000	18,690,000	16,012,000	15,800,000
Disabled veteran property tax credits	5,225,775	7,678,000	7,175,091	8,808,200	8,410,200
Aid to health districts	3,000,000	4,000,000	4,250,000	3,250,000	4,725,000
Children's special health services grants for multidisciplinary clinics		27,873	31,156	31,156	0
Suicide prevention grants		160,943	176,000	179,655	945,000
Emergency medical services training	940,000	812,930	940,000	846,000	846,000
Emergency medical services operations	3,000,000	5,131,469	6,066,550	5,625,000	5,750,000
Regional public health network pilot project		699,992			
Public water system operator certification and training program	180,000	153,374	180,000	180,000	125,000
Funds to local public health units for immunization services	1,500,000 ¹	2,891,716 ¹	1,276,853 ¹		
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences		459,000	640,000	640,000	640,000
Grants to counties for portable personal computers for county veterans' service officers	20,000	20,000			
County and tribal veterans' service officers outreach and training	30,000	30,000			30,000
Tobacco Synar program enforcement requirements to local public health					75,000
Matching funds to counties and cities for senior citizen services and programs	1,174,668	1,264,502	1,347,894	1,347,894	1,347,894
Indian welfare assistance to counties	4,990,361	5,597,322	5,942,875	1,629,964	1,629,964
State administration of child support enforcement					
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share			19,300,000	23,300,000	23,300,000
County emergency human services mill levy grants			3,900,000		
Economic assistance and social services pilot program				26,000,000 ³	
Boys' and girls' clubwork	53,000	53,000	53,000	53,000	53,000
Soil conservation district grants	987,800	1,137,800	1,133,362	1,091,520	1,091,520
Clerk of court	16,795,673	20,432,528	23,036,858	23,936,056	24,957,631
Grants to airports	550,000	6,550,000	934,500	900,000	500,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties	48,000,000	220,000,000 ⁴	104,664,000 ⁴		
County and township roadway projects in areas affected by oil and gas development	142,000,000 ⁵	160,000,000 ⁵			
Transportation funding distributions to townships in certain oil-producing counties		8,760,000			
Transportation funding distributions to townships in non-oil-producing counties			7,676,000 ⁴		
Transfer to state disaster relief fund for disaster-related expenses, additional rebuilders loan funding and flood-impacted housing rehabilitation, and road grade raising grants	48,700,000 ⁶				
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	252,800	277,800	228,952	180,000	171,000
Child care facility grants		2,600,000	2,131,267		
Community service supervision grants		375,000	500,000	350,000	350,000
Guardianship grants		828,600	1,328,600	1,328,600	1,950,000
State-paid property tax relief credits		200,000,000	241,525,000		
Total general fund (excluding school-related funding)	\$287,930,365	\$671,945,849	\$455,648,458	\$117,664,073	\$94,672,237
Percentage of total general fund appropriations	6.7%	9.8%	8.0%	2.7%	2.0%

	2011-13	2013-15	2015-17	2017-19	2019-21
Special funds appropriations and revenue allocations					
Grants for local water projects and a feasibility study	\$750,000 ⁷				
Noxious weed control	1,375,274	\$1,375,274	\$1,375,274	\$1,375,274	\$1,375,274
State aid distribution funds to cities and counties ⁸	210,348,132	251,290,016	181,312,894	191,748,438	201,845,127
Public transportation services (public transportation fund) ⁹	6,300,000	10,000,000	8,186,900	8,200,000	8,400,000
Insurance tax to fire departments (insurance tax distribution fund)	6,200,000	14,536,386	15,681,207	14,235,561	17,989,505
Flood-impacted housing assistance grant program (state disaster relief fund)		1,500,000			
Aid to health districts (tobacco prevention and control trust fund)				2,000,000	525,000
Tobacco education and cessation program grants to local public health districts (tobacco prevention and control trust fund)	8,822,511	8,314,777	8,025,491	6,500,000	
Tobacco education program grants to local public health districts (community health trust fund)					6,500,000
Tobacco cessation program grants to local public health districts (community health trust fund)				50,000	85,000
Emergency medical services operations (insurance tax distribution fund)	1,250,000	1,250,000	1,250,000	1,250,000	1,125,000
Community health trust fund cessation grants (community health trust fund)	225,000	131,855	234,000		
Abandoned vehicle cleanup (abandoned vehicle fund)		8,700	215,000	215,000	215,000
Gaming enforcement grants	510,000	510,000	510,000	510,000	510,000
Law enforcement grants		7,890,000	9,000,000		
Economic assistance and social services pilot program				134,700,000 ³	173,700,000 ³
Matching funds to counties and cities for senior citizen services and programs ¹⁰	3,476,461	4,394,000	6,797,665	7,900,000	8,700,000
Energy development impact grants (oil and gas impact grant fund)	94,428,269	239,299,174	78,073,753 ¹¹	25,000,000 ¹¹	2,000,000 ¹¹
Energy impact fund				15,000,000 ¹²	
Grants to airports (Aeronautics Commission special funds collections)	5,080,000	7,450,000	5,550,000	5,800,000	5,300,000
Grants to airports (airport infrastructure fund)					20,000,000 ¹³
Grants to airports (strategic investment and improvements fund)					20,000,000
Municipal infrastructure fund distributions					115,000,000
County and township infrastructure fund distributions					115,000,000
Indian welfare assistance to counties (Department of Human Services "retained" funds)	1,964,607				
Motor vehicle fuel tax and registration fee allocations ¹⁴	153,800,000	220,500,000	202,000,000	202,800,000	208,900,000
Telecommunications tax allocations	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000
Coal severance tax allocations ¹⁵	14,614,035	14,967,759	14,634,192	14,700,000	15,000,000
Coal conversion tax allocations ¹⁵	11,937,024	11,423,662	8,895,768	9,270,000	9,500,000
Distributions to cities from the strategic investment and improvements fund			282,000,000		
Oil and gas gross production tax allocations ¹⁶	265,629,305	664,714,101	548,374,060	662,720,000	661,150,000
Political subdivision allocation fund			15,660,518		
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties (strategic investment and improvements fund)			128,000,000 ⁴		
Financial institution tax allocations	21,220,280				
Disaster relief funding (state disaster relief fund)	25,500,000 ¹⁷				
Transportation funding distributions to counties, cities, and townships in oil-producing counties (strategic investment and improvements fund)			240,000,000 ⁵		
Federal Emergency Management Agency repayment (state disaster relief fund)					200,000
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (state disaster relief fund)				8,100,000 ¹⁸	
Rice Lake flood mitigation (state disaster relief fund)			2,000,000		
Fargo interior flood control (state disaster relief fund)			30,000,000		
Bismarck area flood levees (state disaster relief fund)			4,000,000		
Cigarette tax allocations ¹⁹	3,061,167	3,330,389	3,074,672	2,990,000	2,760,000

	2011-13	2013-15	2015-17	2017-19	2019-21
Energy conservation grants to political subdivisions		1,200,000	1,200,000	460,000	1,200,000
Statewide interoperable radio network radio cost-share					30,000,000 ²⁰
Total special funds (excluding school-related funding)	\$853,292,065	\$1,480,886,093	\$1,812,851,394	\$1,332,324,273	\$1,643,779,906
Total major direct assistance to political subdivisions (excluding school-related funding)	\$1,141,222,430	\$2,152,831,942	\$2,268,499,852	\$1,449,988,346	\$1,738,452,143
School-related assistance to political subdivisions					
General fund appropriations - School-related funding					
State school aid per student formula payments	\$816,821,478 ²¹				
State school aid - Integrated formula payments		\$1,573,016,326 ²²	\$1,548,661,168 ²³	\$1,334,657,258 ²³	\$1,610,438,429 ²³
Mill levy reduction grants	341,790,000 ²⁴				
Rapid enrollment grants		10,623,963 ²²	8,754,681 ²⁵		
School district safety grants		2,150,870 ²²	604,264 ²⁶		
Reimbursement for CPR training		24,557 ²²	35,219 ²⁵		
Transportation aid payments to school districts	48,500,000	53,500,000	57,107,256 ²⁷	55,400,000	56,500,000
Special education contracts	16,000,000	16,500,000	18,500,000	19,300,000	24,000,000
School food services	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000
Adult education	3,110,411	3,110,411	4,102,815	3,100,000	4,400,000
Adult education contingent appropriation	500,000 ²⁸				
Alternative education program grants	300,000				
Prekindergarten grants				1,500,000	1,500,000
Prekindergarten space grants	125,000	114,995	123,599		
Flood-damaged school infrastructure grant	500,000 ⁶				
English language learner grants			1,000,000 ²⁹		
Medicaid matching grants			0 ²⁵		
Program grant pool				1,530,000 ³⁰	1,500,000 ³⁰
Educational Technology Council grants	425,000	745,000	1,457,060		
EduTech services, including school district antivirus licenses and PowerSchool funding	3,044,096	3,212,647	3,518,764	3,188,249	3,324,654
School district information technology network costs (statewide information technology network costs)	4,798,992	4,864,216	4,780,862	4,434,278	5,075,952
School district and area center grants for career and technical education	19,729,137	22,256,861	23,057,941	20,389,580	24,887,780
Total general fund - School-related funding	\$1,257,024,114	\$1,691,499,846	\$1,673,083,629	\$1,444,879,365	\$1,733,006,815
Percentage of total general fund appropriations	29.3%	24.6%	29.4%	32.6%	35.8%
Special funds appropriations and revenue allocations - School-related funding					
State school aid - Integrated formula payments (state tuition fund)	\$101,638,000	\$140,326,000 ²²	\$219,134,000	\$305,546,905	\$377,764,000
State school aid - Integrated formula payments (foundation aid stabilization fund)			116,053,293 ²³	295,000,000 ²³	110,000,000 ²³
English language learner grants (foundation aid stabilization fund)				500,000 ²⁹	
Grants for adult education programs (displaced homemaker fund)	250,000	212,192	225,000	225,000	225,000
Rapid enrollment grants (foundation aid stabilization fund)				6,000,000 ²³	3,000,000 ²³
Rapid enrollment grants (oil and gas impact grant fund)	5,000,000				
Regional education association merger grants (foundation aid stabilization fund)				100,000 ²³	
Educational Technology Council grants			600,000	85,000	
EduTech services, including school district antivirus licenses and PowerSchool funding				6,564,518	6,321,119
School district information technology network costs (statewide information technology network costs)				100,000	90,000
School district and area center grants for career and technical education				7,616,777	6,179,777
Vocational education	112,724	250,000	131,804		
Total special funds - School-related funding	\$107,000,724	\$140,788,192	\$336,144,097	\$621,738,200	\$503,579,896
Total major school-related assistance to political subdivisions	\$1,364,024,838	\$1,832,288,038	\$2,009,227,726	\$2,066,617,565	\$2,236,586,711

	2011-13	2013-15	2015-17	2017-19	2019-21
Total general fund assistance to political subdivisions	\$1,544,954,479	\$2,363,445,695	\$2,128,732,087	\$1,562,543,438	\$1,827,679,052
Total special funds assistance	\$960,292,789	\$1,621,674,285	\$2,148,995,491	\$1,954,062,473	\$2,147,359,802
Total major direct assistance to political subdivisions	<u>\$2,505,247,268</u>	<u>\$3,985,119,980</u>	<u>\$4,277,727,578</u>	<u>\$3,516,605,911</u>	<u>\$3,975,038,854</u>

¹ The Legislative Assembly provided in Senate Bill No. 2333 (2009) a \$1.2 million contingent general fund appropriation for providing funds to local public health units for immunization services. The appropriation was contingent on total funds available to the state for immunization services under the American Recovery and Reinvestment Act of 2009. The State Department of Health reported the American Recovery and Reinvestment Act of 2009 funding could not be used for this purpose and the department would use the funding from the general fund. The Legislative Assembly provided in Senate Bill No. 2276 (2011) a \$1.5 million general fund appropriation for the purpose of funding a program through which the department purchases vaccines through the federal vaccine purchasing contract. The 2013 and 2015 Legislative Assemblies provided in the department's base budget, an additional \$1 million and \$576,853, respectively for the universal vaccine program. The department reduced 2015-17 biennium funding by \$100,000 due to agencywide operating expense reductions included in their budget bill and then, due to the 2015-17 biennium budget reductions approved in August 2016, the department further reduced funding for immunizations funding by \$1.7 million to provide a total of \$1.3 million for the universal vaccine program through June 30, 2016. The department discontinued the program as of July 1, 2016.

² The Department of Human Services is unable to determine the amount of general fund support in the department's legislative appropriation for state administration of child support.

³ The Legislative Assembly approved, in Senate Bill No. 2206 (2017), funding of \$160.7 million, of which \$26 million is from the general fund and \$134.7 million is from the tax relief fund, for a state-paid economic assistance and social services pilot program during the 2017-19 biennium. The \$26 million from the general fund was appropriated in House Bill No. 1012 (2017). Senate Bill No. 2015 (2019) transfers \$173.7 million from the tax relief fund to the human service finance fund to continue the program.

⁴ Senate Bill No. 2176 (2013) appropriated \$100 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing political subdivisions. House Bill No. 1358 (2013) appropriated \$120 million from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing counties. House Bill No. 1012 (2015) appropriated \$8 million from the general fund (\$7,676,000 after the August 2016 general fund budget reductions, to the State Treasurer to provide allocations for the benefit of townships in non-oil-producing counties for township roads. House Bill No. 1176 (2015) appropriated \$112 million (\$104,664,000 after the August 2016 budget reductions) from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions. Senate Bill No. 2103 (2015) appropriated \$16 million from the strategic investment and improvements fund to the State Treasurer for transportation funding distributions to non-oil-producing county townships and \$112 million from the strategic investment and improvements fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions.

⁵ The 2011 Legislative Assembly provided for a transfer of \$142 million from the general fund to the highway fund for county and township roadway projects in areas affected by oil and gas development. House Bill No. 1358 (2013) appropriated \$160 million from the general fund to the Department of Transportation for transportation funding distributions to oil-producing counties. Senate Bill No. 2103 (2015) appropriated \$240 million from the strategic investment and improvements fund to the Department of Transportation transportation funding distributions to oil-producing political subdivisions.

⁶ The Legislative Assembly during its November 2011 special legislative session, in Senate Bill No. 2371, provided a one-time transfer of \$48.7 million from the general fund to the state disaster relief fund for disaster-related expenses (\$32.7 million), additional rebuilders loan funding and flood-impacted housing rehabilitation (\$10 million), and road grade raising grants (\$6 million). The bill also included a \$500,000 general fund appropriation for a flood-damaged school infrastructure grant.

⁷ The Legislative Assembly provided in House Bill No. 1305 (2009), \$2,792,000 from the permanent oil tax trust fund for grants to local water supply projects in Burke, Divide, Mountrail, and Williams Counties and in Senate Bill No. 2305 (2009), \$342,000 from the resources trust fund to conduct a Beaver Bay embankment feasibility study during the 2009-11 biennium. The projects were not completed during the 2009-11 biennium; therefore, the 2011 Legislative Assembly authorized \$500,000 of the funding to continue during the 2011-13 biennium. In addition the 2011 Legislative Assembly provided \$250,000 for flood-related water projects in the Nelson County Water Resource District.

⁸ The Legislative Assembly, in House Bill No. 1590 (1987), provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989. The Legislative Assembly, in House Bill No. 1019 (1997), reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. The 2013 Legislative Assembly increased the .4 to .435 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning July 1, 2014.

⁹ Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund. The 2011-13 biennium amounts include a \$100,000 transfer from the general fund to the public transportation fund. The 2013-15 biennium amounts include a \$1.1 million contingent general fund transfer to the public transportation fund. The 2015-17 biennium amounts include a \$200,000 contingent general fund transfer to the public transportation fund.

¹⁰ The Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 (2005) that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The Legislative Assembly, in Senate Bill No. 2242 (2011), increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The Legislative Assembly, in Senate Bill No. 2162 (2013), increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The Legislative Assembly, in Senate Bill No. 2143 (2015), increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.

- ¹¹ House Bill No. 1176 (2015) provides \$139.3 million for energy infrastructure impact grants from money deposited in the oil and gas impact grant fund, of which, \$132.5 million is designated for specific grant categories. The amount shown for the 2015-17 biennium reflects the actual oil and gas tax revenue allocations to the fund, which were less than the appropriation due to lower oil prices than forecasted. Senate Bill No. 2013 (2017) provides \$25 million for airport grants from money deposited in the oil and gas impact grant fund. House Bill No. 1013 (2019) transfers \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund for grants to political subdivisions during the 2019-21 biennium.
- ¹² The Legislative Assembly, in Senate Bill No. 2013 (2017), established the energy impact fund and appropriated \$15 million from the fund for a grant to the Williston airport. During the 2017-19 biennium only, the fund is to receive \$4 million of oil and gas tax allocations. The Legislative Assembly also provided for transfers to the fund during the 2017-19 biennium from the political subdivision allocation fund (\$8 million) and strategic investment and improvements fund (\$3 million).
- ¹³ House Bill No. 1066 (2019), establishes the airport infrastructure fund for the purpose of providing grants to airports, and provides for an allocation of up to \$20 million of gross production tax revenue.
- ¹⁴ Prior to the 2009-11 biennium, 37 percent of the funds in the highway tax distribution fund were allocated to counties and cities, and one cent per gallon of motor fuels taxes was deposited in the township highway aid fund. Beginning with the 2009-11 biennium, counties and cities receive 34.5 percent of distributions from the highway tax distribution fund, the one cent per gallon of motor fuels taxes originally deposited in the township highway aid fund is deposited in the highway tax distribution fund, and townships receive 2.7 percent of distributions from the highway tax distribution fund. The amounts shown do not include highway tax distribution fund deposits in the public transportation fund which are shown separately in this schedule.
- ¹⁵ Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the severance tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties. Beginning in the 2001-03 biennium, the coal conversion tax allocation is based on the provision that 15 percent of the conversion tax revenue is allocated to the county in which the plant is located. Previously, 35 percent had been allocated to the county in which the plant is located.
- ¹⁶ The oil and gas gross production tax allocation is based on a formula which allocates a percentage of gross production tax revenue to the producing county with the remainder going to the state. Prior to the 2009-11 biennium, the amount allocated to a county was limited based on the population of the county. Beginning in the 2013-15 biennium, the allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than \$5 million in allocations during the previous state fiscal year and another set of percentages for counties that received \$5 million or more in allocations during the previous state fiscal year. The amounts shown for the 2017-19 and 2019-21 bienniums reflect the 2019 legislative revenue forecast.
- ¹⁷ Section 4 of Senate Bill No. 2369 (2011) provided an appropriation of \$22 million from the permanent oil tax trust fund to the state disaster relief fund and provided authority for the Adjutant General to use the funding for disaster relief relating to 2011 spring flooding, flood disasters in incorporated cities, road grade raising projects, 50 percent of the local match for disasters occurring from January 2011 through June 2011, and state expenses associated with presidentially declared disasters in the state. Senate Bill No. 2016 (2011) provided authority to the Adjutant General to use up to \$3.5 million from the state disaster relief fund for the purpose of providing the required state share of funding for defraying the expenses associated with presidentially declared state disasters pursuant to North Dakota Century Code Section 37-17.1-27.
- ¹⁸ The Legislative Assembly, in Section 4 of Senate Bill No. 2016 (2019), appropriated \$8.1 million for the state disaster relief fund for distributions to townships prior to July 1, 2019.
- ¹⁹ The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population.
- ²⁰ The Legislative Assembly, in Section 3 of House Bill No. 1435 (2019), amended Section 37-17.3-03 to allow the Information Technology Department to provide a state cost-share for each personal and vehicular radio purchased by political subdivisions. The state cost-share is \$1,500 unless the cost of the radio is less than \$1,500, in which case the state cost-share is the cost of the radio. The estimated number of radios needed for political subdivisions is approximately 20,000 radios, resulting in a total estimated state cost-share of \$30 million. In Sections 6, 7, and 8 of House Bill No. 1435 (2019), the Legislative Assembly appropriated \$80 million from a Bank of North Dakota line of credit, \$20 million from Bank profits, and \$20 million from the strategic investment and improvements fund to the Information Technology Department for the statewide interoperable radio network project. The statewide interoperable radio network is expected to be a 5-year project, resulting in radios potentially being purchased during the 2019-21, 2021-23, and 2023-25 bienniums.
- ²¹ In addition the 2011 Legislative Assembly provided \$101,638,000 of state tuition fund distributions for state school aid per student formula payments and approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction carry over \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to 2009 House Bill No. 1400. The 2011 Legislative Assembly also provided \$21.2 million of one-time federal education jobs funding made available to the state under federal House Resolution No. 1586 signed into law in August 2010 and \$5 million from the oil and gas impact grant fund for rapid enrollment grants.
- ²² The 2013 Legislative Assembly approved a change in the K-12 school funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine a base level of support necessary to educate students and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The 2013 Legislative Assembly provided integrated formula payments totaling \$1,752,000,000, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund. The new formula results in an increase of \$491.9 million from the state school aid and mill levy grants, totaling \$1.26 billion provided during the 2011-13 biennium. The increase of \$491.9 million includes increases in funding of \$453.2 million from the general fund and \$38.7 million from the state tuition fund. Integrated formula payments include \$656.5 million for an increase in the mill levy buydown from 75 mills to 125 mills for the 2013-15 biennium, an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. The 2013 Legislative Assembly also provided from the general fund \$13.6 million for rapid enrollment grants (HB 1261), \$3 million for safety grants (SB 2267), and \$450,000 for the reimbursement of CPR training (SB 2238).

- ²³ Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts, due to 2015-17 biennium budget reductions approved by the Legislative Assembly in August 2016, were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293. In 2017 the Legislative Assembly provided a total of \$295 million from the foundation aid stabilization fund for integrated formula payments during the 2017-19 biennium, of which \$185 million is considered one-time funding. In addition the Legislative Assembly provided one-time funding from the foundation aid stabilization fund for rapid enrollment grants (\$6 million) and regional education association merger grants (\$100,000). In Senate Bill No. 2013 (2019) the Legislative Assembly provided an ongoing appropriation of \$110 million from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium. In addition, the Legislative Assembly, in Senate Bill No. 2265 (2019) provided a one-time appropriation of \$3 million from the foundation aid stabilization fund for rapid enrollment grants only during the 1st year of the 2019-21 biennium.
- ²⁴ This is funding provided to school districts as mill levy reduction grants (property tax relief); however, school districts were required to lower property tax mill levies resulting in a reduction of property tax revenue equal to the amount of the mill levy reduction grants.
- ²⁵ In 2015, the Legislative Assembly provided funding made available from the general fund for rapid enrollment grants (\$14.8 million), CPR training grants (\$450,000), and a civics education grant (\$200,000) are one-time funding items. These one-time funding items were reduced due to the budget reductions approved by the Legislative Assembly in August 2016. In addition to these reductions, the Superintendent of Public Instruction reduced ongoing funding for Medicaid matching grants and operating expenses.
- ²⁶ The Legislative Assembly, in Section 12 of Senate Bill No. 2013 (2015), provided the amount appropriated for school district safety grants in Section 1 of Chapter 59 of the 2013 Session Laws is not subject to Section 54-44.1-11 and any unexpended funds are available for school district safety grants during the 2015-17 biennium. The Superintendent of Public Instruction continued \$849,130 from the 2013-15 biennium for school district safety grants during the 2015-17 biennium.
- ²⁷ In addition to \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013 (2015), the Legislative Assembly provided, in Section 13 of Senate Bill No. 2015 (2015), that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. In 2017 the Legislative Assembly repealed Section 13 of Chapter 49 of the 2015 Session Laws related to the additional transportation grants.
- ²⁸ The 2011 Legislative Assembly approved amendments to the 2009 Session Laws to provide that the Department of Public Instruction reserve \$9 million of estimated excess funding for state school aid (\$8 million from state school aid and \$1 million from transportation aid) from the 2009-11 biennium and carry over the funding to the 2011-13 biennium for state school aid per student payments. The 2011 Legislative Assembly provided that after reserving the \$9 million for state school aid per student payments in the 2011-13 biennium, the next \$500,000 of 2009-11 excess state school aid funding be reserved for adult education learning center grants to be disbursed if federal funding for adult education received by the department is less than \$900,000 in any year of the 2011-13 biennium.
- ²⁹ The Legislative Assembly provided, in Senate Bill No. 2013 (2015), \$1 million for grants to the four school districts that serve the largest number of first- and second-level English language learners in K-12. The Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first- and second-level English language learners enrolled in the four districts. In 2017 the Legislative Assembly removed funding from the general fund for English language learner grants and, in Senate Bill No. 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants.
- ³⁰ The 2017 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition the Legislative Assembly provided, in Section 9 of House Bill No. 1013 (2017), the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department continued \$700,711 in the 2017-19 biennium to increase the program grant pool. In 2019, the Legislative Assembly, in Senate Bill No. 2013, reduced funding in the transportation efficiency line item by \$3,000 and transferred the remaining funding of \$27,000 from the transportation efficiency line item to the program grant pool. In addition, funding for the program grant pool is decreased by \$606,711, to provide a total of \$1,500,000 from the general fund for leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency.