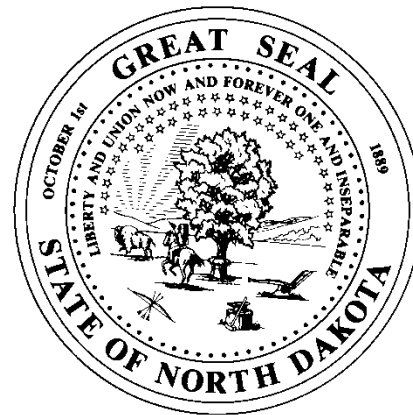


ANALYSIS OF 2025-27 EXECUTIVE BUDGET

Supplement to the

Report of the Legislative Management

Budget Section



69th Legislative Assembly

January 2025

LEGISLATIVE ANALYSIS OF 2025-27 EXECUTIVE BUDGET SUPPLEMENT TO THE REPORT OF THE LEGISLATIVE MANAGEMENT'S BUDGET SECTION

North Dakota Century Code Section 54-44.1-07 directs the Director of the Budget to present the budget and revenue proposals recommended by the Governor to the Legislative Assembly at the organizational session. On December 4, 2024, the Legislative Assembly met in joint session to receive from Governor Doug Burgum the executive budget and revenue proposals. After adjournment of the organizational session, the Budget Section, chaired by Senator Brad Bekkedahl, heard the detailed presentation of the Governor's budget on December 4, 2024. The Governor's proposed budget is for the period beginning July 1, 2025, through June 30, 2027, or the 2025-27 biennium.

An analysis of the recommended appropriations and estimated revenues contained in the 2025-27 Governor's budget are included in this supplement to the Budget Section report.

The narrative and schedules in this report are prepared to assist members of the Legislative Assembly in analyzing the executive recommendations. Please refer to the index on the following pages for a listing of information included in the report.

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SECTION A - EXECUTIVE SUMMARY

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SUMMARY OF KEY RECOMMENDATIONS

GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2025	\$1,215,141,503 ¹
Add estimated 2025-27 biennium general fund revenues and transfers	5,470,215,627
Total resources available	\$6,685,357,130
Less recommended 2025-27 biennium general fund appropriations	6,519,873,386 ²
Estimated general fund balance - June 30, 2027	\$165,483,744 ³

¹This amount reflects the following recommendations proposed to occur prior to July 1, 2025:

- Estimated 2023-25 biennium unspent general fund appropriations (turnback) of \$225.5 million.
- Deficiency appropriations of \$26.5 million.
- Transferring \$202 million to the general fund from the budget stabilization fund.

²The executive budget includes \$230.0 million of one-time general fund appropriations.

³Projected June 30, 2027, balances for other major special funds are as follows:

- Strategic investment and improvements fund unobligated balance - \$1,162.0 million.
- Social services fund - \$262.8 million.
- Foundation aid stabilization fund undesignated balance - \$146.2 million.
- Budget stabilization fund - \$712.6 million.
- Legacy fund - \$13,007.4 million.

- a. Sales and use taxes **increasing** by \$271 million, or 12 percent.
 - b. Individual income taxes **increasing** by \$8 million, or 1 percent.
 - c. Corporate income taxes **increasing** by \$121 million, or 32 percent.
 - d. Oil and gas tax collections **increasing** by \$140 million, or 30 percent.
5. Recommends changing the calculation of the budget stabilization fund limit to decrease the fund's balance resulting in a transfer of **\$202 million from the budget stabilization fund** at the end of the 2023-25 biennium.
 6. Includes **transfers to the general fund** of \$397 million compared to \$503 million in the October 2023 special legislative session forecast for the 2023-25 biennium. Major changes to transfers for the 2025-27 biennium include:
 - a. Suspending the transfers from Bank of North Dakota profits and Mill and Elevator profits resulting in a decrease of \$160 million.
 - b. \$312 million from the legacy earnings fund compared to \$254 million in the 2023-25 biennium.

OIL TAX COLLECTIONS AND ALLOCATIONS

1. Anticipates **oil production** to remain at 1.15 million barrels per day for the remainder of the 2023-25 biennium and 1.1 million barrels per day for the entire 2025-27 biennium. In September 2024, oil production averaged 1.2 million barrels per day.
2. Anticipates **oil prices** at \$62 per barrel for the remainder of the 2023-25 biennium and averaging \$62 per barrel in the 1st year and \$60 per barrel in the 2nd year of the 2025-27 biennium. The average oil price in November 2024 was \$66 per barrel based on the average of the West Texas Intermediate price and the Flint Hill Resources price.
3. Adjusts the oil tax revenue allocation formula to increase the allocation to the general fund from \$460 million to \$600 million.

LEGACY EARNINGS FUND

1. Reflects allocations from legacy fund earnings for the 2025-27 biennium totaling \$601 million, an increase of \$114 million from the 2023-25 biennium, with the additional funding allocated 50 percent to the general fund (\$57 million) and 50 percent to the strategic investment and improvements fund (\$57 million).

TOTAL APPROPRIATIONS SUMMARY

	2023-25 Legislative Appropriations	Increase (Decrease)	2025-27 Executive Budget
General fund	\$6,097,329,537	\$422,543,849	\$6,519,873,386
Other funds	13,521,908,110	(443,887,402)	13,078,020,708
Total all funds	\$19,619,237,647	(\$21,343,553)	\$19,597,894,094

2025-27 BIENNIUM GENERAL FUND REVENUES

1. Reflects total **2025-27 biennium general fund resources** of \$6.69 billion, an increase of \$226 million, or 3.5 percent, compared to the October 2023 special legislative session forecast for the 2023-25 biennium.
2. Includes an **estimated beginning general fund balance** of \$1.22 billion with no transfer to the budget stabilization fund for the 2023-25 biennium. The projected July 1, 2025, balance made at the close of the November 2023 special legislative session was \$362 million.
3. Includes estimated **2023-25 biennium unspent general fund appropriation authority (turnback) of \$225.5 million** and **2023-25 biennium deficiency appropriations of \$26.5 million**.
4. Major areas of **revenue change** compared to the October 2023 special legislative session forecast for the 2023-25 biennium:

2025-27 GENERAL FUND APPROPRIATIONS

	2023-25 Legislative Appropriations	Increase (Decrease)	2025-27 Executive Budget
Ongoing appropriations	\$5,842,626,810	\$447,199,543	\$6,289,826,353
One-time appropriations	254,702,727	(24,655,694)	230,047,033
Total	\$6,097,329,537	\$422,543,849	\$6,519,873,386

1. Includes general fund appropriations of \$6,519.9 million, an increase of \$422.6 million compared to the 2023-25 biennium appropriation of \$6,097.3 million.
2. Major general fund appropriations increases (decreases) relate to:
 - a. Department of Health and Human Services - \$309.5 million.
 - b. Department of Corrections and Rehabilitation - \$83.8 million.
 - c. Information Technology Department - \$77.1 million.
 - d. Department of Public Instruction - (\$73.4 million).
 - e. Tax Commissioner - (\$44.7 million).
 - f. Judicial branch - \$36.1 million.
 - g. Agriculture Commissioner - (\$25.7 million).
 - h. Office of Management and Budget - (\$20.4 million.)

2025-27 OTHER FUNDS APPROPRIATIONS

1. Includes other funds (federal funds and special funds) appropriations of \$13.1 billion, a decrease of \$443.9 million compared to the 2023-25 biennium appropriation.
2. Major other funds appropriations increases (decreases) relate to:
 - a. Higher education - (\$251.9 million).
 - b. Department of Transportation - \$188.0 million.
 - c. Department of Public Instruction - \$183.6 million.
 - d. Information Technology Department - (\$132.0 million).
 - e. Aeronautics Commission - \$120.0 million.
 - f. Department of Water Resources - (\$117.3 million).
 - g. Department of Career and Technical Education - (\$95.3 million).
 - h. State Historical Society - \$95.1 million.
 - i. Office of Management and Budget - (\$82.3 million).
 - j. Department of Corrections and Rehabilitation - \$65.4 million.

2025-27 BIENNIUM ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Reflects ongoing general fund revenues, including transfers from the lottery, gas tax administration, budget stabilization fund interest, and

legacy earnings fund of \$5,383 million and recommends \$6,289.8 million of ongoing general fund appropriations, resulting in an estimated shortfall of \$906.8 million.

2. Recommends \$230.0 million of one-time general fund appropriations from the estimated \$1,302 million of one-time general fund resources for the 2025-27 biennium.
3. Retains an estimated \$165.5 million in the general fund at the end of the 2025-27 biennium.

ELEMENTARY AND SECONDARY EDUCATION

1. Provides \$2,442 million, of which \$1,621 million is from the general fund, \$225 million is from the foundation aid stabilization fund, and \$596 million is from the state tuition fund, for the state school aid program. State school aid program funding changes are summarized in the following schedule:

	2023-25 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2025-27 Executive Budget (Amounts Shown in Millions)
State school aid	\$2,299.7	\$60.0	\$2,359.7
Transportation aid payments	58.1		58.1
Special education - Contracts	24.0		24.0
Total	\$2,381.8	\$60.0	\$2,441.8
General fund	\$1,700.0	(\$78.9)	\$1,621.1
Foundation aid stabilization fund	157.0	68.0	225.0
Strategic investment and improvements fund	14.0	(14.0)	0
State tuition fund	510.8	84.9	595.7
Total	\$2,381.8	\$60.0	\$2,441.8

2. Provides **integrated formula payments** totaling \$2,359.7 million, an increase of \$60 million from the integrated formula payments provided during the 2023-25 biennium. When compared to the appropriation for the 2023-25 biennium, the increase of \$60 million includes decreases in funding from the general fund of \$78.9 million and from the strategic investment and improvements fund of \$14 million, which is offset by increases in funding from the state tuition fund of \$84.9 million and the foundation aid stabilization fund of \$68 million.
3. Provides integrated **per student payment rates** will increase to \$11,293 effective July 1, 2025, and \$11,519 effective July 1, 2026. The executive budget recommends, during the 2025-27 biennium, school boards be required to use at least 70 percent of all new money received, as a result of increases in the integrated per student payment rate, to increase compensation paid to nonadministrative personnel.
4. Provides funding to increase the integrated per student payment rate by **2 percent** each year of the 2025-27 biennium (\$91 million). The executive

budget recommends the increase be offset by cost-to-continue savings related to slower enrollment growth (\$20 million) and by savings related to eliminating transition minimum adjustments (\$6.7 million) and multi-plant school district size weighting factor provisions (\$4.3 million). These formula adjustments result in increases to state school aid of \$60 million.

5. Provides \$50 million of one-time funding from the strategic investment and improvements fund for an **educational savings account pilot program** for public, private, and home-schooled students.
6. Provides for a transfer of \$75 million from the foundation aid stabilization fund to the **school construction assistance revolving loan fund**.
7. Provides \$5 million of one-time funding from the foundation aid stabilization fund for **school board training** (\$1.5 million), a **teacher retention program** (\$2 million), and a **2 revolutions teacher training program** (\$1.5 million).
8. Provides \$4.5 million from the general fund for a **free meal program**, a decrease of \$1.5 million from the 2023-25 biennium.
9. Provides \$3 million from the general fund for the **paraprofessional-to-teacher program**, the same as the 2023-25 biennium.
10. Provides for an increase in the **teacher mentorship program** of \$2 million from the general fund, to provide a total of \$4.5 million, of which \$2 million is from the general fund and \$2.5 million is from other funds made available from general fund carryover deposited in the department's operating fund, to expand the program to a 3-year mentorship.
11. Provides authorization for the Department of Public Instruction to continue up to \$11,149,000 remaining in the integrated formula payments line item at the close of the 2023-25 biennium to the 2025-27 biennium for various program and passthrough grants.
12. Provides authorization for the Department of Public Instruction to continue unspent federal elementary and secondary school emergency relief funds, appropriated for the 2021-23 biennium, and continued to the 2023-25 biennium, to the 2025-27 biennium.

HIGHER EDUCATION

1. Decreases total **general fund** support by \$2.0 million compared to 2023-25 appropriations. Ongoing general fund support is increased by \$40.3 million, from \$811.7 million to \$852.0 million, while one-time general fund appropriations are decreased by \$42.3 million, from \$56.8 million to \$14.5 million.
2. Decreases appropriations from **special funds** by \$254.6 million, or 10.4 percent. The decrease relates primarily to institution capital projects.
3. Increases the authorized number of **full-time equivalent (FTE) positions** from 6,605.91 to 6,733.65, an increase of 127.74 positions. The increase relates primarily to position increases made by North Dakota University

System institutions in response to budget adjustments approved for the 2023-25 biennium.

4. Increases funding by \$35.9 million from the general fund to be distributed to institutions through the **higher education funding formula** for student credit-hour production (\$9.5 million decrease) and inflationary adjustments (\$45.4 million increase).
5. Appropriates one-time funding of \$4 million from the general fund for **high-performance computing costs** at the University of North Dakota and North Dakota State University.
6. Appropriates one-time funding of \$10 million from the strategic investment and improvements fund for **enterprise resource planning**.
7. Appropriates one-time funding of \$30 million from the strategic investment and improvements fund for the **higher education challenge fund** to provide matching grants for academic enhancements to University System institutions.
8. Transfers \$20 million from the strategic investment and improvements fund to continue the **capital building fund program**.

HEALTH AND HUMAN SERVICES

1. Provides a total general fund appropriation of \$2,360.6 million, \$317.2 million, or 15.5 percent, more than the \$2,043.4 million 2023-25 biennium general fund appropriation.
2. Provides \$93 million, including a reduction of \$123.4 million in federal funds and an increase of \$176.2 million from the general fund, for cost to continue, anticipated costs, caseload Medicaid Expansion reductions, and federal medical assistance percentage (FMAP) and utilization changes in the department's budget.
3. Adds \$19.3 million from the general fund for **child care investments**.
4. Increases funding for **behavioral health** programs by \$24.2 million, of which \$18.2 million is from the general fund. Expanded programs include free through recovery of \$5.0 million; community connect of \$5.4 million; youth crisis and intervention funding of \$7.4 million; substance use voucher utilization of \$3.5 million; and recovery housing assistance of \$2.9 million.
5. Provides \$58.3 million, of which \$29.3 million is from the general fund, for **inflationary increases** of 2 percent the 1st year of the biennium and 2 percent the 2nd year of the biennium for human service providers in the 2025-27 biennium.
6. Restores \$2.5 million, of which \$634,154 is from the general fund and \$1.8 million from other funds, which was removed from the Public Health Division in the 2023-25 biennium for the new and vacant FTE funding pool.
7. Provides \$14.5 million one-time appropriation from the strategic investment and improvements fund for **housing initiatives**, including \$3.5 million for eviction prevention, \$1.0 million for home renovations for accessibility, and \$10 million for assistance for citizens at risk for housing instability.

8. Provides \$10 million from the strategic investment and improvements fund to plan and design a **new state hospital**, and authorizes proceeding with a new North Dakota state hospital under a public-private partnership.
9. Provides technology investments of \$40.7 million, including one-time funding of \$16.0 million from the strategic investment and improvements fund to retire systems from outdated platforms, and \$24.7 million for technology contract inflation.
10. Continues funding the rural crisis support pilot program created during the 2023 legislative session for \$2.0 million from special funds.
11. Provides \$10.3 million from the general fund to expand the behavioral health workforce by 45 FTE positions for **certified community behavioral health clinics**.
12. Provides home- and community-based services investments of \$18.8 million, of which \$10.3 million is from the general fund. Enhanced programs include services to support transition and diversion from institutions for \$5.3 million, cross disability waiver implementation for \$5.7 million, and targeted rate increases for qualified service providers and home health providers for \$7.8 million.
13. Provides \$12.4 million, of which \$7.9 is from the general fund, to continue the family paid caregiver pilot program.

CAPITAL CONSTRUCTION

1. The executive budget recommendation includes a total of \$2,420,353,698 for capital projects as reflected on the following schedule:

	2025-27 Biennium		
	General Fund	Other Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page G-2	\$2,500,000	\$449,518,348	\$452,018,348
Extraordinary repairs - See the extraordinary repairs schedule on page G-5	17,316,884	24,855,693	42,172,577
Department of Transportation - Contractor payments	0	1,712,712,078	1,712,712,078
Water projects ¹	0	197,315,218	197,315,218
Payments in lieu of taxes ²	0	1,640,020	1,640,020
Other bond payments	10,261,375	4,234,082	14,495,457
Total	\$30,078,259	\$2,390,275,439	\$2,420,353,698

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 \$1,640,020 for the Game and Fish Department from special funds. This amount does not include payments in lieu of taxes of approximately \$477,447 estimated to be paid by Workforce Safety and Insurance in the 2025-27 biennium under the agency's continuing appropriation for building maintenance.

STATE EMPLOYEES

1. Provides \$149.9 million, of which \$55.3 million is from the general fund, for **salary increases** for state employees of 4 percent of salaries effective July 1, 2025, and 3 percent of salaries effective July 1, 2026. For agencies able to identify long-term salary savings, additional salary increases are authorized during the biennium.
2. Continues funding for the cost of **health insurance premiums** for state employees. The executive budget recommends continuing the existing health insurance plan with no changes to deductibles or coinsurance and providing for health insurance premiums of \$1,893 per month, an increase of \$250, or 15.23 percent, compared to the 2023-25 biennium premium rate of \$1,643. The estimated cost of the health insurance premium increase is \$87.7 million, of which approximately \$32.3 million is from the general fund.
3. Recommends **transferring \$135 million from the strategic investment and improvements fund to the Public Employees Retirement System (PERS) fund** during the 2025-27 biennium to reduce the main system defined benefit retirement plan unfunded liability. Including \$65 million statutorily transferred from oil and gas tax revenues, the executive budget anticipates a total of \$200 million to be transferred to the PERS fund during the 2025-27 biennium.
4. Includes a **total of 16,806.85 FTE positions**, an increase of 605.31 FTE positions from the 2023-25 authorized level of 16,201.54 FTE positions, including an increase of 127.74 FTE positions in higher education and an increase of 477.57 FTE positions in all other state agencies, of which 278.52 FTE positions are in the Department of Health and Human Services.

CORRECTIONS

1. Provides a total **general fund** appropriation for the Department of Corrections and Rehabilitation of \$344.6 million, \$83.8 million, or 32.1 percent, more than the \$260.8 million appropriation for the 2023-25 biennium.
2. Includes \$17.5 million from the general fund to provide payments to regional and county jails for **overflow housing**.
3. Includes \$7.0 million from the general fund to replace federal funds for **victims of crime grants**.
4. Includes \$8.0 million of one-time funding from the strategic investment and improvements fund for a **temporary housing** unit at the Missouri River Correctional Center.
5. Includes \$127.3 million of one-time funding from the strategic investment and improvements fund for a **new minimum security facility for male inmates** at the Missouri River Correctional Center.

6. Includes \$16.1 million of one-time funding from the strategic investment and improvements fund for **deferred maintenance and extraordinary repairs**.
7. Includes \$35.6 million of one-time funding from the strategic investment and improvements fund to complete a **new facility for female inmates** at the Heart River Correctional Center.

INFORMATION TECHNOLOGY

1. Recommends funding of \$161.1 million, of which \$88.4 million is from the general fund and \$72.7 million is from other funds, for state agency **large information technology projects** for the 2025-27 biennium. Of the total, \$46.6 million relates to upgrades for existing Department of Health and Human Services applications and systems, \$15 million is for the Information Technology Department (ITD) for an **artificial intelligence strategy initiative**, \$8 million is for the ITD digital experience business gateway portal project, and \$10.8 million is for an ITD modernization and innovation fund.
2. Adds 4 FTE positions and \$13.5 million to ITD for a **statewide data strategy initiative**, of which \$12.9 million is from the general fund and approximately \$600,000 is from special funds. Of the total, \$9.3 million is one-time funding from the general fund.
3. Adds 11 FTE positions and \$3.3 million from the ITD operating fund for additional staff for state agency information technology requests.
4. Adds 6 FTE positions and \$1.9 million from the ITD operating fund for the **statewide interoperable radio network**.
5. Adjusts \$20.25 million for ITD agency administration in the ITD budget from the ITD operating fund to the general fund.
6. Adds \$5.4 million to ITD for cybersecurity contractual service increases, of which \$5.1 million is from the general fund and approximately \$300,000 is from the ITD operating fund.
7. Adds \$3 million from the ITD operating fund for vulnerability management software license costs, of which \$2.9 million is ongoing funding and \$150,000 is one-time funding.
8. Adjusts funding for the **North Dakota Health Information Network**, including a (\$1.4 million) reduction of ongoing funding from the general fund, an increase of \$1.8 million of one-time funding from the general fund, and an increase of \$6.2 million from the electronic health information exchange fund.
9. Adds \$1.7 million from the strategic investment and improvements fund to upgrade the state datacenter cooling system.
10. **Transfers on-budget special fund authority of \$99.2 million from the ITD operating fund to continuing appropriation authority** to allow ITD to charge state agencies for information technology services and spend the collections without a specific legislative appropriation.

ECONOMIC DEVELOPMENT AND WORKFORCE

1. Provides **\$338.2 million for major economic development and workforce-related programs**, of which \$66.8 million is from the general fund, as follows:

Agency and Program	General Fund	Other Funds	Total
270 - Department of Career and Technical Education Additional work-based learning coordinator funding	\$500,000	\$0	\$500,000
325 - Department of Health and Human Services Child care programs	19,300,000	0	19,300,000
Housing incentive programs	0	14,500,000	14,500,000
Paid family caregiver program	7,900,000	4,500,000	12,400,000
471 - Bank of North Dakota Partnership in assisting community expansion (PACE), agriculture PACE, biofuels PACE, and beginning farmer loan programs	0	60,000,000	60,000,000
Economic diversification research grants	0	5,500,000	5,500,000
601 - Department of Commerce Uncrewed aircraft system(UAS) program	1,000,000	0	1,000,000
Beyond visual line of sight UAS program	0	20,000,000	20,000,000
Enhanced use lease grant program	0	5,000,000	5,000,000
Autonomous agriculture grant program	0	10,000,000	10,000,000
Uncrewed aerial vehicle replacement grant program	0	15,000,000	15,000,000
Federal radar data pathfinder program	0	11,000,000	11,000,000
Office of Legal Immigration Find the good life initiative	3,450,000	0	3,450,000
Operation Intern	10,000,000	0	10,000,000
Regional workforce impact grant program	2,000,000	0	2,000,000
Technical skills training grants	12,500,000	0	12,500,000
Destination development program	2,000,000	0	2,000,000
Community property improvements grant program	0	30,000,000	30,000,000
Housing incentive programs	2,600,000	0	2,600,000
Legacy investment for technology fund	0	30,150,000	30,150,000
North Dakota Development Fund	0	10,000,000	10,000,000
602 - Agriculture Commissioner Livestock development planning grants	0	50,000,000	50,000,000
	0	660,000	660,000

Agency and Program	General Fund	Other Funds	Total
Bioscience innovation grant program	5,500,000	0	5,500,000
Agricultural Products Utilization Commission	0	5,110,417	5,110,417
Total	\$66,750,000	\$271,420,417	\$338,170,417

TRANSPORTATION

1. Anticipates **federal highway construction funds** of \$1,283.8 million and state matching funds of \$321.3 million from the strategic investment and improvements fund for the 2025-27 biennium.
2. Provides \$33.5 million from the strategic investment and improvements fund for department facility upgrades.
3. Adds 12 FTE positions and \$2.9 million from the highway fund for data management positions, road operators, grant managers, and engineers.

ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS AS IDENTIFIED AND RECOMMENDED IN THE 2025-27 EXECUTIVE BUDGET

Ongoing General Fund Resources and Appropriations

Recommended ongoing general fund revenues	\$5,072,880,749 ¹										
Less recommended ongoing appropriations	(6,289,826,353)										
Excess (shortfall)	(\$1,216,945,604)										
Add transfers to the general fund identified in the executive budget recommendation as ongoing	310,635,774 ²										
Shortfall in ongoing general fund resources	(\$906,309,830)										
<p>¹This amount includes \$600 million of oil tax revenues deposited directly in the general fund, \$140 million more than the \$460 million biennial amount approved by the 2023 Legislative Assembly.</p> <p>²This amount includes transfers, interest, and earnings identified as ongoing in the executive budget from:</p> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 60%;">Lottery</td> <td style="text-align: right;">\$14,039,806</td> </tr> <tr> <td>Legacy fund earnings</td> <td style="text-align: right;">225,000,000</td> </tr> <tr> <td>Budget stabilization fund interest</td> <td style="text-align: right;">69,834,800</td> </tr> <tr> <td>Gas tax administration</td> <td style="text-align: right;"><u>1,761,168</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$310,635,774</td> </tr> </table>		Lottery	\$14,039,806	Legacy fund earnings	225,000,000	Budget stabilization fund interest	69,834,800	Gas tax administration	<u>1,761,168</u>	Total	\$310,635,774
Lottery	\$14,039,806										
Legacy fund earnings	225,000,000										
Budget stabilization fund interest	69,834,800										
Gas tax administration	<u>1,761,168</u>										
Total	\$310,635,774										

Identified One-Time General Fund Resources and Related Appropriations

Estimated general fund beginning balance and transfers to the general fund identified as one-time in the executive budget	\$1,301,840,607						
Less recommended one-time general fund appropriations	(230,047,033)						
Excess (shortfall)	\$1,071,793,574						
Less ongoing general fund resources shortfall	(906,309,830)						
Excess (projected ending general fund balance)	\$165,483,744						
<p>This amount includes:</p> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 60%;">Estimated beginning general fund balance</td> <td style="text-align: right;">\$1,215,141,503</td> </tr> <tr> <td>Legacy fund earnings</td> <td style="text-align: right;"><u>86,699,104</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$1,301,840,607</td> </tr> </table>		Estimated beginning general fund balance	\$1,215,141,503	Legacy fund earnings	<u>86,699,104</u>	Total	\$1,301,840,607
Estimated beginning general fund balance	\$1,215,141,503						
Legacy fund earnings	<u>86,699,104</u>						
Total	\$1,301,840,607						

One-Time General Fund Appropriations Detail

The executive budget recommendation includes the following one-time general fund appropriations:

Agency/Description	One-Time General Fund Appropriation
Governor's office (101) Children's Cabinet	\$65,000
Secretary of State (108) Central indexing software upgrade	700,000

Agency/Description	One-Time General Fund Appropriation
Office of Management and Budget (110)	
Enterprise resource planning cloud readiness	4,000,000
State employee retirement conversion pool	15,000,000
Operating costs	15,000
Procurement automation	515,052
Enhanced recruiting management system	250,000
Student internship program	500,000
Leave payouts	99,305
Snow removal equipment	172,000
Floor scrubber	20,000
Information Technology Department (112)	
Modernization and innovation fund	10,800,000
Statewide data strategy initiative	9,300,000
Digital experience business gateway portal project	8,000,000
North Dakota Health Information Network health data utility project	1,793,609
Artificial intelligence strategy pilot program	15,000,000
State Auditor (117)	
Cost-to-continue services	50,200
State Treasurer (120)	
Information technology projects	110,000
Cash management system	400,000
Office remodeling costs	50,000
Attorney General (125)	
Information technology network switches	32,000
Criminal Justice Information System jail management system replacement project	650,000
Statewide automated victim identification notification system replacement project	1,500,000
State Crime Laboratory equipment and supplies	721,000
Statewide litigation funding pool	1,000,000
Portable handheld radios	105,000
Bureau of Criminal Investigation undercover vehicle replacements	660,000
Legislative Assembly (150)	
Legislative chamber and system upgrades	8,451,000
Legislative Council (160)	
One-time new employee costs	375,000
Information technology equipment	280,000
Judicial branch (180)	
Blade and disk drive lease costs	874,216
Cloud-based hosting subscription	866,100
Court records research and access system	960,000
Courtroom cameras replacement	459,000
Courtroom audio equipment updates	892,500
Courtroom speaker replacement	30,000
Assisted listening devices replacement	90,000
Cass County new courtroom equipment	75,000
Cass County courtroom media system	25,000

Agency/Description	One-Time General Fund Appropriation
Jury selection microphone and speaker equipment	115,200
Artificial intelligence software for clerk filings	1,250,000
Camera and projector for Coteau Room	10,000
Judge chambers furniture	22,500
Workstations and cubicles replacement	360,000
Large copy machines	60,000
Medium copy machines	15,000
Folding machines	72,600
Case management system cloud hosting	758,000
Juvenile court staff workload studies	466,500
Treatment court case management system	780,000
Digital evidence management system	980,000
Ethics Commission (195)	
Case management system	135,000
Furniture	2,348
Department of Public Instruction (201)	
Native American essential understandings	300,000
Native American science, technology, engineering, and mathematics program	300,000
History and tribal textbooks	650,000
North Dakota University System office (215)	
Dakota digital academy	450,000
Nursing education consortium	1,100,000
Financial aid software	900,000
Dual-credit scholarship program	1,500,000
Professional student exchange program	1,500,000
Bismarck State College (227)	
Funding formula adjustment	359,847
Lake Region State College (228)	
Funding formula adjustment	104,307
Williston State College (229)	
Health care program startup costs	1,490,000
University of North Dakota (230)	
High performance computing	2,000,000
North Dakota State University (235)	
Funding formula adjustment	1,851,135
High performance computing	2,000,000
Dickinson State University (239)	
Funding formula adjustment	107,519
Minot State University (241)	
Funding formula adjustment	201,415
Valley City State University (242)	
Funding formula adjustment	3,018
Forest Service (244)	
Emerald ash borer mitigation	950,000
Department of Veterans' Affairs (321)	
Retirement leave payout	19,148

Agency/Description	One-Time General Fund Appropriation
Department of Health and Human Services (325)	
Children's behavioral health	2,000,000
Compliance and quality initiative	200,000
Home- and community-based services	7,865,771
Public health initiatives	151,500
Child care programs	19,272,500
Protection and advocacy project (360)	
Retirement leave payouts	19,288
Industrial Commission (405)	
Electric grid resiliency grants	1,782,794
Lignite litigation	3,000,000
Public Service Commission (408)	
Range detection system	5,580
Department of Mineral Resources (474)	
Operating expenses for conversion of an existing FTE administrative assist position to a new FTE surface geologist position	10,115
Operating expenses for a new FTE permitting position	7,160
Mineral analysis	100,000
Operating expenses for a new FTE reclamation technician position	17,165
Rare earth elements study	100,000
Archeology excavation project	300,000
Oil and gas litigation	3,000,000
Highway Patrol (504)	
State fleet costs	6,275,000
Preliminary alcohol breath screening devices	43,000
Outdoor range ventilation	30,000
Department of Corrections and Rehabilitation (530)	
Heart River Correctional Center supplies and new FTE costs	36,742
Missouri River Correctional Center temporary housing	121,136
County jail housing costs	17,500,000
New pretrial officers costs	24,420
Body scanner	324,000
Medical equipment	39,375
Dental equipment	77,000
Replacement of federal Victims of Crime Act grant funding	7,000,000
New Youth Correctional Center security officer costs	1,725
Medical software	273,850
Body cameras and Tasers	408,928
Information technology equipment	855,000
Ballistic vests	135,080
Kitchen equipment	90,926
Laundry building compressor	14,500
Adjutant General (540)	
State radio redundant switch	525,000
State radio statewide interoperable radio network costs	495,000
Critical infrastructure matching funds	1,000,000
Civil Air Patrol statewide interoperable radio upgrade	250,000
Williston readiness center design	2,500,000

Agency/Description	One-Time General Fund Appropriation
Commerce Department (601)	
Office of Legal Immigration	3,000,000
Regional workforce impact program grants	12,500,000
Community property improvements grant program	2,600,000
Tourism marketing awareness	5,000,000
Technical skills training grants	2,000,000
Find the good life initiative	10,000,000
Uncrewed aircraft system program grants	1,000,000
Operation Intern	2,000,000
Entrepreneurship grants and vouchers program	1,259,044
Agriculture Commissioner (602)	
Bioscience innovation grant program	5,500,000
Upper Great Plains Transportation Institute (627)	
Carbon dioxide transportation network study	408,100
Racing Commission (670)	
Printer replacement	13,000
State Historical Society (701)	
Compliance with federal Native American Graves Protection and Repatriation Act regulations	106,135
State archives storage upgrades	207,500
Improvements to historical structures and buildings	2,000,000
Pembina State Museum exhibit designs and objects	638,000
New employee operating expenses	8,180
Council on the Arts (709)	
Art across the prairie education	5,000
Parks and Recreation Department (750)	
Equipment replacement	250,000
Total	\$230,047,033

EXECUTIVE BUDGET RECOMMENDATIONS REQUIRING STATUTORY CHANGES OR OTHER LEGISLATIVE ACTION

In addition to general agency budget recommendations and elected officials' salary increases, the following recommendations included in the executive budget require statutory changes or other action by the Legislative Assembly in 2025 to implement:

TRANSFERS TO THE GENERAL FUND

- Removes a transfer of \$140 million from **Bank of North Dakota profits** to the general fund, which is included in the base revenues as an ongoing revenue source. (Would be removed from Senate Bill No. 2014)
- Suspends a transfer of 50 percent of the Mill and Elevator profits to the general fund by providing an exemption to North Dakota Century Code Section 54-18-19. (Would be added to Senate Bill No. 2014)

SPECIAL FUNDS TRANSFERS

- Transfers \$250 million from the **social services fund** to the **human service finance fund**. (Would be added to House Bill No. 1015)
- Transfers \$135 million from the **strategic investment and improvements fund (SIIF)** to the **Public Employees Retirement System fund**. (Would be added to House Bill No. 1015)
- Transfers \$20 million from **SIIF** to the **university system capital building fund**. (Would be added to Senate Bill No. 2003)
- Transfers \$130 million from **SIIF** to the **clean sustainable energy fund**. (Would be added to Senate Bill No. 2014)
- Transfers \$40 million from **SIIF** to the **housing incentive fund**. (Would be added to Senate Bill No. 2014)
- Transfers \$5 million from **SIIF** to the **infrastructure revolving loan fund**. (Would be added to Senate Bill No. 2014)
- Transfers \$5.5 million from **SIIF** to the **economic diversification research fund**. (Would be added to Senate Bill No. 2014)
- Transfer \$10 million from **SIIF** to the **legacy investment for technology fund**. (Would be added to Senate Bill No. 2018)
- Transfer \$50 million from **SIIF** to the **North Dakota Development Fund**. (Would be added to Senate Bill No. 2018)

BUDGET STABILIZATION FUND BALANCE

- Amends Section 54-27.2-01 to **reduce the maximum balance of the budget stabilization fund** from 15 percent to an amount equal to 15 percent of the most recent ongoing general fund budget excluding state school aid appropriations. (Would be added to House Bill No. 1015)

TAX AND FEE CHANGES

- **Supervision fees** - Amends Section 54-23.3-04(15) to eliminate supervision fees charged to individuals on probation. (Would be added to Senate Bill No. 2015)

OIL TAX REVENUE ALLOCATIONS

- **Deposits in the general fund** - Amends Section 57-51.1-07.5 to increase the amount of the state share of oil and gas tax deposits in the general fund from \$460 million to \$600 million. (Would be added to House Bill No. 1015)
- **North Dakota outdoor heritage fund** - Limits oil and gas tax allocations to \$7.5 million per fiscal year rather than \$20 million per fiscal year. (Would be added to Senate Bill No. 2014)
- **Oil and gas research fund** - Increases allocations from \$10 million per biennium to \$17.5 million per biennium. (Would be added to Senate Bill No. 2014)

OFFICE OF MANAGEMENT AND BUDGET

- **Fixed asset minimum reporting** - Amends Section 54-27-21 to change the minimum reporting threshold for capital assets from \$5,000 to an amount set in the Office of Management and Budget fiscal policy. (Would be added to House Bill No. 1015)
- **State employee mileage and travel** - Amends Section 54-06-09 to set the mileage rate for state employees located out of state to the federal Government Service Administration rate. (Would be added to House Bill No. 1015)
- **Boy and girls clubwork allocations** - Repeals Section 11-38-08 requiring the Office of Management and Budget to distribute funding for achievement days. (Would be added to House Bill No. 1015)

ELEMENTARY AND SECONDARY EDUCATION

- **School district size weighting factors - Multi-plant school districts** - Amends Section 15.1-27-03.2 to remove a provision that allows school districts that operate multiple K-12 buildings at least 14 miles apart, or multiple buildings at least 14 miles apart with no replicated grades, to determine the school size weighting factor for each building separately, with no adjustment for elementary schools. (Would be added to House Bill No. 1013)

- **Per student payment rate** - Amends Section 15.1-27-04.1 to increase integrated formula payment rates to provide \$11,293 in the 1st year and \$11,519 in the 2nd year of the 2025-27 biennium, an increase of 2 percent in each year of the biennium. (Would be added to House Bill No. 1013)
- **Transition minimum adjustments** - Amends Section 15.1-27-04.1 to eliminate transition minimum adjustments to bring school districts receiving additional funds, due to per student and total funding hold harmless provisions, onto the formula. Current statute provides transition minimum adjustments will be phased out over 7 years beginning with the 2021-22 school year. (Would be added to House Bill No. 1013)

HIGHER EDUCATION

- **Funding formula rate** - Amends Section 15-18.2-05 to adjust the student credit-hour funding rates for the higher education funding formula. (Would be added to Senate Bill No. 2003)
- **Higher education challenge grant program** - Amends Sections 15-10-48, 15-10-48.2, and 15-10-49 to continue the higher education challenge grant program into the 2025-27 biennium. (Would be added to Senate Bill No. 2003)

INDUSTRIAL COMMISSION

- **Mill and Elevator Association gain sharing** - Provides an exemption allowing the gain sharing program under Section 54-18-19 to be approved without a transfer of mill profits to the general fund. (Would be added to Senate Bill No. 2014)
- **Economic development programs** - Transfers \$60 million of Bank of North Dakota profits for economic development programs, including the partnership in assisting community expansion (PACE), Ag PACE, Biofuels PACE, and the beginning farmer revolving loan fund. (Would be added to Senate Bill No. 2014)
- **Agricultural products utilization fund** - Transfers \$3 million of Bank of North Dakota profits to the agricultural products utilization fund. (Would be added to House Bill No. 1014)
- **University of North Dakota small business development center** - Transfers \$1.5 million of Bank of North Dakota profits to the University of North Dakota small business development center. (Would be added to Senate Bill No. 2014)

OTHER

- **Unclaimed property administration** - Amends Chapter 47-30.2 to transfer the duties of administering unclaimed property to the State Treasurer. (Would be added to House Bill No. 1005 and Senate Bill No. 2013)

- **Rail safety fund** - Amends Section 57-43.2-19 to increase the amount of special fuels excise taxes deposited in the rail safety fund from \$332,327 to \$358,040 per year. (Would be added to House Bill No. 1008)
- **Continuing appropriation** - Amends Section 6-01-01.1, relating to the Department of Financial Institutions' regulatory fund, to provide a continuing appropriation for the department's budget subject to approval by the State Banking Board and State Credit Union Board. (Would be added to Senate Bill No. 2008)
- **State rail fund continuing appropriation** - Amends Section 49-17.1-05 to provide a continuing appropriation from the state rail fund for financial assistance to maintain railroad operations. (Would be added to Senate Bill No. 2012)
- **Department of Water Resources** - Amends Section 61-02-79 to provide a Bank of North Dakota line of credit of up to \$50 million for the Red River Valley water supply project. (Would be added to House Bill No. 1020)
- **Department of Water Resources** - Amends Section 54-12-08 to allow the Department of Water Resources to employ an attorney. (Would be added to House Bill No. 1020)
- **Public employees retirement system** - Amends Section 54-52-06 to remove the requirement that the Public Employees Retirement System charge the actuarially determined employer contribution rate if the contribution amount is covered by another method. (Bill pending)
- **Information technology operating account** - Amends Section 54-59-14 to provide the Information Technology Department a continuing appropriation from the information technology operating account (fund) to allow the department to charge state agencies for information technology services without specific appropriation authority. (Would be added to Senate Bill No. 2021)
- **Attorney General refund fund** - Would allow the Attorney General to retain the balance in the Attorney General refund fund at the end of the 2023-25 biennium rather than the balance being transferred to the general fund. (Would be added to House Bill No. 1003)
- **Statewide litigation funding pool** - Provides for the Attorney General to transfer funds from the statewide litigation funding pool to eligible state agencies for litigation expenses during the 2025-27 biennium. (Would be added to House Bill No. 1003)
- **Additional appropriations** - Provides appropriation authority if a Governor's cabinet agency receives additional federal or other funds in excess of the funding appropriated in section 1 of the agency's bill. (Multiple agency bills)
- **FTE position adjustments** - Allows state agencies to increase or decrease FTE position authorizations as needed, without specific legislative approval subject to the availability of funds. (Multiple agency bills)

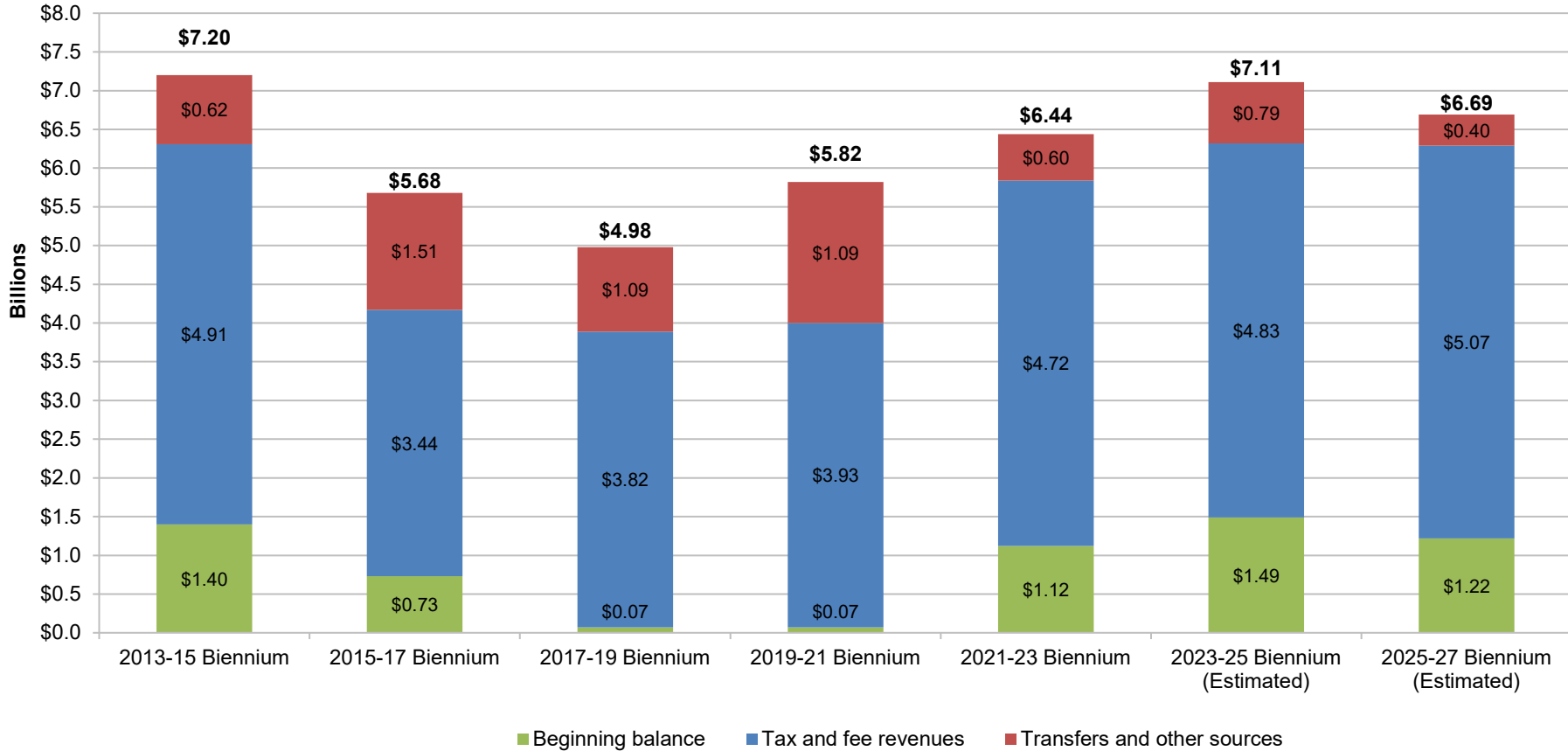
SECTION B - REVENUES

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GENERAL FUND REVENUE SUMMARY

TOTAL GENERAL FUND REVENUES

Based on the December 2024 executive budget revenue forecast, total 2025-27 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers and other sources are estimated to be \$6.69 billion, which is \$428 million, or 6.0 percent, less than the total 2023-25 biennium revised estimated revenues of \$7.11 billion. The following is a summary of revenues for the 2013-15 through 2025-27 bienniums:



	Actual					Estimated	
	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium
Beginning balance	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$1,122,353,345	\$1,490,156,765	\$1,215,141,503
Tax and fee revenues	4,906,838,449	3,437,604,096	3,818,087,697	3,931,123,045	4,723,697,050	4,833,007,267	5,072,880,749
Transfers and other sources	894,959,058	1,511,601,317	1,095,360,965	1,820,781,277	596,144,886	790,308,623	397,334,878
Total	\$7,197,856,693	\$5,678,734,802	\$4,978,448,662	\$5,816,904,322	\$6,442,195,281	\$7,113,472,655	\$6,685,357,130

2025-27 BIENNIUM MAJOR REVENUE CHANGES AND KEY ECONOMIC ASSUMPTIONS

GENERAL FUND REVENUES

Major General Fund Tax and Fee Revenues

The 2025-27 biennium general fund tax and fee revenue collections are projected to increase by 5.0 percent, or \$239.9 million, compared to the 2023-25 biennium revised revenue forecast. Compared to the October 2023 legislative revenue forecast (special session forecast), the 2025-27 biennium general fund tax and fee revenue collections are projected to increase by 13.6 percent, or \$606.8 million.

Sales and Use Tax Collections

- Sales and use tax collections are projected to increase by \$99 million, or 4.2 percent, compared to the 2023-25 biennium revised revenue forecast.

Motor Vehicle Excise Tax Collections

- Motor vehicle excise tax collections are projected to increase by \$1.4 million, or 0.8 percent, compared to the 2023-25 biennium revised revenue forecast.

Individual Income Tax Collections

- Individual income tax collections are projected to increase by 15.7 percent, or \$119.1 million, compared to the 2023-25 biennium revised revenue forecast.

Corporate Income Tax Collections

- Corporate income tax collections are projected to decrease by 4.2 percent, or \$22.3 million, compared to the 2023-25 biennium revised revenue forecast.

Oil and Gas Tax Revenue Collections

- The executive budget recommends increasing the allocation of oil and gas tax revenue collections to the general fund by \$140 million, from \$460 million to \$600 million for the 2023-25 biennium.

Major Transfers to the General Fund

Bank of North Dakota and Mill and Elevator Association Profit Transfers

- The executive budget recommends suspending the transfer of Bank of North Dakota profits to the general fund for the 2025-27 biennium, resulting in a decrease of \$140 million compared to the 2023-25 biennium revised revenue forecast.
- The executive budget recommends suspending the transfer of Mill and Elevator profits to the general fund for the 2025-27 biennium, resulting in a decrease of \$18.4 million compared to the 2023-25 biennium revised revenue forecast.

Budget Stabilization Fund Transfer

- Prior to the end of the 2023-25 biennium, the executive budget recommends transferring \$202 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent of the general fund budget to 15 percent of the ongoing general fund budget excluding funding for state school aid.

Legacy Earnings Fund Transfer

- Pursuant to the allocations under North Dakota Century Code Section 21-10-13, the executive budget reflects a transfer of \$311.7 million from the legacy earnings fund to the general fund for the 2025-27 biennium, including \$225 million for tax relief and \$86.7 million for other purposes.

Ongoing and One-Time General Fund Revenues

The 2025-27 biennium general fund revenues of \$6,685 million reflect ongoing revenues of \$5,383 million and one-time revenues of \$1,302 million. Ongoing revenues include tax and fee revenues (\$5,073 million) and the transfers from the lottery (\$14 million), gas tax administration (\$2 million), interest from the budget stabilization fund (\$69 million), and legacy earnings fund (\$225 million). One-time revenues include the beginning balance (\$1,215 million) and a transfer from the legacy earnings fund (\$87 million).

As a comparison, the 2023-25 biennium revised general fund revenues of \$7,113 million reflect ongoing revenues of \$5,335 million and one-time revenues of \$1,778 million. Ongoing revenues include tax and fee revenues (\$4,833 million) and transfers from Bank of North Dakota profits (\$140 million), Mill and Elevator Association profits (\$18 million), the lottery (\$14 million), the gas tax administration (\$2 million), interest from the budget stabilization fund (\$103 million), and the legacy earnings fund (\$225 million). One-time revenues include the beginning balance (\$1,490 million) and transfers from the legacy earnings fund (\$29 million), strategic investment and improvements fund (\$50 million), budget stabilization fund (\$202 million), and miscellaneous sources (\$7 million).

LEGACY EARNINGS FUND

The allocations from the legacy earnings fund for the 2025-27 biennium total \$601 million, an increase of \$114.4 million from the 2023-25 biennium allocations which totaled \$486.6 million. The distribution of investment earnings from the legacy fund to the legacy earnings fund uses a percent of market value calculation based on 7 percent of the 5-year average balance of the legacy fund. The executive budget did not recommend changing the allocations from the legacy earnings fund so the additional funding will be allocated 50 percent to the general fund (\$57.2 million) and 50 percent to the strategic investment and improvements fund (\$57.2 million).

OIL AND GAS TAX REVENUE

Oil and gas tax collections are projected to decrease by \$935 million, from \$5,686 million in the 2023-25 biennium to \$4,751 million in the 2025-27 biennium, based on the December 2024 executive budget revenue forecast.

The executive budget recommends increasing the allocation to the general fund to \$600 million compared to \$460 million per biennium under current law.

Oil Production and Prices

- Oil production in September 2024 averaged 1.2 million barrels per day. Oil production is projected at 1.1 million barrels per day through the end of the 2023-25 biennium and for the entire 2025-27 biennium.
- North Dakota oil prices averaged \$66 per barrel in November 2024, which reflects the average of the West Texas Intermediate price (\$70) and the Flint Hills Resources price (\$62). North Dakota oil prices are projected to decrease from \$66 to \$62 per barrel for the remainder of the 2023-25 biennium. For the 2025-27 biennium, North Dakota oil prices are projected to be \$62 per barrel in the 1st year and \$60 per barrel in the 2nd year of the biennium.

**2025-27 BIENNIUM DECEMBER 2024 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO THE 2023-25 BIENNIUM SPECIAL SESSION AND REVISED REVENUE FORECASTS**

General Fund Revenue Source	2023-25 Biennium			2025-27 Biennium				
	Special Session Legislative Revenue Forecast ¹	Increase (Decrease) from Special Session to Revised	Revised Revenue Forecast	Increase (Decrease) December 2024 Revenue Forecast Compared to 2023-25 Revised Forecast		December 2024 Revenue Forecast	Total Increase (Decrease) December 2024 Revenue Forecast Compared to 2023-25 Special Session Forecast	
				Amount	Percentage		Amount	Percentage
Beginning balance	\$1,490,156,765 ²	\$0	\$1,490,156,765 ²	(\$275,015,262)	(18.5%)	\$1,215,141,503 ³	(\$275,015,262)	(18.5%)
Tax and fee revenues								
Sales and use tax	\$2,207,194,250	\$171,474,855	\$2,378,669,105	\$99,030,833	4.2%	\$2,477,699,938	\$270,505,688	12.3%
Motor vehicle excise tax	171,407,500	780,571	172,188,071	1,442,131	0.8%	173,630,202	2,222,702	1.3%
Individual income tax	871,302,796 ⁴	(111,225,170)	760,077,626	119,149,535	15.7%	879,227,161	7,924,365	0.9%
Corporate income tax	385,400,000	143,628,676	529,028,676	(22,314,549)	(4.2%)	506,714,127	121,314,127	31.5%
Oil and gas taxes	460,000,000	0	460,000,000 ⁵	140,000,000	30.4%	600,000,000 ⁵	140,000,000	30.4%
Cigarette and tobacco tax	42,575,517	(2,011,538)	40,563,979	1,626,064	4.0%	42,190,043	(385,474)	(0.9%)
Insurance premium tax	139,052,009	(13,247,413)	125,804,596	(12,304,596)	(9.8%)	113,500,000	(25,552,009)	(18.4%)
Departmental collections	71,158,844	11,797,816	82,956,660	(12,297,212)	(14.8%)	70,659,448	(499,396)	(0.7%)
Other revenues	118,022,456	165,696,098	283,718,554	(74,458,724)	(26.2%)	209,259,830	91,237,374	77.3%
Total tax and fee revenues	\$4,466,113,372	\$366,893,895	\$4,833,007,267	\$239,873,482	5.0%	\$5,072,880,749	\$606,767,377	13.6%
Transfers and other sources								
Transfer - Bank of North Dakota profits	\$140,000,000	\$0	\$140,000,000 ⁶	(\$140,000,000)	(100.0%)	\$0 ⁶	(\$140,000,000)	(100.0%)
Transfer - Mill and Elevator Association profits	14,700,000	3,677,705	18,377,705 ⁷	(18,377,705)	(100.0%)	0 ⁷	(14,700,000)	(100.0%)
Transfer - Lottery	12,200,000	1,759,572	13,959,572	80,234	0.6%	14,039,806	1,839,806	15.1%
Transfer - Gas tax administration	1,844,424	0	1,844,424	(83,256)	(4.5%)	1,761,168	(83,256)	(4.5%)
Transfer - Budget stabilization fund (Interest)	28,360,128	74,783,749	103,143,877	(33,309,077)	(32.3%)	69,834,800	41,474,672	146.2%
Transfer - Legacy earnings fund	254,474,088	0	254,474,088	57,225,016	22.5%	311,699,104	57,225,016	22.5%
Transfer - Strategic investment and improvements fund	50,000,000	0	50,000,000	(50,000,000)	(100.0%)	0	(50,000,000)	(100.0%)
Transfer - Budget stabilization fund	0	201,999,531	201,999,531 ⁸	(201,999,531)	(100.0%)	0	0	N/A
Transfer - Resources trust fund	1,873,288	(1,873,288)	0	0	N/A	0	(1,873,288)	(100.0%)
Transfer - Other	0	6,509,426	6,509,426	(6,509,426)	(100.0%)	0	0	N/A
Total transfers and other sources	\$503,451,928	\$286,856,695	\$790,308,623	(\$392,973,745)	(49.7%)	\$397,334,878	(\$106,117,050)	(21.1%)
Total general fund revenues	\$6,459,722,065	\$653,750,590	\$7,113,472,655	(\$428,115,525)	(6.0%)	\$6,685,357,130	\$225,635,065	3.5%

¹ These amounts reflect legislative estimates prepared at the close of the October 2023 special legislative session.

² These amounts reflect the actual July 1, 2023, unobligated balance.

³ This amount reflects \$225.5 million of estimated unspent 2023-25 appropriation authority and \$26.5 million of deficiency appropriations based on the December 2024 executive budget recommendation.

⁴ The 2023-25 biennium includes estimated income tax relief of \$358 million related to individual income tax changes in House Bill No. 1158 (2023).

⁵ The amounts shown for the oil and gas tax revenue collections for the 2023-25 and 2025-27 bienniums reflect the December 2024 executive budget assumptions for oil price and oil production. The executive budget recommends changing the oil and gas tax allocation formulas for the 2025-27 biennium, including an increase in the allocation to the general fund from \$460 million to \$600 million.

⁶ House Bill No. 1014 (2023) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2023-25 biennium. The December 2024 executive budget recommends suspending the transfer for the 2025-27 biennium.

⁷ Pursuant to North Dakota Century Code Section 54-18-19, 50 percent of the Mill and Elevator Association profits are transferred to the general fund. The December 2024 executive budget revenue forecast recommends suspending the transfer of Mill and Elevator Association profits for the 2025-27 biennium.

⁸ The December 2024 executive budget includes a transfer of \$202 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent of the general fund budget to 15 percent of the ongoing general fund budget excluding funding for state school aid.

GENERAL FUND REVENUES FROM THE 2019-21 BIENNIUM TO THE 2025-27 BIENNIUM

General Fund Revenue Source	Actual		Estimated ¹		2025-27 Biennium Increase (Decrease) Compared to the 2023-25 Biennium	
	2019-21 Biennium	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium	Amount	Percentage
Tax and fee revenues						
Sales and use tax	\$1,823,991,775	\$2,130,643,947	\$2,378,669,105	\$2,477,699,938	\$99,030,833	4.2%
Motor vehicle excise tax	259,690,121	308,681,830	172,188,071	173,630,202	1,442,131	0.8%
Individual income tax	817,553,868	938,772,561	760,077,626 ²	879,227,161	119,149,535	15.7%
Corporate income tax	238,409,986	521,695,566	529,028,676	506,714,127	(22,314,549)	(4.2%)
Oil and gas taxes	400,000,000	400,000,000	460,000,000 ³	600,000,000 ³	140,000,000	30.4%
Coal conversion tax	42,665,908	0	0	0	0	N/A
Cigarette and tobacco tax	49,907,878	45,100,319	40,563,979	42,190,043	1,626,064	4.0%
Wholesale liquor tax	18,727,698	20,342,214	21,548,141	21,659,830	111,689	0.5%
Gaming tax	30,860,614	36,019,390	45,094,225	45,600,000	505,775	1.1%
Insurance premium tax	102,357,095	132,862,128	125,804,596	113,500,000	(12,304,596)	(9.8%)
Departmental collections	89,199,565	79,090,950	82,956,660	70,659,448	(12,297,212)	(14.8%)
Interest income	16,595,489	22,715,104	134,931,420	62,000,000	(72,931,420)	(54.1%)
Mineral leasing fees	41,163,048	87,773,041	82,144,768	80,000,000	(2,144,768)	(2.6%)
Total tax and fee revenues	\$3,931,123,045	\$4,723,697,050	\$4,833,007,267	\$5,072,880,749	\$239,873,482	5.0%
Transfers and other sources						
Transfer - Bank of North Dakota profits	\$140,000,000 ⁴	\$140,000,000 ⁴	\$140,000,000 ⁴	\$0 ⁴	(\$140,000,000)	(100.0%)
Transfer - Mill and Elevator Association profits	11,817,493 ⁵	15,160,126 ⁵	18,377,705 ⁵	0 ⁵	(18,377,705)	(100.0%)
Transfer - Lottery	10,400,000	13,000,000	13,959,572	14,039,806	80,234	0.6%
Transfer - Gas tax administration	1,991,418	1,873,744	1,844,424	1,761,168	(83,256)	(4.5%)
Transfer - Budget stabilization fund (Interest)	5,944,245	0	103,143,877	69,834,800	(33,309,077)	(32.3%)
Transfer - Legacy earnings fund	0 ⁶	0 ⁶	254,474,088 ⁶	311,699,104 ⁶	57,225,016	22.5%
Transfer - Legacy fund	871,687,384 ⁶	0 ⁶	0 ⁶	0 ⁶	0	N/A
Transfer - Strategic investment and improvements fund	764,400,000	410,000,000	50,000,000	0	(50,000,000)	(100.0%)
Transfer - Tax relief fund	8,600,000	0	0	0	0	N/A
Transfer - Budget stabilization fund	0	0	201,999,531 ⁷	0	(201,999,531)	(100.0%)
Transfer - Research North Dakota fund	422,544	0	0	0	0	N/A
Transfer - Other	5,518,193	16,111,016	6,509,426	0	(6,509,426)	(100.0%)
Total transfers and other sources	\$1,820,781,277	\$596,144,886	\$790,308,623	\$397,334,878	(\$392,973,745)	(49.7%)
Total general fund revenues	\$5,751,904,322	\$5,319,841,936	\$5,623,315,890	\$5,470,215,627	(\$153,100,263)	(2.7%)

¹ These amounts reflect the December 2024 executive budget revenue forecast.

² The 2023-25 biennium includes estimated income tax relief of \$358 million related to individual income tax changes in House Bill No. 1158 (2023).

³ In House Bill No. 1451 (2011), the Legislative Assembly created a new section to Chapter 57-51.1 to allocate the state's share of oil and gas tax revenues to various state funds. In House Bill No. 1040 (2023) and Senate Bill No. 2367 (2023), the Legislative Assembly amended the section to change the allocations. Based on the changes approved by the 2023 Legislative Assembly, the section provides for the state's share to be allocated as follows in the 2025-27 biennium:

The first \$230 million to the general fund;

The next \$250 million to the social services fund;

The next \$75 million to the budget stabilization fund, but not in an amount that would cause the balance of the fund to exceed its statutory limit;

The next \$230 million to the general fund;

The next \$10 million to the lignite research fund;

The next \$20 million to the state disaster relief fund, but not in an amount that would cause the unobligated balance of the fund to exceed \$20 million;

The next \$400 million to the strategic investment and improvements fund;

The next \$65 million to the Public Employees Retirement System fund;

The next \$230 million to the municipal infrastructure fund and the county and township infrastructure fund with 50 percent deposited in each fund;

The next \$20 million to the airport infrastructure fund; and

Any additional revenues to the strategic investment and improvements fund.

Based on the December 2024 executive budget, the state's share of oil and gas tax collections are estimated to be \$1,764 million for the 2023-25 biennium, including allocations of \$460 million to the general fund, \$250 million to the social services fund, \$0 to the budget stabilization fund, \$10 million to the lignite research fund, \$8.5 million to the state disaster relief fund, \$65 million to the Public Employees Retirement System fund, \$115 million to the municipal infrastructure revolving loan fund, \$115 million to the county and township infrastructure fund, \$20 million to the airport infrastructure fund, and \$720.5 million to the strategic investment and improvements fund.

The December 2024 executive recommendation changes the allocation of the state's share of oil and gas tax revenues to increase the general fund allocation to \$600 million. Based on the executive budget, the state's share of oil and gas tax collections are estimated to be \$1,489 million for the 2025-27 biennium, including allocations of \$600 million to the general fund, \$250 million to the social services fund, \$0 to the budget stabilization fund, \$10 million to the lignite research fund, \$9 million to the state disaster relief fund, \$65 million to the Public Employees Retirement System fund, \$77.5 million to the municipal infrastructure fund, \$77.5 million to the county and township infrastructure fund, and \$400 million to the strategic investment and improvements fund.

⁴ House Bill No. 1014 (2019), Senate Bill No. 2014 (2021), and House Bill No. 1014 (2023) provided for a transfer of \$140 million from Bank of North Dakota profits to the general fund for the 2019-21, 2021-23, and 2023-25 bienniums. The December 2024 executive budget recommends suspending the transfer of Bank of North Dakota profits to the general fund for the 2025-27 biennium.

⁵ 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 amounts shown for the 2019-21, 2021-23, and 2023-25 bienniums reflect a transfer of 50 percent of the Mill and Elevator profits. The December 2024 executive budget recommends suspending the transfer of Mill and Elevator profits to the general fund for the 2025-27 biennium.

⁶ Legacy fund investment earnings accruing after June 30, 2017, were transferred to the general fund at the end of each biennium through the 2021-23 biennium based on the provisions of Section 26 of Article X of the Constitution of North Dakota. In House Bill No. 1380 (2021), the Legislative Assembly created a process to immediately transfer the legacy fund earnings to a legacy earnings fund for allocations to other state funds. House Concurrent Resolution No. 3033 (2023), which was approved by the voters in November 2024, provided a constitutional amendment to provide a distribution from the legacy fund to a legacy earnings fund at the beginning of each biennium rather than a transfer of earnings to the general fund. Pursuant to Section 21-10-13, allocations from the legacy earnings fund are as follows:

The first \$102.6 million to the legacy sinking and interest fund for debt service payments;

The next \$225 million to the general fund for tax relief;

The next \$100 million to the legacy highway distribution fund for allocations to support road and bridge projects; and

Any remaining amounts to the general fund and the strategic investment and improvements fund with 50 percent allocated to each fund.

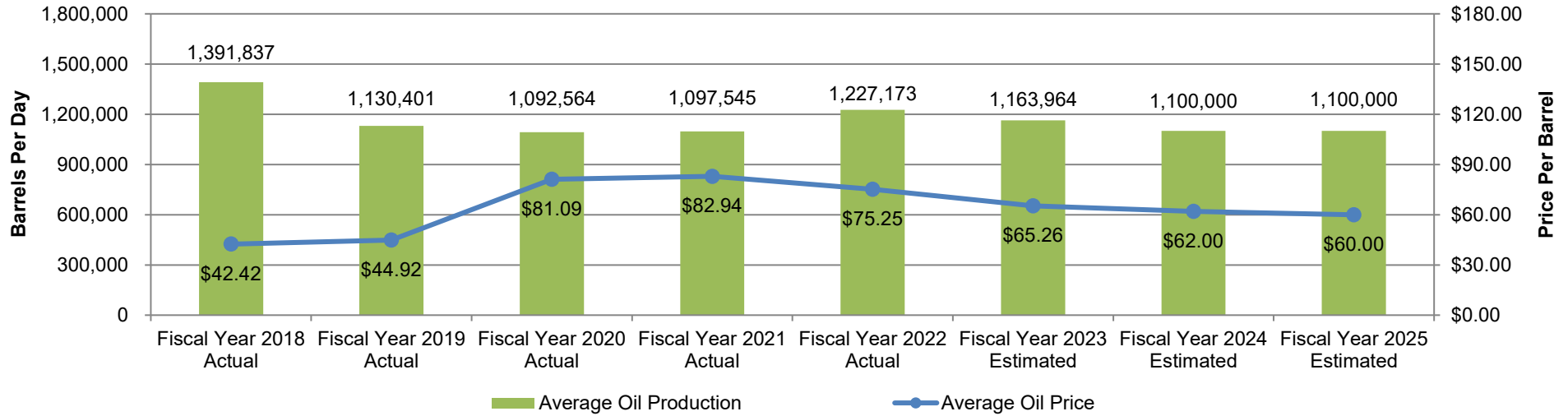
⁷ The December 2024 executive budget includes a transfer of \$202.0 million from the budget stabilization fund to the general fund based on a recommendation to decrease the budget stabilization fund balance statutory limit from 15 percent of the general fund budget to 15 percent of the ongoing general fund budget excluding funding for state school aid.

**DEFICIENCY APPROPRIATIONS FOR THE 2023-25 BIENNIUM
INCLUDED IN THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION**

Description	General Fund
Attorney General - Estimated costs for litigation expenses	\$3,000,000
Department of Veterans' Affairs - Additional salary expenses	20,000
Department of Mineral Resources - Additional salary expenses	30,000
Department of Corrections and Rehabilitation - Payments to county jails for housing inmates	5,000,000
Adjutant General - Repayment of Bank of North Dakota loans related to the state's share of disaster expenses and costs associated with the Dakota Access Pipeline protest	18,474,990
Total deficiency appropriations	\$26,524,990

OIL PRODUCTION AND OIL PRICES

OIL PRODUCTION AND OIL PRICE TRENDS



	2019-21 Biennium		2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated
Average daily oil production (barrels per day)	1,391,837	1,130,401	1,092,564	1,097,545	1,227,173	1,163,964	1,100,000	1,100,000
Average daily oil price (per barrel)	\$42.42 ¹	\$44.92 ¹	\$81.09 ¹	\$82.94 ¹	\$75.25 ¹	\$65.26	\$62.00	\$60.00

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 2025 oil prices and oil production relate to August 2025 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.

2025-27 BIENNIUM OIL PRODUCTION AND OIL PRICE CHANGES

Based on the executive budget revenue forecast's oil prices averaging \$62 per barrel in the 1st year and \$60 per barrel in the 2nd year of the 2025-27 biennium:

- For every 100,000 barrels of variance from the forecast, the total 2025-27 biennium oil and gas tax revenue collections would change by \$432 million.
- For example, if oil production remained at 1.2 million barrels per day for the entire 2025-27 biennium, rather than remaining at 1.1 million as forecasted, the total 2025-27 biennium oil and gas tax revenue collections would increase by \$432 million, from \$4,751 million to \$5,183 million.

Based on the executive budget revenue forecast's oil production remaining at 1.1 million barrels per day for the 2025-27 biennium:

- For every \$1 of variance from the forecast, the total 2025-27 biennium oil and gas tax revenue collections would change by \$78 million.
- For example, if oil prices averaged \$63 per barrel in the 1st year and \$61 per barrel in the 2nd year of the 2025-27 biennium, rather than \$62 per barrel in the 1st year and \$60 per barrel in the 2nd year as forecasted, the total 2025-27 biennium oil and gas tax revenue collections would increase by \$78 million, from \$4,751 million to \$4,829 million.

ALLOCATION OF ESTIMATED OIL AND GAS GROSS PRODUCTION AND OIL EXTRACTION TAXES FOR THE 2025-27 BIENNIUM (AMOUNTS SHOWN IN MILLIONS)

2025-27 Biennium Estimated Allocations Based on the December 2024 Executive Budget Revenue Forecast												
Tax	Tribal Share ³	Legacy Fund ⁴	North Dakota Outdoor Heritage Fund ⁵	Abandoned Well Reclamation Fund ⁶	Political Subdivisions ⁷	Common Schools Trust Fund ⁸	Foundation Aid Stabilization Fund ⁸	Resources Trust Fund ⁹	Oil and Gas Research Fund ¹⁰	State Energy Research Center Fund ¹¹	State Share "Buckets" ¹²	Total
Gross production tax ¹	\$208.00	\$658.73	\$15.00	\$15.00	\$624.50				\$10.16	\$4.35	\$864.43	\$2,400.17
Oil extraction tax ²	203.76	645.29				\$214.10	\$214.10	\$438.90	7.34	3.15	624.54	2,351.18
Total	\$411.76	\$1,304.02	\$15.00	\$15.00	\$624.50	\$214.10	\$214.10	\$438.90	\$17.50	\$7.50	\$1,488.97	\$4,751.35

¹The gross production tax on oil is 5 percent of the gross value at the well on oil produced. The gross production tax on gas is four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.

The oil and gas gross production tax is distributed by formula to political subdivisions and certain state funds, including the oil and gas impact grant fund, the North Dakota outdoor heritage fund, and the abandoned oil and gas well plugging and site reclamation fund.

²The oil extraction tax rate is 5 percent of the gross value at the well for oil production after December 31, 2015 (House Bill No. 1476 (2015)). Certain tax exemptions are available, including stripper wells, incremental oil production, and wells outside the Bakken and Three Forks Formations. House Bill No. 1286 (2023) removed the oil extraction tax rate increase that would become effective if the average West Texas Intermediate price of oil exceeded the "trigger" price for 3 consecutive months.

Beginning July 1, 2011, the oil extraction tax is allocated 30 percent to the legacy fund, 20 percent to the resources trust fund for water development projects, 10 percent to the common schools trust fund, 10 percent to the foundation aid stabilization fund, and the remaining 30 percent is available for the state share. Senate Bill No. 2362 (2019) 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 allocations to the common schools trust fund, foundation aid stabilization fund, and resources trust fund and decreasing the allocations to the state share ("buckets").

³Senate Bill No. 2312 (2019) changed 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. 2319 (2021) provided an allocation to the Three Affiliated Tribes from wells that cross into a reservation.

⁴Passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. The legacy fund receives 30 percent of the oil and gas gross production and oil extraction taxes beginning July 1, 2011.

⁵The Legislative Assembly in House Bill No. 1278 (2013) amended North Dakota Century Code Section 57-51-15 to allocate 4 percent of the first 1 percent of the oil and gas gross production tax revenue to a newly created North Dakota outdoor heritage fund. The Legislative Assembly in House Bill No. 1176 (2015) increased the allocation to 8 percent with an annual limit of \$20 million. The allocations were limited to \$7.5 million per fiscal year for the 2019-21, 2021-23, and 2023-25 bienniums. **The executive budget recommends limiting allocations to the outdoor heritage fund to \$7.5 million per year during the 2025-27 biennium, the same as the 2023-25 biennium.**

⁶The Legislative Assembly in 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 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. House Bill No. 1014 (2019) decreased the fund balance limit from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increased the fund balance limit to \$100 million through June 30, 2027.

⁷Section 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 the county with 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million. In House Bill No. 1176, the 2015 Legislative Assembly increased the county allocation of revenue related to the allocations over \$5 million, increasing the allocation by 5 percent, from 25 to 30 percent.

House Bill No. 1066 (2019) adjusted the allocations within the county. For a county that receives less than \$5 million annually of oil tax allocations, the revenue is distributed 45 percent to the county general fund, 35 percent to school districts within the county based on average daily attendance, and 20 percent to incorporated cities in the county based on population. For a county that receives \$5 million or more, the revenue is distributed 60 percent to the county general fund, 5 percent to school districts within the county based on average daily attendance, 4 percent to townships in the county based on the proportion of township road miles, 9 percent to hub cities based on specified percentages, and 2 percent to hub city school districts based on specific percentages.

⁸The Legislative Assembly passed Senate Concurrent Resolution No. 4011 (1993), which contained a constitutional amendment relating to the allocation of oil extraction tax revenues. The constitutional amendment was approved by the voters in the November 1994 general election to allocate 20 percent of the oil extraction tax revenues equally between the common schools trust fund and the foundation aid stabilization fund.

⁹The amount shown for the resources trust fund reflects the estimated allocation of 20 percent of oil extraction taxes and an additional .5 percent allocation of oil extraction taxes pursuant to changes approved in Senate Bill No. 2362 (2019) as a correction for a shortfall of oil extraction tax allocations in prior bienniums. Senate Bill No. 2020 (2023) provides for the Office of Management and Budget to transfer excess oil extraction tax revenue allocations from the resources trust fund to the water project stabilization fund for the 2023-25 biennium, if the actual allocations exceed the legislative forecast.

In House Bill No. 1020 (2017), the Legislative Assembly amended Section 57-51.1-07 to provide for the following:

- An allocation of 3 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund, which may be spent pursuant to a continuing appropriation.
- An allocation of .5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to the energy conservation fund.

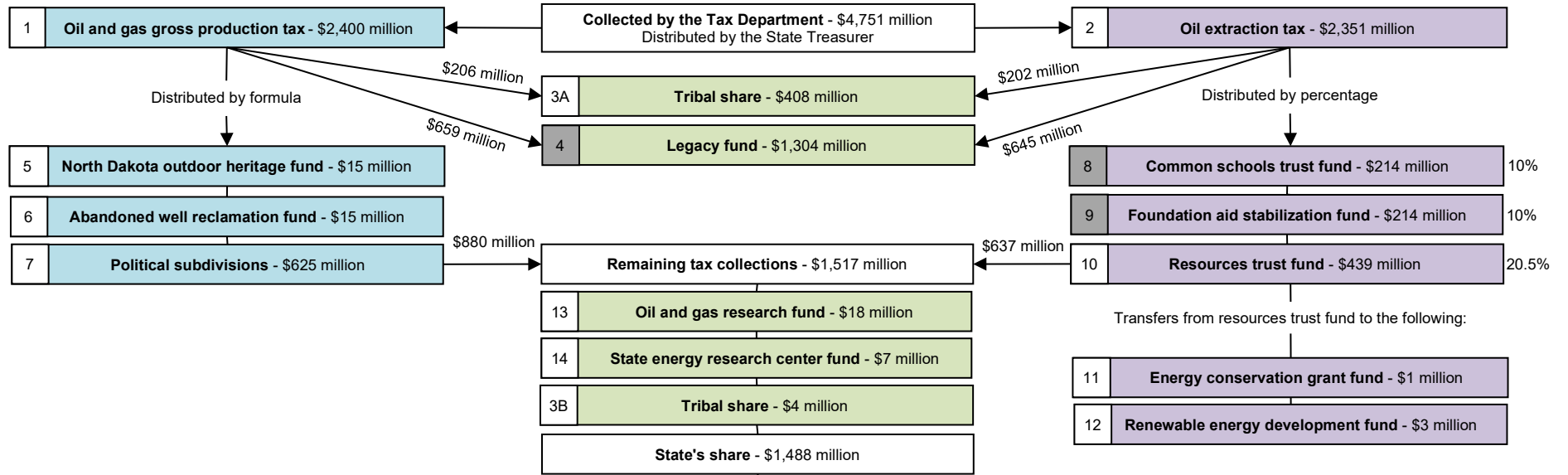
¹⁰Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes an oil and gas research fund and provides 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$4 million per biennium, are to be deposited in the oil and gas research fund. All money deposited in the oil and gas research fund is appropriated as a continuing appropriation to the Oil and Gas Research Council. In Senate Bill No. 2014 (2013), the Legislative Assembly increased the allocation to \$10 million per biennium. Senate Bill No. 2014 (2021) increased the allocations by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium. House Bill No. 1014 (2023) increased the allocations by \$7.5 million, from \$10 million to \$17.5 million, for the 2023-25 biennium. **The executive budget recommends increasing the allocation to the oil and gas research fund to \$17.5 million for the 2025-27 biennium, the same as the 2023-25 biennium.**

¹¹Senate Bill No. 2249 (2019) created 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. Senate Bill No. 2161 (2023) increased the allocation to provide up to \$7.5 million per biennium the 2027-29 biennium.

¹²The 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. **The executive budget includes a recommendation to increase the allocations to the general fund by \$140 million, from \$460 million to \$600 million, by changing the state's share "buckets" allocations as follows for the 2025-27 biennium:**

- The first \$300 million is deposited in the general fund (\$300 million);
- The next \$250 million is deposited in social services fund (\$250 million);
- The next \$75 million is deposited in the budget stabilization fund, but not in an amount that would bring the balance of the fund to more than the statutory limit (\$0);
- The next \$300 million is deposited in the general fund (\$300 million);
- The next \$10 million is deposited in the lignite research fund (\$10 million);
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would cause the unobligated balance to exceed \$20 million (\$9.1 million);
- The next \$400 million is deposited in the strategic investment and improvements fund (\$400 million);
- The next \$65 million is deposited in the Public Employees Retirement System fund (\$65 million);
- The next \$230 million is deposited in the municipal infrastructure fund and the county and township infrastructure fund with 50 percent deposited in each fund (\$154.8 million);
- The next \$20 million is deposited in the airport infrastructure fund (\$0); and
- Any additional revenues are deposited in the strategic investment and improvements fund (\$0).

2025-27 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON THE DECEMBER 2024 EXECUTIVE BUDGET



Summary of Estimated 2025-27 Biennium Allocations	
	Total
3 Tribal share	\$411,760,000
4 Legacy fund	1,304,020,000
5 North Dakota outdoor heritage fund	15,000,000
6 Abandoned well reclamation fund	15,000,000
7 Political subdivisions	624,500,000
8 Common schools trust fund	214,100,000
9 Foundation aid stabilization fund	214,100,000
10 Resources trust fund (net deposits)	434,700,000
11 Energy conservation grant fund	1,200,000
12 Renewable energy development fund	3,000,000
13 Oil and gas research fund	17,500,000
14 State energy research center	7,500,000
15 General fund	600,000,000
16 Social services fund	250,000,000
17 Budget stabilization fund	0
18 Lignite research fund	10,000,000
19 State disaster relief fund	9,120,000
20 Strategic investment and improvements fund	400,000,000
21 Public Employees Retirement System fund	65,000,000
22 Municipal infrastructure fund	77,425,000
23 County and township infrastructure fund	77,425,000
24 Airport infrastructure fund	0
Total	\$4,751,350,000

15A	General fund - First \$300 million - \$300 million
16	Social Services fund - Next \$200 million - \$200 million
17	Budget stabilization fund - Next \$75 million - \$0
15B	General fund - Next \$300 million - \$300 million
18	Lignite research fund - Next \$10 million - \$10 million
19	State disaster relief fund - Next \$20 million if fund balance does not exceed \$20 million - \$9 million
20A	Strategic investment and improvements fund - Next \$400 million - \$400 million
21	Public Employees Retirement System fund - Next \$65 million - \$65 million
22	Non-oil-producing political subdivision infrastructure funds Next \$230 million - \$154 million
23	50 percent - Municipal infrastructure fund - \$77 million 50 percent - County and township infrastructure fund - \$77 million
24	Airport infrastructure fund - Next \$20 million - \$0
20B	Strategic investment and improvements fund - Any remaining revenues - \$0

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 2025-27 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 a 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. Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flare mitigation system. House Bill No. 1286 (2023) removed the oil extraction tax rate increase that would become effective if the average West Texas Intermediate price of oil exceeded the "trigger" price for 3 consecutive months.
3A, 3B	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. 2319 (2021) provided an allocation to the Three Affiliated Tribes from wells that cross into a reservation.
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. The executive budget recommends limiting the allocations to \$7.5 million per fiscal year for the 2025-27 biennium, the same as the 2023-25 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. House Bill No. 1014 (2019) decreased the maximum fund balance by \$50 million, from \$100 million to \$50 million. Senate Bill No. 2059 (2023) increases the fund balance limit from \$50 million to \$100 million through June 30, 2027.
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) changed the funding source for the allocations to hub cities, hub city school districts, and school districts for supplemental payments, and the bill also adjusted 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 state school aid payments. Senate Bill No. 2362 (2019) 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.
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) 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.
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 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) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provided 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.
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) decreased the percentage transferred from 5 to 3 percent.
13	Oil and gas research fund	Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) established 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 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. Senate Bill No. 2014 (2021) increased the allocations by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium. The executive budget recommends increasing the allocations by \$7.5 million, from \$10 million to \$17.5 million, the same as the 2023-25 biennium.

Box	Tax/Fund	Description
14	State energy research center fund	Senate Bill No. 2249 (2019) created a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenues, 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. Senate Bill No. 2161 (2023) increases the allocation to provide up to \$7.5 million per biennium through the 2027-29 biennium.
15A, 15B	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), provided 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) increased the allocation to \$400 million. Senate Bill No. 2367 (2023) increased the allocation from \$400 million to \$460 million. The executive budget recommends increasing the allocation from \$460 million to \$600 million.
16	Social services fund	House Bill No. 1152 (2017) amended 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. Senate Bill No. 2367 (2023) renamed the tax relief fund the social services fund and increased the allocation from \$200 million to \$250 million.
17	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) amended 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.
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) amended 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) increased the allocation to \$10 million.
19	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), provided 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) decreased the allocation to provide up to \$15 million of allocations, but not in an amount that would bring the balance of the fund to more than \$15 million. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) increased the allocation limit by \$5 million, from \$15 million to \$20 million.
20A, 20B	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.
21	Public Employees Retirement System fund	House Bill No. 1040 (2023) added an allocation of \$65 million per biennium to the Public Employees Retirement System fund for the main retirement plan.
22	Municipal infrastructure fund	House Bill No. 1066 (2019) created a municipal infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing cities for essential infrastructure projects. House Bill No. 1015 (2021) aligned the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.
23	County and township infrastructure fund	House Bill No. 1066 (2019) created 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. House Bill No. 1015 (2021) aligned the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.
24	Airport infrastructure fund	House Bill No. 1066 (2019) created 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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GENERAL FUND APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares general fund appropriations recommended in the 2025-27 executive budget to the 2023-25 appropriations approved by the 2023 Legislative Assembly and lists major changes:

	2023-25 Legislative Appropriations	Executive Budget Ongoing Increase (Decrease) From 2023-25	Executive Budget One-Time Increase (Decrease) From 2023-25	2025-27 Executive Budget Recommendation
Ongoing general fund appropriations	\$5,842,626,810	\$447,199,543		\$6,289,826,353
One-time general fund appropriations	254,702,727		(\$24,655,694)	230,047,033
Total	\$6,097,329,537	\$447,199,543	(\$24,655,694)	\$6,519,873,386
Major changes include:				
Recommended salary and fringe benefits increase (excluding higher education institutions)		\$87,653,379		
Office of Management and Budget		(34,682,733)	\$13,042,534	
Information Technology Department		34,471,986	40,081,089	
Attorney General		11,292,095	(3,718,346)	
Judicial branch		20,187,927	8,007,896	
Department of Public Instruction		(75,134,446)	1,180,000	
Higher education		37,553,362	(42,322,460)	
Department of Health and Human Services		290,811,270	(10,192,401)	
Housing Finance Agency		(2,500,000)	(13,750,000)	
Department of Corrections and Rehabilitation		57,327,143	13,190,228	
Agriculture Commissioner		1,079,832	(27,500,000)	
Department of Transportation			(10,375,000)	
Other net changes		19,139,728	7,700,766	
Total		\$447,199,543	(\$24,655,694)	

Major changes and key recommendations affecting 2025-27 general fund appropriations include:

- **Recommended salary and fringe benefits increase, excluding higher education institutions - \$87.7 million.** The executive budget includes funding for state employee salary increases of 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026. Funding is also provided for employee health insurance premium increases of \$214 per month, from \$1,643 to \$1,893 per month. See the **STATE EMPLOYEES** section for additional information on state employee salary increases.
- **Office of Management and Budget - (\$21.6 million).** The executive budget adjusts funding from the general fund as follows:
 - \$40.1 million decrease to remove the new and vacant FTE funding pool.
 - \$2 million increase in funding for operating costs.
 - \$4 million increase in one-time funding for enterprise resource planning cloud readiness assessment.
 - \$15 million of one-time funding for an incentive pool for state employees who switch from the defined benefit retirement plan to the defined contribution plan.
- **Information Technology Department (ITD) - \$74.6 million.** The executive budget adjusts funding from the general fund as follows:
 - \$20.25 million funding source change from the ITD operating fund to the general fund for ITD administrative costs.
 - \$5.1 million increase for cybersecurity contractual services.
 - \$12.9 million increase for a statewide data strategy initiative, including \$9.3 million of one-time funding.
 - \$10.8 million increase in one-time funding for a modernization and innovation fund to provide funding for information technology projects.
 - \$8 million increase in one-time funding for the digital experience business gateway portal project.
 - \$15 million increase in one-time funding for an artificial intelligence strategy pilot program.
 - \$1.8 million increase in one-time funding for a North Dakota Health Information Network health data utility project.
- **Attorney General - \$7.6 million.** The executive budget adjusts funding from the general fund as follows:

\$2.7 million funding source change from the Attorney General refund fund to the general fund for prior biennium Bureau of Criminal Investigation and attorney salary equity increases and other operating expenses.

\$1.5 million increase in one-time funding to replace the statewide automated victim identification notification system.

\$1 million increase in one-time funding for the statewide litigation funding pool.

\$721,000 increase in one-time funding for State Crime Laboratory equipment and supplies.

\$660,000 increase in one-time funding for Bureau of Criminal Investigation undercover vehicles.

\$650,000 increase in one-time funding for the replacement of the Criminal Justice Information System jail management system.

- **Judicial branch - \$28.2 million.** The executive budget provides for the judicial branch budget as submitted by the judicial branch. The budget adjusts funding from the general fund as follows:

\$2.1 million increase for salary increases of 11.1 percent for supreme court justices, 12.1 percent for the supreme court chief justice, and 7.7 percent for district court judges and referees on July 1, 2025.

\$2.0 million increase for a 3 percent pay plan adjustment.

\$5.3 million increase for 22 new FTE positions, including 4.5 new juvenile court positions and 5 new guardianship and conservatorship positions.

\$2.0 million increase for information technology system maintenance and enhancements.

\$4.7 million one-time funding increase for new and enhanced information technology systems.

- **Department of Public Instruction - (\$74.0 million).** The executive budget recommendation provides integrated formula payments totaling \$2.36 billion, an increase of \$60 million from the integrated formula payments provided during the 2023-25 biennium. The increase of \$60 million includes an increase in funding of \$84.8 million from the state tuition fund and an increase in funding of \$68 million from the foundation aid stabilization fund, offset by decreases in funding from the strategic investment and improvements fund of \$14 million and from the general fund of \$78.8 million. See the **ELEMENTARY EDUCATION** section for additional information.
- **Higher education - (\$4.8 million).** The executive budget adjusts funding from the general fund as follows:

\$9.5 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2021-23 actual completed student credit-hour levels.

\$45.4 million increase relating to a 10 percent inflationary adjustment to provide funding for salary and health insurance increases, to continue targeted market equity and employer retirement contribution funding appropriated for the 2023-25 biennium, and other adjustments.

\$4.0 million increase for high-performance computing costs at the University of North Dakota and North Dakota State University.

\$20 million decrease to provide funding from the strategic investment and improvements fund rather than the general fund for the challenge grant program.

See the **HIGHER EDUCATION** section for additional information.

- **Department of Health and Human Services - \$280.6 million.** The executive budget changes funding from the general fund as follows:

\$176.2 million increase for cost to continue, and anticipated cost, caseload, and utilization changes in the department's budget.

\$29.3 million increase for an inflationary increase of 2 percent in the 1st year of the biennium and 2 percent in the 2nd year of the biennium for human service providers.

\$10.3 million increase for 45 new FTE for certified community behavioral health clinics.

\$18.2 million for behavioral health investments, including free through recovery, community connect youth crisis and intervention funding, and substance use voucher expansion.

\$35.8 million increase for developmental disabilities.

\$14.6 million decrease in Medicaid Expansion.

\$2 million one-time funding increase for development of partial hospitalization/intensive day treatment.

\$7.9 million one-time funding increase for family paid caregiver services.

\$19.3 million one-time increase in child care investments.

See the **HEALTH AND HUMAN SERVICES** section for additional information.

- **Housing Finance Agency - (\$16.3 million).** The executive budget provides funding from the strategic investment and improvements fund for the homeless grant program and the housing incentive fund, rather than from the general fund.

- **Department of Corrections and Rehabilitation - \$70.5 million.** The executive budget adjusts funding from the general fund as follows:
 - \$17.5 million increase to provide payments to regional and county jails for overflow housing.
 - \$4.5 million increase for transitional facility costs.
 - \$6.5 million increase for market salary equity.
 - \$7.0 million increase to replace federal funds for victims of crime grants.
 - \$2.8 million increase for information technology data processing maintenance and operating costs.
 - \$1.5 million increase to eliminate supervision fees and replace revenue generated from the fees.
 - \$1.6 million increase to contract for a 25-bed re-entry center in northwest North Dakota.
 - \$4.0 million increase for increased medication and medical services costs.
 - \$1.9 million increase for costs associated with the new Heart River Correctional Center facility, including 26 new FTE positions.
- **Agriculture Commissioner - (\$26.4 million).** The executive budget adjusts funding from the general fund, including decreases in one-time funding for the agriculture infrastructure grant program (\$25 million), the bioscience innovation grant program (\$1 million), and the food distribution grant program (\$1 million).
- **Department of Transportation - (\$10.4 million).** The executive budget does not continue funding from the general fund appropriated for the 2023-25 biennium for a roadway information management system, door security project, automated vehicle location system, or rural transit program grants.

SPECIAL FUNDS APPROPRIATIONS - MAJOR CHANGES AND KEY RECOMMENDATIONS

The following schedule compares all funds and special funds appropriations included in the 2025-27 executive budget to the 2023-25 appropriations approved by the Legislative Assembly:

	2023-25 Legislative Appropriations	Increase (Decrease) From 2023-25	2025-27 Executive Budget
All funds appropriations	\$19,619,237,647	(\$21,343,553)	\$19,597,894,094
Less general fund appropriations	6,097,329,537	422,543,849	6,519,873,386
Total other funds appropriations	\$13,521,908,110	(\$443,887,402)	\$13,078,020,708
Major special funds sources and changes include:			
Higher Education	\$2,447,773,507	(\$251,863,205)	\$2,195,910,302
Department of Public Instruction	708,663,186	183,633,506	892,296,692
Department of Corrections and Rehabilitation	169,848,720	65,350,758	235,199,478
Department of Water Resources	805,316,883	(117,270,415)	688,046,468
Information Technology Department	280,097,253	(132,004,023)	148,093,230
Industrial Commission	123,887,676	(3,084,297)	120,803,379
Office of Management and Budget	146,004,024	(82,299,961)	63,704,063
Department of Transportation	1,076,519,393	187,964,260	1,264,483,653
Parks and Recreation Department	115,808,114	(50,409,735)	65,398,379
Department of Career and Technical Education	95,443,702	(95,288,728)	154,974
Department of Commerce	77,507,303	57,842,425	135,349,728
Mill and Elevator Association	97,242,033	8,241,378	105,483,411
Game and Fish Department	60,028,591	(1,290,756)	58,737,835
Workforce Safety and Insurance	72,023,722	10,250,100	82,273,822
Main Research Center	150,458,021	(92,988,439)	57,469,582
Attorney General	31,379,258	783,933	32,163,191
State Historical Society	23,768,756	95,073,427	118,842,183
Aeronautics Commission	34,229,667	120,036,001	154,265,668
Department of Health and Human Services	454,404,397	6,572,022	460,976,419
Bank of North Dakota	77,077,067	9,741,857	86,818,924
All other agencies and institutions	267,752,675	43,696,672	311,449,347
Subtotal - special funds	\$7,315,233,948	(\$37,313,220)	\$7,277,920,728
Federal funds ¹	6,206,674,162	(406,574,182)	5,800,099,980
Total other funds appropriations	\$13,521,908,110	(\$443,887,402)	\$13,078,020,708

¹Federal funds appropriated for the 2023-25 biennium reflect data provided by state agencies in August 2024 and reported to the Budget Section in September 2024. Please refer to the federal funds comparison schedule under the **APPROPRIATIONS** section for additional information regarding federal funds.

**FEDERAL FUNDS COMPARISON OF 2023-25 APPROPRIATIONS
AND 2025-27 EXECUTIVE BUDGET RECOMMENDATION**

Agency	2023-25 Appropriation¹	2023-25 Current Estimate¹	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) Compared to 2023-25 Appropriation	Percentage Increase (Decrease)
Information Technology Department	\$232,840,126	\$219,261,464	\$0	(\$232,840,126)	(100.0%)
Department of Commerce	184,050,129	166,550,935	44,470,498	(139,579,631)	(75.8%)
Department of Transportation	1,219,200,000	1,219,200,000	1,338,004,712	118,804,712	9.7%
Adjutant General	321,814,040	183,648,545	249,645,130	(72,168,910)	(22.4%)
Job Service North Dakota	112,982,592	116,388,902	70,739,028	(42,243,564)	(37.4%)
Department of Public Instruction	418,756,310	419,144,978	448,106,154	29,349,844	7.0%
Department of Water Resources	89,040,384	87,487,150	62,918,578	(26,121,806)	(29.3%)
Game and Fish Department	74,732,875	49,251,828	55,219,844	(19,513,031)	(26.1%)
Department of Health and Human Services	3,250,207,656	3,080,695,726	3,232,957,459	(17,250,197)	(0.5%)
Secretary of State	11,183,559	12,962,340	4,300,258	(6,883,301)	(61.5%)
Department of Corrections and Rehabilitation	20,468,404	18,337,947	15,360,203	(5,108,201)	(25.0%)
Industrial Commission	7,499,037	7,499,037	11,885,295	4,386,258	58.5%
Department of Environmental Quality	79,102,859	52,677,079	82,443,677	3,340,818	4.2%
Department of Agriculture	14,725,087	19,970,336	17,994,832	3,269,745	22.2%
State Board for Career and Technical Education	15,301,146	13,684,033	17,280,119	1,978,973	12.9%
Highway Patrol	8,660,335	8,660,335	10,126,739	1,466,404	16.9%
NDSU Extension Service	8,824,965	8,824,965	10,137,967	1,313,002	14.9%
Attorney General	16,216,849	12,954,534	15,253,968	(962,881)	(5.9%)
Housing Finance Agency	47,989,535	49,233,455	47,350,888	(638,647)	(1.3%)
Public Service Commission	11,512,639	5,715,168	11,955,869	443,230	3.8%
All other agencies and institutions	61,565,635	57,108,064	53,948,763	(7,616,872)	(12.4%)
Total	\$6,206,674,162	\$5,809,256,821	\$5,800,099,981	(\$406,574,181)	(6.6%)

¹ The 2023-25 appropriation and 2023-25 current estimate amounts were reported by state agencies and institutions in response to a Legislative Council survey completed in September 2024 for the Budget Section.

LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2025-27 BIENNIUM

The executive budget includes recommendations that the Legislative Assembly appropriate \$161.1 million, including \$88.4 million from the general fund and \$72.7 million from other funds, to the following agencies for major information technology (IT) projects during the 2025-27 biennium:

Agency or Institution	Project	General Fund	Other Funds	Total
108 - Secretary of State	Central indexing system upgrade	\$2,010,000	\$0	\$2,010,000
110 - Office of Management and Budget	Procurement automation	1,130,056	0	1,130,056
112 - Information Technology Department	Modernization and innovation fund	10,800,000	42,243	10,842,243
	Statewide data strategy	12,930,640	645,739	13,576,379
	Digital experience	8,000,000	0	8,000,000
	Vulnerability remediation	0	3,042,960	3,042,960
	Health information technology data lake	1,793,609	6,389,359	8,182,968
	Data center infrastructure upgrade	0	1,719,061	1,719,061
	North Dakota artificial intelligence strategy	15,000,000	0	15,000,000
125 - Attorney General	Statewide automated victim information and notification replacement	1,500,000	0	1,500,000
127 - Tax Commissioner	Comprehensive tax information portal	262,753	5,000,000	5,262,753
180 - Judicial branch	Court records system research and secure access	960,000	0	960,000
	Clerk filing artificial intelligence software	1,250,000	0	1,250,000
	Problem solving court case management system	780,000	0	780,000
	Digital evidence management system	980,000	0	980,000
215 - North Dakota University System	Financial aid enhancement	900,000	0	900,000
250 - State Library	Interlibrary loan bridge	450,000	0	450,000
303 - Department of Environmental Quality	Petroleum tank release compensation fund IT database	0	960,000	960,000
325 - Department of Health and Human Services	Existing IT system upgrades	26,784,879	19,792,181	46,577,060
	New IT projects	0	8,985,000	8,985,000
485 - Workforce Safety and Insurance	Claims and policy system replacement	0	5,208,325	5,208,325
	myWSI enhancement	0	1,366,050	1,366,050
530 - Department of Corrections and Rehabilitation	New client management software system	0	5,663,200	5,663,200
	Millimeter wave body scanner	324,000	0	324,000
	Public safety IT upgrades	0	1,845,481	1,845,481
	Public safety IT equipment	855,000	0	855,000
	IT data management and enhancements	0	2,641,100	2,641,100
	Medical software	273,850	0	273,850
	Medical IT modules	433,000	0	433,000
	College technology solution	0	627,500	627,500
	Body cameras and tasers	408,928	739,028	1,147,956
540 - Adjutant General	State Radio law enforcement redundant switch	525,000	0	525,000
720 - Game and Fish Department	IT increases	0	380,000	380,000
801 - Department of Transportation	Motor vehicle and drivers license appointment system	0	3,000,000	3,000,000
	Motor vehicle and drivers license chatbot	0	1,000,000	1,000,000
	Spring load restriction plan	0	1,700,000	1,700,000
	Core business artificial intelligence	0	1,000,000	1,000,000
	Grant management tracking software	0	1,000,000	1,000,000
Total 2025-27 executive budget recommendation		\$88,351,715	\$72,747,227	\$161,098,942

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT ASSISTANCE TO POLITICAL SUBDIVISIONS
COMPARISON OF 2023-25 BIENNIUM APPROPRIATIONS AND ALLOCATIONS
TO 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS**

	2023-25 Appropriations/ Revenue Allocations	2025-27 Executive Budget Recommendation	2025-27 Recommended Increase (Decrease) Compared to 2023-25 Appropriations/Revenue Allocations	
			Amount	Percentage
Assistance to political subdivisions (excluding school-related funding)				
General fund appropriations				
Grants to public libraries	\$1,737,582	\$1,737,582	\$0	0.0%
Library Vision grants	237,500	237,500	0	0.0%
Library Vision grants to tribal libraries	50,000	50,000	0	0.0%
Homestead credit	72,400,000	48,000,000	(24,400,000)	(33.7%)
Disabled veterans' property tax credits	18,745,000	22,000,000	3,255,000	17.4%
Primary residence credit	103,225,000	77,500,000	(25,725,000)	(24.9%)
Aid to health districts	4,725,000	4,725,000	0	0.0%
Suicide prevention grants	1,102,613	1,313,026	210,413	19.1%
Emergency medical services training	846,000	696,000	(150,000)	(17.7%)
Emergency medical services operations	5,750,000	5,750,000	0	0.0%
Public water system operator certification and training program	125,000	125,000	0	0.0%
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences	755,292	718,684	(36,608)	(4.8%)
Tobacco Synar program enforcement requirements to local public health	75,000	0	(75,000)	(100.0%)
Matching funds to counties and cities for senior citizen services and programs	1,412,988	703,819	(709,169)	(50.2%)
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share	23,300,000	23,300,000	0	0.0%
County social and human service program	1,240,391 ¹	703,819 ¹	(536,572)	(43.3%)
Soil conservation district grants	1,361,520	1,361,520	0	0.0%
Clerk of court	26,125,566	32,222,848	6,097,282	23.3%
Grants to airports	475,000	475,000	0	0.0%
Snow removal grants	106,000	0	(106,000)	(100.0%)
Rural transit program grants	1,250,000	0	(1,250,000)	(100.0%)
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	118,000	122,000	4,000	3.4%
Back the blue grants	3,500,000	0	(3,500,000)	(100.0%)
Law enforcement resiliency grants	400,000	0	(400,000)	(100.0%)
Law enforcement staffing grants	29,000	0	(29,000)	(100.0%)
Agriculture infrastructure grants	10,000,000	0	(10,000,000)	(100.0%)
Community service supervision grants	350,000	315,000	(35,000)	(10.0%)
Guardianship grants	7,100,000	6,887,000	(213,000)	(3.0%)

	2023-25 Appropriations/ Revenue Allocations	2025-27 Executive Budget Recommendation	2025-27 Recommended Increase (Decrease) Compared to 2023-25 Appropriations/Revenue Allocations	
			Amount	Percentage
Total general fund (excluding school-related funding)	\$286,542,452	\$228,943,798	(\$57,598,654)	(20.1%)
Percentage of total general fund appropriations	4.7%	3.5%	(1.2%)	(25.3%)
Special funds appropriations and revenue allocations				
Noxious weed control	\$1,453,969	\$1,820,869	\$366,900	25.2%
State aid distribution funds to cities and counties ²	259,479,667	269,191,182	9,711,515	3.7%
County aid distribution fund ²	1,490,000	1,550,000	60,000	4.0%
Public transportation services (public transportation fund) ³	7,700,000	7,800,000	100,000	1.3%
Insurance tax to fire departments (insurance tax distribution fund)	28,051,308 ⁴	29,317,488 ⁴	1,266,180	4.5%
Aid to health districts (community health trust fund)	3,275,000	3,275,000	0	0.0%
Tobacco education program grants to local public health districts (community health trust fund)	6,250,000	6,250,000	0	0.0%
Emergency medical services operations (insurance tax distribution fund)	1,125,000	1,125,000	0	0.0%
Rural emergency medical services and rural ambulance service district operations (community health trust fund)	7,000,000	7,000,000	0	0.0%
Community health trust fund cessation grants (community health trust fund)	500,000	500,000	0	0.0%
Community health trust fund youth vaping grants (community health trust fund)	300,000	300,000	0	0.0%
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences (community health trust fund)	1,000,000	2,866,156	1,866,156	186.6%
Emergency medical services training (Department of Health and Human Services operating fund)	0	150,000	150,000	N/A
Abandoned vehicle cleanup (abandoned vehicle fund)	250,000	250,000	0	0.0%
Gaming enforcement grants	750,000	750,000	0	0.0%
County social and human service program	225,547,251 ¹	239,307,424 ¹	13,760,173	6.1%
Matching funds to counties and cities for senior citizen services and programs ⁵	9,900,000	9,900,000	0	0.0%
Grants to airports (Aeronautics Commission special funds collections)	10,625,000	10,400,000	(225,000)	(2.1%)
Grants to airports (airport infrastructure fund)	20,000,000 ⁶	20,000,000 ⁶	0	0.0%
Grants to airports (strategic investment and improvements fund (SIIF))	0	120,000,000 ⁷	120,000,000	N/A
Municipal infrastructure fund distributions	115,000,000 ⁸	77,420,000 ⁸	(37,580,000)	(32.7%)
County and township infrastructure fund distributions	115,000,000 ⁸	77,420,000 ⁸	(37,580,000)	(32.7%)
Motor vehicle fuel tax and registration fee allocations ⁹	189,600,000	192,700,000	3,100,000	1.6%
Legacy earnings highway distribution fund	40,000,000 ¹⁰	40,000,000 ¹⁰	0	0.0%
Flexible transportation fund county and township projects	42,800,000 ¹¹	43,000,000 ¹¹	200,000	0.5%
Telecommunications tax allocations	16,800,000	16,800,000	0	0.0%
Coal severance tax allocations ¹²	15,000,000	15,000,000	0	0.0%
Coal conversion tax allocations ¹²	8,400,000	8,400,000	0	0.0%

	2023-25 Appropriations/ Revenue Allocations	2025-27 Executive Budget Recommendation	2025-27 Recommended Increase (Decrease) Compared to 2023-25 Appropriations/Revenue Allocations	
			Amount	Percentage
Oil and gas gross production tax allocations ¹³	794,556,200	624,503,725	(170,052,475)	(21.4%)
City, county, and tribal park system grants	6,000,000	5,000,000	(1,000,000)	(16.7%)
Safeguarding Tomorrow through Ongoing Risk Mitigation (state disaster relief fund)	1,000,000	3,900,000	2,900,000	290.0%
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (state disaster relief fund)	750,000 ¹⁴	0 ¹⁴	(750,000)	(100.0%)
Water projects	782,683,950	644,686,862	(137,997,088)	(17.6%)
Marion area flood mitigation (state disaster relief fund)	225,000	0	(225,000)	(100.0%)
Cigarette tax allocations ¹⁵	1,530,000	1,600,000	70,000	4.6%
Energy conservation grants to political subdivisions	1,200,000	1,200,000	0	0.0%
Public Employees Retirement System (PERS) main system defined benefit retirement plan unfunded liability (oil tax revenues and SIF)	100,000,000 ¹⁶	100,000,000 ¹⁶	0	0.0%
Total special funds (excluding school-related funding)	\$2,815,242,345	\$2,583,383,706	(\$231,858,639)	(8.2%)
Total major direct assistance to political subdivisions (excluding school-related funding)	\$3,101,784,797	\$2,812,327,504	(\$289,457,293)	(9.3%)
School-related assistance to political subdivisions				
General fund appropriations - School-related funding				
State school aid - Integrated formula payments	\$1,617,821,765	\$1,538,997,501	(\$78,824,264)	(4.9%)
Transportation aid payments to school districts	58,100,000	58,100,000	0	0.0%
Special education contracts	24,000,000	24,000,000	0	0.0%
Mentoring grants	0	2,000,000	2,000,000	N/A
Prekindergarten grants	15,900,000	0	(15,900,000)	(100.0%)
Adult education integrated education and training grants	0	500,000	500,000	N/A
Free meal program	6,000,000	4,500,000	(1,500,000)	(25.0%)
Leveraging the senior year	0	536,027 ¹⁷	536,027	N/A
Para-to-teacher program	3,000,000	3,000,000	0	0.0%
Administrative cost sharing reimbursement	125,000	125,000	0	0.0%
Indians into STEM	0	300,000	300,000	N/A
Regional education association merger grants	70,000	0	(70,000)	(100.0%)
EduTech services, including school district antivirus licenses and PowerSchool funding	2,905,260	3,563,450	658,190	22.7%
School district information technology network costs (statewide information technology network costs)	6,272,610	6,927,158	654,548	10.4%
School district and area center grants for career and technical education	41,537,780	49,037,780	7,500,000	18.1%
Total general fund - School-related funding	\$1,775,732,415	\$1,691,586,916	(\$84,145,499)	(4.7%)
Percentage of total general fund appropriations	29.1%	25.9%	(3.2%)	(10.9%)

	2023-25 Appropriations/ Revenue Allocations	2025-27 Executive Budget Recommendation	2025-27 Recommended Increase (Decrease) Compared to 2023-25 Appropriations/Revenue Allocations	
			Amount	Percentage
Special funds appropriations and revenue allocations - School-related funding				
State school aid - Integrated formula payments (state tuition fund)	\$510,860,000	\$595,677,350	\$84,817,350	16.6%
State school aid - Integrated formula payments (foundation aid stabilization fund)	157,000,000	225,000,000	68,000,000	43.3%
State school aid - Integrated formula payments (SIIF)	13,993,086	0	(13,993,086)	(100.0%)
Grants for adult education programs (displaced homemaker fund)	225,000	225,000	0	0.0%
School food services (special funds made available through carryover)	1,380,000	1,380,000	0	0.0%
Adult education (special funds made available through carryover)	5,500,000	5,500,000	0	0.0%
Mentoring program (special funds made available through carryover)	2,500,000	2,500,000	0	0.0%
Program grant pool (special funds made available through carryover)	1,200,000 ¹⁷	0 ¹⁷	(1,200,000)	(100.0%)
Leveraging the senior year (special funds made available through carryover)	0	1,000,000 ¹⁷	1,000,000	N/A
Building tomorrows leaders (special funds made available through carryover)	0	50,000 ¹⁷	50,000	N/A
Family engagement (special funds made available through carryover)	0	150,000 ¹⁷	150,000	N/A
School board training (special funds made available through carryover/ foundation aid stabilization fund)	1,500,000	1,500,000	0	0.0%
Amira reading tool (special funds made available through carryover)	1,600,000	0	(1,600,000)	(100.0%)
Teacher retention program (special funds made available through carryover/foundation aid stabilization fund)	2,300,000	2,000,000	(300,000)	(13.0%)
2Revolutions teacher training program (foundation aid stabilization fund)	0	1,500,000	1,500,000	N/A
Science of reading and literacy instruction (special funds made available through carryover)	1,000,000	0	(1,000,000)	(100.0%)
Dyslexia identification training (special funds made available through carryover)	279,000	0	(279,000)	(100.0%)
Reading learning platform training (special funds made available through carryover)	558,000	0	(558,000)	(100.0%)
EduTech services, including school district antivirus licenses and PowerSchool funding	6,759,048	7,059,565	300,517	4.4%
School district information technology network costs (statewide information technology network costs)	90,000	0	(90,000)	(100.0%)
Statewide area career center initiative grants (career academies)	28,500,000 ¹⁸	0 ¹⁸	(28,500,000)	(100.0%)
School district and area center grants for career and technical education	500,000	0	(500,000)	(100.0%)
Total special funds - School-related funding	\$735,744,134	\$843,541,915	\$107,797,781	14.7%
Total major school-related assistance to political subdivisions	\$2,511,476,549	\$2,535,128,831	\$23,652,282	0.9%
Total general fund assistance to political subdivisions	\$2,062,274,867	\$1,920,530,714	(\$141,744,153)	(6.9%)
Total special funds assistance	\$3,550,986,479	\$3,426,925,621	(\$124,060,858)	(3.5%)
Total major direct assistance to political subdivisions	\$5,613,261,346	\$5,347,456,335	(\$265,805,011)	(4.7%)

- ¹ The 2017 Legislative Assembly approved, in Senate Bill No. 2206, funding of \$160,700,000, of which \$26,000,000 is from the general fund and \$134,700,000 is from the tax relief fund, for a state-paid economic assistance and social services pilot program during the 2017-19 biennium. The \$26,000,000 from the general fund was appropriated in House Bill No. 1012 (2017). Senate Bill No. 2015 (2019) transferred \$173,700,000 from the tax relief fund to the human service finance fund to continue the program. House Bill No. 1015 (2021) transferred \$187,223,092 from the tax relief fund to the human service finance fund for the program and House Bill No. 1012 (2021) appropriated an additional \$1,240,391 from the general fund for the program. The 2023-25 budget includes \$200,000,000 from the social services fund and \$26,950,000 from SIIF for the program. The 2025-27 executive budget includes \$238,401,207 from the social services finance fund for the program.
- ² The 1987 Legislative Assembly, in House Bill No. 1590, provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989. The 1997 Legislative Assembly, in House Bill No. 1019, reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. 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. The 2021 Legislative Assembly approved House Bill No. 1449 creating the county aid distribution fund which receives an allocation equal to .05 percent of total collections from sales and motor vehicle excise taxes. The State Treasurer distributes the funds to eligible counties. The 2023 Legislative Assembly continued the county aid distribution fund in House Bill No. 1359.
- ³ 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.
- ⁴ Senate Bill No. 2211 (2023) amended North Dakota Century Code Section 18-04-05 to provide a continuing appropriation from the insurance tax distribution fund for payments to fire departments and districts.
- ⁵ The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.
- ⁶ House Bill No. 1066 (2019), established the airport infrastructure fund for the purpose of providing grants to airports, and provides for an allocation of up to \$20 million of oil and gas tax revenue.
- ⁷ The December 2024 executive budget provides funding from SIIF for critical airport infrastructure projects in Fargo (\$60 million), Grand Forks (\$30 million), and Dickinson (\$30 million).
- ⁸ House Bill No. 1066 (2019), established the municipal infrastructure fund and the county and township infrastructure fund for grants to non-oil-producing political subdivisions for eligible infrastructure projects. House Bill No. 1015 (2021) aligned the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to SIIF. The amounts reflect the December 2024 executive budget.
- ⁹ 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.
- ¹⁰ House Bill No. 1012 (2023) created the legacy earnings highway distribution fund and provides that 28.5 percent of deposits in the fund be distributed for county and township road projects, 10 percent be distributed for township road projects through the legacy earnings township highway aid fund, and 1.5 percent be deposited in the public transportation fund. Section 21-10-13 provides for \$100 million of legacy fund earnings be deposited in the legacy earnings highway distribution fund each biennium.
- ¹¹ House Bill No. 1012 (2023) amended Section 24-02-37.3 to provide that 25 percent of motor vehicle excise tax collections deposited in the flexible transportation fund be allocated for township road and bridge projects in non-oil-producing counties.

- ¹² 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 of the coal conversion tax had been allocated to the county in which the plant is located. House Bill No. 1412 (2021) provided a coal conversion tax exemption for the general fund portion of the tax, but maintained the current level of allocations to the political subdivisions. The bill also created a new lignite research tax to maintain the current level of allocations to the lignite research fund.
- ¹³ 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 reflect the December 2024 executive budget.
- ¹⁴ The 2019 Legislative Assembly, in Section 4 of Senate Bill No. 2016 (2019), appropriated \$8.1 million from the state disaster relief fund for distributions to townships prior to July 1, 2019. The 2021 Legislative Assembly, in House Bill No. 1015 (2021), appropriated \$8.2 million from the state disaster relief fund and \$11.8 million from the tax relief fund for distributions to townships during the 2021–23 biennium. House Bill 1015 (2021) also appropriated \$10 million from the highway fund to the Department of Transportation to be used to match federal funds for township road and bridge projects. The 2023 Legislative Assembly approved carryover of \$750,000 from the \$8.2 million appropriated (2021) in from the state disaster relief fund to the 2023-25 biennium.
- ¹⁵ 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. Senate Bill No. 2156 (2021) raised the legal age to purchase and use tobacco products from 18 to 21 which may decrease cigarette tax collections.
- ¹⁶ In House Bill No. 1040 (2023), the Legislative Assembly closed the main system defined benefit retirement plan to new hires beginning January 1, 2025. The bill increased state and political subdivision employer contributions by 1 percent beginning January 1, 2024, resulting in total employer contributions of 8.12 percent for employees hired on or before December 31, 2019. Beginning January 1, 2026, the employer contribution rate for state agencies will change to the actuarially determined employer contribution rate to address the unfunded liability of the main system defined benefit plan over a closed period of 31.5 years. The state will pay for the political subdivision portion of the unfunded liability. The actuarially determined employer contribution rate on January 1, 2026, as reported in the July 1, 2024 valuation report of the PERS main system defined benefit plan, is 5.92 percent. Section 31 of House Bill No. 1040 amended Section 57-51.1-07.5 to provide \$65 million of the state share of oil and gas tax revenues be deposited in the PERS fund for the main system plan beginning in the 2023-25 biennium. Section 35 of the bill provided for a \$135 million transfer from SIF to the PERS fund for the purpose of reducing the unfunded liability of the PERS main system plan during the 2023-25 biennium. The 2025-27 executive budget includes a recommendation to continue the transfers of \$65 million of oil and gas tax revenues and \$135 million from SIF to the PERS fund. **Approximately 50 percent of the main system defined benefit retirement plan unfunded liability is the responsibility of political subdivisions; therefore, approximately \$100 million of the \$200 million appropriated by the Legislative Assembly to reduce the unfunded liability during the 2023-25 biennium, and approximately \$100 million of the \$200 million recommended by the governor to reduce the unfunded liability during the 2025-27 biennium, is provided on behalf of political subdivisions.**
- ¹⁷ In 2023, the Legislative Assembly increased funding for the program grant pool \$300,000 from carryover for leveraging the senior year to provide a total of \$1,200,000 from 2021-23 carryover deposited in the department's operating fund for the program grant pool. Funding was provided in the program grant pool for leveraging the senior year, a leadership program, and family engagement initiatives. The 2025-27 executive budget recommendation includes \$1,536,027, of which \$536,027 is from the general fund and \$1 million is from 2023-25 carryover deposited in the department's operating fund, for leveraging the senior year. In addition, the 2025-27 executive budget recommendation includes \$200,000 from 2023-25 carryover deposited in the department's operating fund for a leadership program (\$50,000) and family engagement initiatives (\$150,000).
- ¹⁸ The 2021 Legislative Assembly appropriated \$88,276,228 to the Department of Career and Technical Education for the statewide area career center initiative grant program during the 2021-23 biennium, of which \$68,276,228 was from the federal Coronavirus Capital Projects Fund and \$20,000,000 was from the federal State Fiscal Recovery Fund. In House Bill No. 1199 (2023), the Legislative Assembly authorized the department to access a \$68,276,228 Bank of North Dakota line of credit to be repaid using funding appropriated from the Coronavirus Capital Projects Fund. House Bill No. 1199 also included a \$2,000,000 general fund appropriation to the department for the purpose of paying accrued interest on the line of credit. In Senate Bill No. 2015 (2023), the Legislative Assembly appropriated \$26,500,000 from SIF to the department for the purpose of defraying inflationary costs of existing career academy projects under the statewide area career center initiative grant program during the 2023-25 biennium. In October 2023, the Supreme Court released an opinion invalidating the entirety of Senate Bill No. 2015 because the bill contained provisions unrelated to the appropriation for the Office of Management and Budget and violated the constitutional provision limiting bills to a single subject. As a result, the Governor called a special session, and the Legislative Assembly in House Bill No. 1543 (2023), appropriated \$26,500,000 from SIF to the department for the same purpose as originally passed in Senate Bill No. 2015.

SECTION D - ELEMENTARY AND SECONDARY EDUCATION

SUMMARY OF KEY RECOMMENDATIONS

D-1

STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION
ADMINISTRATION - 2023-25 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES AND
2025-27 BIENNIUM EXECUTIVE BUDGET COMPARED TO THE 2025-27 BIENNIUM BASE BUDGET

D-3

INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS FOR
THE 2023-25 AND 2025-27 BIENNIUMS

D-7

ELEMENTARY AND SECONDARY EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

STATE SCHOOL AID

The 2025-27 biennium executive budget recommendation provides funding of \$2.44 billion, of which \$1.62 billion is from the general fund, \$225 million is from the foundation aid stabilization fund, and \$595 million is from the state tuition fund for the state school aid program. The following schedule summarizes state school aid program funding:

	2023-25 Legislative Appropriations (Amounts Shown in Millions)	Increase (Decrease) (Amounts Shown in Millions)	2025-27 Executive Budget (Amounts Shown in Millions)
State school aid	\$2,299.7	\$60.0	\$2,359.7
Transportation aid payments	58.1		58.1
Special education - Contracts	24.0		24.0
Total	\$2,381.8	\$60.0	\$2,441.8
General fund	\$1,699.9	(\$78.8)	\$1,621.1
Foundation aid stabilization fund	157.0	68.0	225.0
State tuition fund	510.9	84.8	595.7
Strategic investment and improvements fund	14.0	(14.0)	0
Total	\$2,381.8	\$60.0	\$2,441.8

The executive budget recommendation provides integrated formula payments totaling \$2.36 billion, an increase of \$60 million from the integrated formula payments provided during the 2023-25 biennium. When compared to the appropriation for the 2023-25 biennium, the increase of \$60 million includes decreases in funding from the strategic investment and improvements fund of \$14 million and from the general fund of \$78.8 million, which are offset by increases in funding from the state tuition fund of \$84.8 million and from the foundation aid stabilization fund of \$68 million. In addition to state school aid, integrated formula payments include funding to reduce the amount of money school districts need to raise locally through property taxes. The executive recommendation provides that total formula payments are reduced by a 60-mill levy local property tax contribution and by 75 percent of certain other local revenue, the same as the 2023-25 biennium.

The executive budget recommendation increases funding to provide integrated per student payment rate increases of 2 percent each year of the 2025-27 biennium (\$91 million). The executive budget recommends this increase be offset by cost-to-continue savings related to slower enrollment growth (\$20 million) and by savings related to eliminating transition minimum adjustments (\$6.7 million) and the weighted student unit provision for multiplant school districts (\$4.3 million). These formula adjustments result in a net increase of \$60 million.

The executive budget recommends the state school aid formula be amended to remove the weighted student unit provision for multiplant school districts, eliminate transition minimum adjustments, and increase the integrated per student payment rate to \$11,293 effective July 1, 2025, and \$11,519 effective July 1, 2026. The executive budget recommends, during the 2025-27 biennium, school boards be required to use at least 70 percent of all new money received, as a result of increases in the integrated per student payment rate, to increase compensation paid to nonadministrative personnel.

ONE-TIME FUNDING

The executive budget includes \$1.25 million of one-time funding from the general fund. Of this total, \$950,000 is provided for operating expenses, including costs related to a North Dakota Native American essential understandings program to incorporate tribal cultures in the classroom (\$300,000) and costs related to producing and publishing a North Dakota history and tribal textbook to be made available to all school districts in the state (\$650,000). The executive budget also includes \$300,000 of one-time funding from the general fund for an Indians into STEM program grant.

The executive budget includes \$50 million of one-time funding from the strategic investment and improvements fund for a passthrough grant for educational savings accounts.

The executive budget includes \$5 million of one-time funding from the foundation aid stabilization fund for program grants for school board training (\$1.5 million) and a teacher retention program (\$2 million) and for a passthrough grant to 2Revolutions (\$1.5 million) for teacher training.

OTHER RECOMMENDATIONS

The executive budget recommendation authorizes the Department of Public Instruction to:

- Increase or decrease authorized full-time equivalent positions as needed, subject to available funds.
- Continue unspent federal elementary and secondary school emergency relief funds, appropriated for the 2021-23 biennium and continued to the 2023-25 biennium, to the 2025-27 biennium.

The executive budget recommendation provides for the following program grants:

- **Adult education grants** - Provides \$5.5 million from special funds for adult education grants, the same level of funding provided in the 2023-25 biennium.
- **Adult education integrated education and training grants** - Adds \$500,000 from the general fund for adult education integrated education and training grants, an increase of \$500,000 from the 2023-25 biennium.

- **School food services matching grants** - Provides \$1.38 million from special funds for school food services matching grants, the same level of funding provided in the 2023-25 biennium.
- **Free meal program** - Provides \$4.5 million from the general fund to provide free meals to certain eligible students. This level of funding is a decrease of \$1.5 million from the 2023-25 biennium appropriation of \$6 million the general fund.
- **Leveraging the senior year, building tomorrow's leaders, and family engagement** - Provides \$1,736,027, of which \$1.2 million is from special funds and \$536,027 is from the general fund for leveraging the senior year (\$1,536,027), building tomorrow's leaders (\$50,000), and family engagement initiatives (\$150,000). This level of funding is an increase of \$536,027 from the general fund from the 2023-25 biennium appropriation for the Superintendent of Public Instruction's program grant pool of \$1.2 million from special funds which provided support for the same programs.
- **Paraprofessional to teacher program** - Provides \$3 million from the general fund for paraprofessional to teacher programs, the same level of funding provided in the 2023-25 biennium.
- **Administrative cost-sharing reimbursement** - Provides \$125,000 from the general fund for administrative cost-sharing reimbursement, the same level of funding provided in the 2023-25 biennium.
- **Teacher retention/vital network program** - Provides \$2 million of one-time funding from the foundation aid stabilization fund for a teacher retention program, \$300,000 less than the one-time funding provided from special funds from carryover for the same program during the 2023-25 biennium.
- **Indians into STEM** - Provides \$300,000 of one-time funding from the general fund for an Indians into STEM program, an increase of \$300,000 from the 2023-25 biennium.
- **School board training** - Provides \$1.5 million of one-time funding from the foundation aid stabilization fund for school board training, the same level of one-time funding provided from special funds from carryover in the 2023-25 biennium.

The executive budget recommendation provides for the following passthrough grants:

- **National writing projects** - Provides \$40,000 from special funds for national writing projects, the same level of funding provided in the 2023-25 biennium.
- **North Dakota Museum of Art** - Provides \$425,000 from special funds for support of the North Dakota Museum of Art educational outreach initiative, the same level of funding provided in the 2023-25 biennium.
- **Mentorship grant program** - Provides \$4.5 million, of which \$2.5 million is from special funds and \$2 million is from the general fund, for support of a teacher mentoring program, an increase of \$2 million from the general fund from the 2023-25 biennium. The additional funds are proposed for ND RISE to expand the program to a 3-year mentorship.
- **North Dakota Governor's School** - Provides \$500,000 from the general fund for North Dakota Governor's School grants, the same level of funding provided in the 2023-25 biennium
- **"We the People" program** - Provides \$70,000 from special funds for a government education program, the same level of funding provided in the 2023-25 biennium.
- **Cultural heritage grants** - Provides \$34,000 from special funds for cultural heritage grants, the same level of funding provided in the 2023-25 biennium.
- **2Revolutions program grants** - Provides \$1.5 million of one-time funding from the foundation aid stabilization fund for a program to provide additional teacher training, \$1.5 million more than the 2023-25 biennium.
- **Educational savings accounts** - Provides \$50 million of one-time funding from the strategic investment and improvements fund for an educational savings account pilot program that may be accessed by public, private, and home schooled students, \$50 million more than the 2023-25 biennium.

Special funds for various program and passthrough grants included in the department's 2023-25 biennium budget were derived from 2021-23 carryover which was deposited in the department's operating account. The executive budget recommendation authorizes the department to continue up to \$11,149,000 remaining in the integrated formula payments line item at the close of the 2023-25 biennium to the 2025-27 biennium for deposit in the department's operating fund and provides the funding be used for various program and passthrough grants.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
2023-25 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES AND
2025-27 BIENNIUM EXECUTIVE BUDGET COMPARED TO THE 2025-27 BIENNIUM BASE BUDGET**

	2023-25 Appropriation	2023-25 Estimated Expenditures	2025-27 Base Budget	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) Compared to Base Budget
State school aid program					
State school aid - Integrated formula payments	\$2,299,674,851 ¹	\$2,242,919,644 ²	\$2,299,674,851	\$2,359,674,851 ¹	\$60,000,000 ¹
Transportation aid payments	58,100,000	58,100,000	58,100,000	58,100,000	0
Special education - Contracts	24,000,000	18,000,000 ²	24,000,000	24,000,000	0
Total - State school aid program	\$2,381,774,851	\$2,319,019,644	\$2,381,774,851	\$2,441,774,851	\$60,000,000
General fund	\$1,699,921,765	\$1,637,166,558 ²	\$1,699,921,765	\$1,621,097,501	(\$78,824,264)
Foundation aid stabilization fund	157,000,000 ¹	157,000,000	157,000,000	225,000,000 ¹	68,000,000
Strategic investment and improvements fund	13,993,086 ¹	13,993,086	13,993,086		(13,993,086)
State tuition fund	510,860,000	510,860,000	510,860,000	595,677,350	84,817,350
Total - State school aid program	\$2,381,774,851	\$2,319,019,644 ²	\$2,381,774,851	\$2,441,774,851	\$60,000,000
Program grants					
Adult education matching grants	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$0
Adult education integrated education and training grants				500,000	500,000
School food services matching grants	1,380,000	1,380,000	1,380,000	1,380,000	0
Free meal program	6,000,000	4,000,000 ²	6,000,000	4,500,000	(1,500,000)
Program grant pool, including leveraging the senior year	1,200,000	1,200,000	1,200,000		(1,200,000)
Leveraging the senior year				1,536,027	1,536,027
Building tomorrow's leaders				50,000	50,000
Family engagement				150,000	150,000
Paraprofessional-to-teacher program	3,000,000	3,000,000	3,000,000	3,000,000	0
Science of reading and literacy instruction	1,000,000	100,000			0
Dyslexia identification training	279,000	279,000			0
Reading learning platform training	558,000	558,000			0
Administrative cost-sharing reimbursement	125,000		125,000	125,000	0
Regional education association merger incentive grants	70,000	70,000			0
Amira reading tool	1,600,000	1,600,000			0
Teacher retention program - Vital Network (one-time)	2,300,000	2,300,000		2,000,000	2,000,000
Indians into STEM (one-time)				300,000	300,000
School board training (one-time)	1,500,000	750,000		1,500,000	1,500,000
Total - Program grants	\$24,512,000	\$20,737,000	\$17,205,000	\$20,541,027	\$3,336,027
General fund	\$9,195,000	\$7,070,000	\$9,125,000	\$8,961,027	(\$163,973)
Other funds - Foundation aid stabilization fund	0			3,500,000	3,500,000
Other funds - Public instruction fund/carryover	15,317,000 ³	13,667,000	8,080,000	8,080,000 ³	0
Total - Program grants	\$24,512,000	\$20,737,000	\$17,205,000	\$20,541,027	\$3,336,027
Other grants - Other funds					
Federal grants	\$382,513,893	\$382,513,893	\$382,513,893	\$409,513,893	\$27,000,000
Displaced homemaker program	225,000	225,000	225,000	225,000	0
Total - Other grants - Other funds	\$382,738,893	\$382,738,893	\$382,738,893	\$409,738,893	\$27,000,000
Total state school aid and other grants - All funds	\$2,789,025,744	\$2,722,495,537	\$2,781,718,744	\$2,872,054,771	\$90,336,027

	2023-25 Appropriation	2023-25 Estimated Expenditures	2025-27 Base Budget	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) Compared to Base Budget
Agency administration					
Administration - General fund	\$12,672,389	\$12,672,389	\$13,252,390	\$16,915,398	\$3,663,008
Administration - Other funds	38,941,517	37,500,000	39,505,695	43,837,603	4,331,908
STARS rewrite - Other funds		5,780,703 ⁴			0
Total - Agency administration	\$51,613,906	\$55,953,092	\$52,758,085	\$60,753,001	\$7,994,916
Passthrough grants, PowerSchool, and national board certification					
National writing projects	\$40,000	\$40,000	\$40,000	\$40,000	\$0
Rural art outreach project	425,000	425,000	425,000	425,000	0
Mentoring program	2,500,000	2,500,000	2,500,000	4,500,000 ³	2,000,000
Governor's school grants	500,000	450,000	500,000	500,000	0
Science center grants	5,500,000	5,500,000			0
"We the People" program	70,000	70,000	70,000	70,000	0
Cultural heritage grants	34,000	20,000	34,000	34,000	0
2Revolutions program (one-time)				1,500,000	1,500,000
Educational savings accounts (one-time)				50,000,000	50,000,000
Total - Passthrough grants	\$9,069,000	\$9,005,000	\$3,569,000	\$57,069,000	\$53,500,000
PowerSchool	5,775,000	5,775,000	5,775,000	5,775,000	0
National board certification	176,290	176,290	176,290	176,290	0
Total - Passthrough grants, PowerSchool, and national board certification	\$15,020,290	\$14,956,290	\$9,520,290	\$63,020,290	\$53,500,000
General fund	\$6,451,290	\$6,401,290	\$6,451,290	\$8,451,290	\$2,000,000
Other funds - Foundation aid stabilization fund				1,500,000	1,500,000
Other funds - Strategic investment and improvements fund	5,500,000	5,500,000		50,000,000	50,000,000
Other funds - Public instruction fund/carryover	3,069,000 ³	3,055,000	3,069,000	3,069,000 ³	0
Total - Passthrough grants, PowerSchool, and national board certification	\$15,020,290	\$14,956,290	\$9,520,290	\$63,020,290	\$53,500,000
Total - Agency administration, passthrough grants, PowerSchool, and national board certification - All funds	\$66,634,196	\$70,909,382	\$62,278,375	\$123,773,291	\$61,494,916
Total Department of Public Instruction - All funds	\$2,855,659,940	\$2,793,404,919	\$2,843,997,119	\$2,995,828,062	\$151,830,943
Department of Public Instruction - Funding					
Total - General fund	\$1,728,240,444 ²	\$1,663,310,237 ²	\$1,728,750,445	\$1,655,425,216	(\$73,325,229)
Total - Other funds	1,127,419,496	1,130,094,682	1,115,246,674	1,340,402,846	225,156,172
Total Department of Public Instruction - All funds	\$2,855,659,940	\$2,793,404,919	\$2,843,997,119	\$2,995,828,062	\$151,830,943
FTE positions	86.25	86.25	86.25	86.25	0.00

Federal COVID-19 Relief Funding Appropriations for the 2021-23 Biennium Continued to the 2023-25 Biennium

	2023-25 Appropriation	2023-25 Estimated Expenditures	2025-27 Base Budget	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) Compared to Base Budget
Federal COVID-19 Funding					
ESSER Fund III distributions and other federal funding					
Grants allocated to school districts	\$0	\$142,586,594	\$0	\$0	\$0
Department of Public Instruction - State discretionary		21,212,931			0
Individuals with Disabilities Education Act grant		3,038,505			0
Emergency Assistance to Non-Public Schools grant		1,000,000			0
Homeless Children and Youth program grant		1,151,980			0
Total funding from ESSER Fund III distribution and other federal funding	\$0⁵	\$168,990,010⁵	\$0	\$0	\$0
State Fiscal Recovery Fund					
Grant to a children's science center in Minot	\$0 ⁶	\$838,113 ⁶	\$0	\$0	\$0
Total funding from the State Fiscal Recovery Fund	\$0	\$838,113	\$0	\$0	\$0
Total Federal COVID-19 Funding	\$0	\$169,828,123	\$0	\$0	\$0
Total Department of Public Instruction - All funds, including COVID-19 relief	\$2,855,659,940	\$2,963,233,042	\$2,843,997,119	\$2,995,828,062	\$151,830,943
Total Department of Public Instruction					
General fund	\$1,728,240,444 ²	\$1,663,310,237 ²	\$1,728,750,445	\$1,655,425,216	(\$73,325,229)
Other funds	1,127,419,496	1,299,922,805	1,115,246,674	1,340,402,846	225,156,172
Total Department of Public Instruction	\$2,855,659,940	\$2,963,233,042	\$2,843,997,119	\$2,995,828,062	\$151,830,943

¹ In 2023 the Legislative Assembly provided integrated formula payments totaling \$2.3 billion, an increase of \$167.8 million from the integrated formula payments provided during the 2021-23 biennium. The Legislative Assembly provided a total of \$157 million from the foundation aid stabilization fund for integrated formula payments during the 2023-25 biennium, \$13.5 million more than the 2021-23 biennium. In addition, the Legislative Assembly provided \$13,993,086 from the strategic investment and improvements fund for certain adjustments to the integrated formula. The executive budget recommendation for the 2025-27 biennium provides integrated formula payments totaling \$2.36 billion, an increase of \$60 million from the integrated formula payments provided during the 2023-25 biennium. The executive recommendation provides a total of \$225 million from the foundation aid stabilization fund for integrated formula payments during the 2025-27 biennium. The executive budget recommendation for integrated formula payments increases funding \$91 million to increase the integrated per student payment rate by 2 percent each year of the 2025-27 biennium. The executive budget recommends this increase be offset by cost-to-continue savings related to slower enrollment growth (\$20 million) and by savings related to removing transition minimum adjustments (\$6.7 million) and multi-plant school district funding provision changes (\$4.3 million).

² The Department of Public Instruction anticipates general fund turnback for the 2023-25 biennium will total approximately \$65 million, including \$57 million related to state school aid, \$6 million related to special education contracts, and \$2 million related to the free meal program. The 2025-27 biennium executive recommendation authorizes the department to continue up to \$11.2 million remaining in the integrated formula payments line item at the close of the 2023-25 biennium to the 2025-27 biennium for various program and passthrough grants which, if approved, would reduce anticipated turnback to approximately \$53.8 million.

³ In 2023 the Legislative Assembly, in Senate Bill Nos. 2013 and 2284, authorized the department to continue up to \$18,386,000 remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for deposit in the department's operating fund and provided the funding be used for various program and passthrough grants, including one-time funding items. The 2025-27 biennium executive recommendation authorizes the department to continue up to \$11,149,000 remaining in the integrated formula payments line item at the close of the 2023-25 biennium to the 2025-27 biennium for deposit in the department's operating fund and provides the funding be used for various program and passthrough grants. In addition, the executive recommendation provides an additional \$2,000,000 from the general fund to expand the teacher mentoring program to provide a total of \$4,500,000, of which the remaining \$2,500,000 is provided from special funds made available from 2023-25 biennium funding anticipated to remain unspent in the integrated formula payments line item and deposited in the department's operating fund.

- ⁴ During the 2021 special session, the Legislative Assembly provided \$10,000,000 of one-time funding derived from reimbursements, withheld from certain school districts' integrated formula payments and deposited in the public instruction fund, and \$100,000 of one-time funding from the federal State Fiscal Recovery Fund for information technology project upgrades to the state automated reporting system and the statewide longitudinal data system. Funding from the State Fiscal Recovery Fund was provided for the information technology upgrades in lieu of withholding from school districts not eligible for federal Elementary and Secondary School Emergency Relief (ESSER) Fund allocations. The Legislative Assembly authorized the Department of Public Instruction to continue unspent funding for these projects, appropriated for the 2021-23 biennium, to the 2023-25 biennium. The department continued \$9,780,703 for state automated reporting system and statewide longitudinal data system upgrades to the 2023-25 biennium.
- ⁵ Funding from ESSER Fund distributions and other federal COVID-19 emergency relief funds approved in the federal American Rescue Plan Act were appropriated by the Legislative Assembly in House Bill No. 1395 (2021). In 2023 the Legislative Assembly authorized the Department of Public Instruction to continue unspent ESSER funds, appropriated for the 2021-23 biennium, to the 2023-25 biennium. The department continued \$178,761,593 of federal funding to the 2023-25 biennium.
- ⁶ Funding from the federal Coronavirus Capital Projects Fund was provided to the Department of Public Instruction in Section 6 of House Bill No. 1015 (2021) for a grant to an entity for the development of a children's science center in Minot. During the 2021 special session, the Legislative Assembly, in House Bill No. 1505 (2021), adjusted the funding source of the \$5.9 million one-time funding grant from the federal Coronavirus Capital Projects Fund to the State Fiscal Recovery Fund. In 2023 the Legislative Assembly authorized the Department of Public Instruction to continue unspent funding for this project, appropriated for the 2021-23 biennium, to the 2023-25 biennium. The department continued \$838,113 of federal funding to the 2023-25 biennium.

**INTEGRATED PER STUDENT PAYMENT RATES AND WEIGHTED STUDENT UNITS
FOR THE 2023-25 AND 2025-27 BIENNIUMS**

	2023-25 Legislative Appropriation	2023-25 Actual	2025-27 Executive Budget
1 st -year integrated per student payment rates	\$10,646	\$10,646	\$11,293 ¹
2 nd -year integrated per student payment rates	\$11,072	\$11,072	\$11,519 ¹
Weighted student units			
1 st year	139,064	138,361	140,764 ³
2 nd year	140,595	139,196 ²	141,495 ³

¹The 2025-27 executive recommendation increases funding for state school aid by \$60 million to provide \$91 million for increases in the integrated formula payment rate of 2 percent in each year of the 2025-27 biennium, offset by savings related to cost-to-continue reductions (\$20 million), removing transition minimum adjustments (\$6.7 million), and multiplant school district funding provision changes (\$4.3 million).

²Weighted student units for the 2nd year of the 2023-25 biennium are estimated as of December 2024.

³Weighted student units for the 2025-27 biennium have been estimated using fall enrollment for the 2024-25 school year for the 1st year of the biennium and a 4-year survival cohort routine for the 2nd year of the biennium.

SECTION E - HIGHER EDUCATION

SUMMARY OF KEY RECOMMENDATIONS

E-1

FULL-TIME EQUIVALENT STUDENT ENROLLMENTS

E-3

TUITION RATES

E-4

HIGHER EDUCATION - SUMMARY OF KEY RECOMMENDATIONS

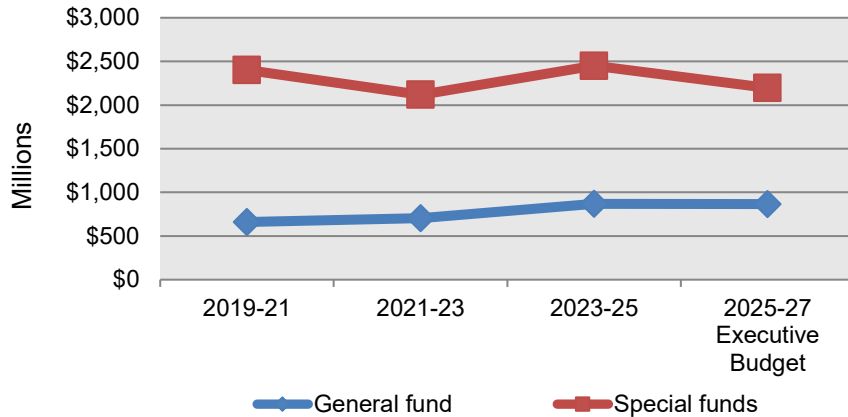
The 2025-27 executive budget recommends the following higher education funding changes compared to 2023-25 appropriations for higher education:

- Decreases **general fund** support by \$2 million as follows:

	2023-25 Legislative Appropriations	2025-27 Executive Recommendation	Increase (Decrease)	
Ongoing general fund appropriations	\$811,682,526	\$851,981,018	\$40,298,492	5.0%
One-time general fund appropriations	56,839,701	14,517,241	(42,322,460)	(74.5%)
Total	\$868,522,227	\$866,498,259	(\$2,023,968)	(0.2%)

- Decreases appropriations from **special funds** by \$254.6 million, or 10.4 percent. The decrease relates primarily to institution capital projects.
- Increases the authorized number of **full-time equivalent (FTE) positions** from 6,605.91 to 6,733.65, an increase of 127.74 positions. The increase relates primarily to position increases made by North Dakota University System institutions during the 2023-25 biennium based on the funding level approved by the 2023 Legislative Assembly.

Higher Education Appropriations



Biennium	General Fund	Special Funds	Total
2019-21	\$660,517,805	\$2,400,897,468	\$3,061,415,273
2021-23	\$703,453,294	\$2,117,621,160	\$2,821,074,454
2023-25	\$868,522,227	\$2,450,467,042	\$3,318,989,269
2025-27 - Executive budget	\$866,498,259	\$2,195,910,302	\$3,062,408,561

Key recommendations include:

- Increases base funding for campuses by \$35.9 million, including:
 - \$9.5 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2021-23 actual completed student credit-hour levels;
 - \$0 relating to a 96 percent minimum amount payable, although institutions were entitled to \$8.9 million under the higher education funding formula, including Lake Region State College (\$945,308), Williston State College (\$678,630), North Dakota State University (\$6.4 million), and Valley City State University (\$885,840); and
 - \$45.4 million increase for an **inflationary adjustment** for each institution to provide funding for salary and health insurance increases, to continue targeted market equity and employer retirement contribution funding appropriated for the 2023-25 biennium, and other adjustments.
- Appropriates one-time funding of \$4 million from the general fund for **high performance computing** costs at the University of North Dakota and North Dakota State University.
- Appropriates one-time funding of \$1.5 million from the general fund for **healthcare program start-up** costs at Williston State College.
- Provides \$30.9 million from the general fund for the **student financial assistance grants program**, an increase of \$1 million compared to the 2023-25 biennium general fund appropriation of \$29.9 million.
- Provides \$910,000 from the general fund for **employee child care assistance**.
- Provides \$1.2 million from the general fund, of which \$900,000 is one-time funding and \$273,180 is ongoing, for **financial aid system** enhancements, maintenance, and operations.
- Appropriates one-time funding of \$1.1 million from the general fund for the **nursing education consortium**, to provide a total of \$2.5 million from the general fund for the 2025-27 biennium.
- Appropriates one-time funding of \$1.5 million from the general fund for the **professional student exchange program**, to provide a total of \$5.2 million from the general fund for the 2025-27 biennium.
- Adjusts funding for **dual-credit tuition scholarships** from \$1.5 million of ongoing funding from the Bank of North Dakota to one-time funding of \$1.5 million from the general fund.

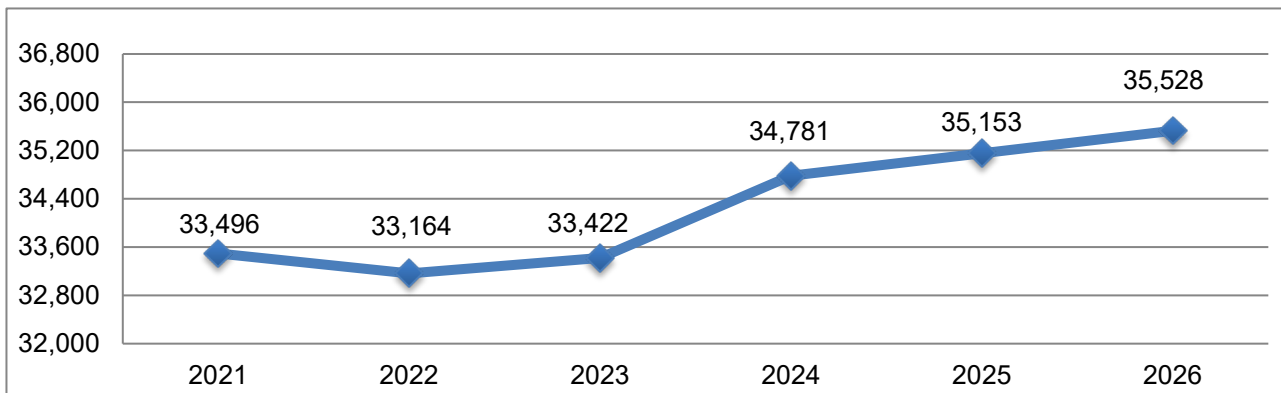
- 10. Appropriates one-time funding of \$10 million from the strategic investment and improvements fund for **enterprise resource planning**.
- 11. Appropriates one-time funding of \$30 million from the strategic investment and improvements fund for the **higher education challenge fund** to provide matching grants for academic enhancements at University System institutions.
- 12. Transfers \$20 million from the strategic investment and improvements fund to continue the **capital building fund program**.
- 13. Provides a **system information technology services pool** of \$74,815,120, of which \$49,112,975 is from the general fund and \$25,702,145 is from other funds, for support of the ConnectND system; Higher Education Computer Network; Advanced Learning Technologies, including the Interactive Video Network; the Online Dakota Information Network; and other related technology initiatives. This level of funding represents an increase of \$2,826,203 from the 2023-25 biennium appropriation of \$71,988,917. Of the \$2,826,203 increase, \$1,989,130 is an increase in general fund support and \$837,073 is an increase in other funds support.

- 14. Provides \$77,521,963 for **capital assets**, including:

	General Fund	Special Funds	Total
Major capital projects	\$0	\$56,024,814	\$56,024,814
Capital construction bond payments	10,261,375	0	10,261,375
Base extraordinary repairs	11,179,526	0	11,179,526
Forest Service equipment over \$5,000	56,248	0	56,248
Total	\$21,497,149	\$56,024,814	\$77,521,963

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 2021	Fall 2022	Fall 2023	Fall 2024	Fall 2025	Fall 2026
Bismarck State College	2,390	2,467	2,599	2,812	2,914	3,020
Dakota College at Bottineau	615	550	576	590	596	602
Dickinson State University	1,154	1,155	1,118	1,120	1,133	1,164
Lake Region State College	791	797	858	906	924	940
Mayville State University	815	784	734	794	817	841
Minot State University	2,242	2,167	2,135	2,125	2,146	2,167
North Dakota State University	10,861	10,701	10,553	10,443	10,475	10,475
North Dakota State College of Science	2,029	2,064	2,124	2,305	2,375	2,450
University of North Dakota	10,842	10,760	10,955	11,731	11,777	11,837
Valley City State University	1,090	1,073	1,112	1,184	1,202	1,214
Williston State College	667	646	658	771	794	818
Total	33,496	33,164	33,422	34,781	35,153	35,528

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 2021 through fall 2024 semesters was provided by the North Dakota University System office. The estimates for the fall 2025 and fall 2026 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 2021-22 through 2024-25. House Bill No. 1003 (2023) provided for a tuition rate increase limitation of \$0 for resident tuition rates during the 2023-24 and 2024-25 academic years, excluding certain high-cost programs which may be increased by up to 1 percent per year. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution ¹	2021-22	2022-23	2023-24	2024-25
Bismarck State College				
Undergraduate				
Resident	\$5,009 4.0%	\$5,209 4.0%	\$5,209 0.0%	\$5,209 0.0%
Minnesota resident ²	\$5,610 4.0%	\$5,209 (7.1%)	\$5,209 0.0%	\$5,209 0.0%
Contiguous state/province ³	\$7,514 4.0%	\$5,209 (30.7%)	\$5,209 0.0%	\$5,209 0.0%
Other nonresident	\$7,514 4.0%	\$7,813 4.0%	\$7,813 0.0%	\$7,813 0.0%
International students	\$8,766 4.0%	\$9,116 4.0%	\$9,116 0.0%	\$9,116 0.0%
Dakota College at Bottineau				
Undergraduate				
Resident and all Canadian provinces	\$4,356 3.0%	\$4,530 4.0%	\$4,530 0.0%	\$4,530 0.0%
Minnesota resident ²	\$4,879 3.0%	\$5,073 4.0%	\$5,073 0.0%	\$4,530 (10.7%)
Contiguous state ³	\$5,445 3.0%	\$5,662 4.0%	\$5,662 0.0%	\$4,530 (20.0%)
Other nonresident	\$6,534 3.0%	\$6,795 4.0%	\$6,795 0.0%	\$5,436 (20.0%)
International students	\$7,623 3.0%	\$7,927 4.0%	\$7,927 0.0%	\$5,436 (31.4%)
Dickinson State University				
Undergraduate				
Resident, Minnesota resident ² , and contiguous state/province ³	\$7,470 0.0%	\$7,470 0.0%	\$7,470 0.0%	\$7,470 0.0%
Other nonresident	\$9,570 0.0%	\$9,570 0.0%	\$9,570 0.0%	\$7,470 (21.9%)
International students	\$9,570 0.0%	\$9,570 0.0%	\$9,570 0.0%	\$9,570 0.0%
Lake Region State College				
Undergraduate				
Resident and nonresident	\$4,086 4.0%	\$4,249 4.0%	\$4,249 0.0%	\$4,249 0.0%
International students	\$10,215 4.0%	\$10,624 4.0%	\$10,624 0.0%	\$10,624 0.0%

Institution ¹	2021-22	2022-23	2023-24	2024-25
Mayville State University				
Undergraduate				
Resident	\$6,266 4.0%	\$6,517 4.0%	\$6,517 0.0%	\$6,517 0.0%
Minnesota resident ²	\$7,018 4.0%	\$7,299 4.0%	\$7,299 0.0%	\$7,299 0.0%
Contiguous state/province ³	\$7,833 4.0%	\$8,146 4.0%	\$8,146 0.0%	\$8,146 0.0%
Other nonresident or Canadian province	\$9,399 4.0%	\$9,775 4.0%	\$9,775 0.0%	\$8,146 (16.7%)
International students	\$10,966 4.0%	\$11,404 4.0%	\$11,404 0.0%	\$11,404 0.0%
Minot State University				
Undergraduate	\$6,892 3.0%	\$7,168 4.0%	\$7,168 0.0%	\$7,168 0.0%
Graduate	\$8,992 3.0%	\$9,352 4.0%	\$9,352 0.0%	\$9,352 0.0%
North Dakota State University				
Undergraduate				
Resident	\$8,951 4.0%	\$9,309 4.0%	\$9,309 0.0%	\$9,309 0.0%
Minnesota resident ²	\$10,025 4.0%	\$10,426 4.0%	\$10,426 0.0%	\$10,426 0.0%
Contiguous state/province ³	\$10,741 4.0%	\$11,170 4.0%	\$11,170 0.0%	\$11,170 0.0%
Other nonresident	\$13,426 4.0%	\$13,963 4.0%	\$13,963 0.0%	\$13,963 0.0%
International students	\$15,663 4.0%	\$16,290 4.0%	\$16,290 0.0%	\$16,290 0.0%
Graduate				
Resident	\$9,724 4.0%	\$10,113 4.0%	\$10,113 0.0%	\$10,113 0.0%
Minnesota resident ²	\$12,350 4.0%	\$12,844 4.0%	\$12,844 0.0%	\$12,844 0.0%
Other nonresident	\$14,586 4.0%	\$15,170 4.0%	\$15,170 0.0%	\$15,170 0.0%
International students	\$17,018 4.0%	\$17,698 4.0%	\$17,698 0.0%	\$17,698 0.0%
North Dakota State College of Science				
Undergraduate				
Resident	\$4,503 4.0%	\$4,683 4.0%	\$4,683 0.0%	\$4,683 0.0%
Minnesota resident ²	\$5,044 4.0%	\$5,245 4.0%	\$5,245 0.0%	\$5,245 0.0%

Institution ¹	2021-22	2022-23	2023-24	2024-25
Other nonresident	\$5,404 4.0%	\$5,620 4.0%	\$5,620 0.0%	\$5,620 0.0%
International students	\$7,881 4.0%	\$8,196 4.0%	\$8,196 0.0%	\$8,196 0.0%
University of North Dakota Undergraduate				
Resident	\$8,882 4.0%	\$9,237 4.0%	\$9,237 0.0%	\$9,237 0.0%
Minnesota resident ²	\$9,948 4.0%	\$10,346 4.0%	\$10,346 0.0%	\$10,346 0.0%
Other nonresident	\$13,323 4.0%	\$13,856 4.0%	\$13,856 0.0%	\$13,856 0.0%
International students	\$17,764 4.0%	\$18,474 4.0%	\$18,474 0.0%	\$18,474 0.0%
Graduate				
Resident	\$11,503 4.0%	\$11,963 4.0%	\$11,963 0.0%	\$11,963 0.0%
Minnesota resident ²	\$14,609 4.0%	\$15,193 4.0%	\$15,193 0.0%	\$15,193 0.0%
Other nonresident	\$17,253 4.0%	\$17,944 4.0%	\$17,944 0.0%	\$17,944 0.0%
International students	\$23,006 4.0%	\$23,926 4.0%	\$23,926 0.0%	\$23,926 0.0%
School of Law ⁴				
Resident	\$14,526 5.0%	\$15,253 5.0%	\$15,253 0.0%	\$15,405 1.0%
Minnesota resident and contiguous state/province ^{2,3}	\$21,789 5.0%	\$22,879 5.0%	\$22,879 0.0%	\$23,108 1.0%
Other nonresident	\$29,053 (30.0%)	\$30,505 5.0%	\$30,505 0.0%	\$30,810 1.0%
International students	\$43,579 5.0%	\$30,505 (30.0%)	\$30,505 0.0%	\$30,810 1.0%
School of Medicine and Health Sciences				
Resident	\$33,686 2.0%	\$34,360 2.0%	\$34,360 0.0%	\$34,360 0.0%
Minnesota resident ²	\$37,054 2.0%	\$37,796 2.0%	\$37,796 0.0%	\$37,796 0.0%
Other nonresident	\$62,351 2.0%	\$63,598 2.0%	\$63,598 0.0%	\$63,598 0.0%
Physical therapy				
Resident and Minnesota resident	\$20,837 4.0%	\$21,671 4.0%	\$21,671 0.0%	\$21,671 0.0%
Other nonresident	\$31,256 4.0%	\$32,507 4.0%	\$32,507 0.0%	\$32,507 0.0%
International students	\$31,256 4.0%	\$32,507 4.0%	\$32,507 0.0%	\$37,924 16.7%

Institution ¹	2021-22	2022-23	2023-24	2024-25
Valley City State University				
Undergraduate				
Resident	\$6,364 4.0%	\$6,619 4.0%	\$6,619 0.0%	\$6,619 0.0%
Minnesota resident ²	\$7,128 4.0%	\$7,413 4.0%	\$7,413 0.0%	\$7,413 0.0%
Contiguous state/province ³	\$7,955 4.0%	\$8,273 4.0%	\$8,273 0.0%	\$8,273 0.0%
Other nonresident	\$11,137 4.0%	\$11,583 4.0%	\$11,583 0.0%	\$11,583 0.0%
Graduate	\$8,467 4.0%	\$8,807 4.0%	\$8,807 0.0%	\$8,807 0.0%
Williston State College				
Undergraduate				
Resident and other nonresident	\$4,017 3.0%	\$4,138 3.0%	\$4,138 0.0%	\$4,138 0.0%
Minnesota resident ²	\$4,499 3.0%	\$4,634 3.0%	\$4,634 0.0%	\$4,634 0.0%
International students	\$7,030 3.0%	\$7,241 3.0%	\$7,241 0.0%	\$7,241 0.0%

¹The tuition rates shown are based on a credit load of 15 credit-hours per semester for undergraduate tuition and 12 credit-hours per semester for graduate tuition, which are the number of credit-hours taken by an average full-time student. Unless otherwise identified, amounts shown are for the institutions' basic tuition rate.

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 respectively, in the future.

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

⁴The 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.

SECTION F - HUMAN SERVICES

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DEPARTMENT OF HEALTH AND HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENT WIDE

- Provides total appropriations and FTE positions as follows:

	2023-25 Legislative Appropriations	2025-27 Executive Budget	Increase (Decrease)	
General fund	\$2,043,404,916	\$2,360,629,104	\$317,224,188	15.5%
Other funds	3,704,612,053	3,693,933,878	(10,678,175)	(0.3%)
Total	\$5,748,016,969	\$6,054,562,982	\$306,546,013	5.3%
FTE positions	2,483.83	2,762.35	278.52	11.2%

- Provides for an additional 75 FTE positions during the 2025-27 biennium including 45 FTE positions below for the human service centers and other additions across the department. During the 2023-25 biennium, the department added 203.52 FTE positions as part of the salary and wages block grant. The department has not provided detail on the position titles or funding for these positions included in the 2025-27 biennium.
- Provides \$93 million, including a reduction of \$123.4 million in federal funds and an increase of \$176.2 million from the general fund for cost to continue, anticipated cost and caseload adjustments, Medicaid Expansion reductions, federal medical assistance percentage changes, and utilization changes in the department's budget.
- Provides \$58.3 million, of which \$29.3 million is from the general fund, for inflationary **increases** of 2 percent the 1st year of the biennium and 2 percent the 2nd year of the biennium for human service providers in the 2025-27 biennium.
- Restores \$2.5 million of which \$634,154 is from the general fund and \$1.8 million from other funds removed from the Public Health Division budget in the 2023-25 biennium for the new and vacant FTE funding pool.
- Provides a \$14.5 million one-time appropriation from the strategic investment and improvements fund for housing initiatives including \$3.5 million for eviction prevention; \$1.0 million for home renovations for accessibility; and \$10.0 million for assistance for citizens at risk for housing instability.
- Provides technology investments of \$40.7 million of which \$16.0 million is a one-time appropriation from the strategic investment and improvements fund to retire systems from outdated platforms and \$24.7 million for technology contract inflation.
- Continues funding the rural crisis support pilot program created during the 2023 legislative session with \$2 million from the community health trust fund.

- Provides home- and community-based services investments of \$18.8 million of which \$10.3 million is from the general fund. Enhanced programs include services to support transition and diversion from institutions for \$5.3 million; cross disability waiver implementation for \$5.7 million; and targeted rate increases for qualified service providers and home health providers for \$7.8 million.
- Provides \$12.4 million of which \$7.9 is from the general fund to continue the family paid caregiver pilot program.

PROGRAM AREAS

Medical Services

- Provides \$1,816.1 million for **medical services**, of which \$496.5 million is from the general fund, a decrease in total of \$65.7 million, or 3.5 percent, compared to the 2023-25 biennium appropriation of \$1,881.8 million. The executive budget appropriates \$662.1 million, of which \$66.2 million is from the general fund, for **Medicaid Expansion**, a decrease of \$140.5 million compared to the 2023-25 biennium appropriation of \$802.6 million, of which \$80.3 million was from the general fund.

Long-Term Care

- Provides \$1,070.1 million for **long-term care**, of which \$567.48 million is from the general fund, an increase in total of \$108.3 million, or 11.3 percent, compared to the 2023-25 biennium appropriation of \$961.7 million. The executive budget provides \$497,000 of which \$311,000 is from the general fund for 2 FTE positions for additional long-term care ombudsman.

Aging Services

- Provides \$61.5 million for **aging services**, of which \$27.2 million is from the general fund, an increase of \$111,736, or 0.2 percent, from the 2023-25 biennium appropriation of \$61.4 million.

Behavioral Health Services

- Provides \$181.3 million for behavioral health services, of which \$54.1 million is from the general fund, an increase in total of \$24.2 million, or 15.4 percent, compared to the 2023-25 biennium appropriation of \$157.1 million.
- Provides behavioral health investments of \$24.2 million of which \$18.2 million is from the general fund. Expanded programs include free through recovery of \$5.0 million to provide a total of \$20.5 million; an increase in community connect of \$5.4 million to provide a total of

20.4 million; an increase in youth crisis and intervention funding of \$7.4 million; substance use voucher utilization expansion of \$3.5 million; and recovery housing assistance expansion of \$2.9 million.

- Identifies \$2 million from the community health trust fund in the Governor's appropriation bill to continue the Avel eCare rural crisis support program. The Office of Management and Budget's budget system identifies it at \$200,000.

Developmental Disabilities

- Provides \$828.7 million for developmental disabilities services, of which \$412.1 million is from the general fund, an increase in total of \$41.9 million, or 5.3 percent, compared to the 2023-25 biennium appropriation of \$786.9 million. The executive budget provides \$756.8 million for **developmental disabilities services grants**, an increase of \$14 million, or 1.9 percent, compared to the 2023-25 biennium appropriation of \$742.8 million.

Economic Assistance

- Provides \$566.5 million for economic assistance, of which \$92 million is from the general fund, an increase in total of \$104.9 million, or 22.7 percent, compared to the 2023-25 biennium appropriation of \$461.6 million.

Children and Family Services

- Provides \$212.8 million for Children and Family Services, of which \$105.3 million is from the general fund, an increase in total of \$32.8 million, or 18.2 percent, compared to the 2023-25 biennium appropriation of \$180 million.

Early Childhood

- Provides \$59.7 million, of which \$49 million is from the general fund for the early childhood program which was created during the 2021-23 biennium. The executive budget adds \$19.3 million of one-time funding from the general fund to expand the child care assistance program.

INSTITUTIONS

State Hospital

- Provides \$1,292,499 from the general fund for **extraordinary repairs**.
- Provides \$60,800 from the general fund for **equipment** over \$5,000.
- Provides \$10 million from the strategic investment and improvements fund to complete construction planning and designing a new state hospital and authorizes proceeding with a new North Dakota state hospital under a public-private partnership.

Life Skills and Transition Center

- Provides \$712,480 from the strategic investment and improvements fund for **extraordinary repairs**.
- Provides \$699,794 from the general fund for **additional repairs/deferred maintenance**.

HUMAN SERVICE CENTERS

- Provides \$972,000 from the strategic investment and improvements fund and \$80,000 from the general fund for **extraordinary repairs**.
- Provides \$10.3 million from the general fund to expand the behavior health workforce by 45 FTE positions for certified community behavioral health clinics.

PUBLIC HEALTH

The executive budget recommendation for public health:

- Provides \$3 million from the strategic investment and improvements fund for move into the new state laboratory and the purchase of equipment and supplies.
- Increases funding from the community health trust fund for a University of North Dakota forensic examiner by \$1.9 million to provide a total of \$2.9 million.
- Increases funding from the community health trust fund by \$2.5 million for domestic violence prevention grants to provide a total of \$4.5 million from the community health trust fund for domestic violence prevention.
- Continues funding from the community health trust fund for grants to rural ambulance at \$7 million.

MEDICAL SERVICES, LONG-TERM CARE, AND DEVELOPMENTAL DISABILITIES FUNDING

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid and other program costs within the Department of Health and Human Services. The FMAP for the state is:

Federal Fiscal Year	Regular FMAP	COVID-19 Temporary FMAP ¹
2012	55.40%	
2013	52.27%	
2014	50.00%	
2015	50.00%	
2016	50.00%	
2017	50.00%	
2018	50.00%	
2019	50.00%	
2020	50.05%	56.25%
2021	52.40%	58.60%
2022	53.59%	59.79%
2023	51.55%	55.92% ³
2024	53.82%	
2025	50.97%	
2026	50.00% (estimate) ²	

¹The federal Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates.

²Estimate included in the executive budget. North Dakota's FMAP for federal fiscal year 2026 will be 50.99 percent as reported by the Federal Funds Information for States organization.

³The 2023 COVID-19 FMAP ranged from 57.75 percent in the first quarter of the year to 55.32 percent in the last quarter of the year. The temporary increase ended on December 31, 2023.

NOTE: The following is the Medicaid Expansion FMAP for each calendar year:

2016	100%
2017	95%
2018	94%
2019	93%
2020 and future years	90%

MEDICAL SERVICES

The 2025-27 executive budget recommendation for the medical services grants includes a total of \$1,816.1 million. Of this total, \$496.5 million is from the general fund. The schedule below summarizes medical services grant funding, excluding funding for nursing facility care and other long-term care services, and community-based developmental disabilities services.

	2021-23 Biennium	2023-25 Biennium	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) to 2023-25
General fund	\$338,293,617	\$489,073,002	\$496,529,524	\$7,456,522
Other funds	1,169,261,805	1,392,717,974	1,319,533,550	(73,184,424)
Total	\$1,507,555,422	\$1,881,790,976	\$1,816,063,074	(\$65,727,902)

LONG-TERM CARE

The 2025-27 executive budget recommendation for long-term care grants totals \$1,070.1 million. Of the total, \$567.4 million is from the general fund. The schedule below summarizes the medical services grant funding recommended for long-term care services.

	2021-23 Biennium	2023-25 Biennium	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) to 2023-25
General fund	\$399,454,320	\$486,376,583	\$567,381,663	\$81,005,080
Other funds	414,357,642	475,366,361	502,689,772	27,323,411
Total	\$813,811,962	\$961,742,944	\$1,070,071,435	\$108,328,491

DEVELOPMENTAL DISABILITIES

The 2025-27 executive budget recommendation for developmental disability grants totals \$828.7 million. Of the total, \$412.1 million is from the general fund. The schedule below summarizes funding for developmental disability grants.

	2021-23 Biennium	2023-25 Biennium	2025-27 Executive Budget	2025-27 Executive Budget Increase (Decrease) to 2023-25
General fund	\$331,281,724	\$376,225,279	\$412,083,131	\$35,857,852
Other funds	385,001,880	410,645,848	416,651,158	6,005,310
Total	\$716,283,604	\$786,871,127	\$828,734,289	\$41,863,162

MAJOR MEDICAID COSTS

The following schedule details funding appropriated for major Medicaid costs and the amount included in the 2025-27 executive budget:

	2019-21 Appropriation	2021-23 Appropriation	2023-25 Biennium	2025-27 Executive Budget
Nursing facilities	\$562,849,867	\$616,449,930	\$723,881,578	\$753,415,985
Developmental disabilities	\$659,195,801	\$716,158,604	\$742,793,592	\$771,294,361
Hospitals	\$295,181,166	\$288,924,051	\$350,160,871	\$364,693,938
Professional services	\$100,987,538	\$111,446,608	\$133,661,019	\$152,680,272
Drugs	\$44,208,773	\$80,257,098	\$84,898,305	\$86,742,424
Dental	\$29,333,472	\$28,653,048	\$35,027,428	\$37,268,190
Medicaid Expansion	\$634,720,955	\$650,966,710	\$802,616,804	\$662,099,340

LONG-TERM HOME- AND COMMUNITY-BASED SERVICES PROGRAMS

The following schedule details funding appropriated for major long-term care home- and community-based programs in the 2023-25 biennium and the amount included in the 2025-27 executive budget:

	2019-21 Appropriation	2021-23 Appropriation	2023-25 Appropriation	2025-27 Executive Budget
Service payments for elderly and disabled	\$17,799,841	\$20,397,226	\$21,654,686	\$30,294,955
Expanded service payments for elderly and disabled	\$1,844,963	\$1,958,865	\$1,256,615	\$1,334,932
Personal care services	\$34,483,377	\$33,605,508	\$32,204,872	\$57,090,795
Targeted case management	\$1,917,742	\$157,824	\$899,926	\$1,339,659
Home- and community-based services waiver	\$30,104,751	\$46,820,167	\$51,850,672	\$132,633,058
Children's medically fragile waiver	\$544,416	\$398,028	\$796,399	\$771,877
Program for all-inclusive care for the elderly	\$32,866,676	\$33,601,989	\$28,069,826	\$24,452,256
Children's hospice waiver	\$61,848	\$73,606	\$73,605	\$80,188
Autism waiver	\$2,564,772	\$2,255,530	\$10,813,955	\$1,471,882
Autism voucher ¹	\$1,325,009	\$300,000	\$0	\$0

¹The Legislative Assembly eliminated the autism voucher program in 2023.

INFLATIONARY ADJUSTMENTS

The following schedule compares recent inflationary adjustments provided to human service providers to the inflationary adjustments recommended in the 2025-27 executive budget:

	2021-23 Actual		2023-25 Actual		2025-27 Executive Budget	
	1 st Year Inflationary Adjustment	2 nd Year Inflationary Adjustment	1 st Year Inflationary Adjustment	2 nd Year Inflationary Adjustment	1 st Year Inflationary Adjustment	2 nd Year Inflationary Adjustment
Medical services providers	2.00%	2.00%	3.00%	3.00%	2.00%	2.00%
Long-term care providers	2.00%	2.00%	3.50%	3.50%	2.00% ¹	2.00% ¹
Developmental disability providers	2.00%	2.00%	2.00% ²	2.00%	2.00%	2.00%

¹Does not apply to nursing home payments. House Bill No. 1090 (2021) adjusted the nursing payment methodology to provide that payments are adjusted annually by the market basket for skilled nursing facility before productivity assessment.

²Senate Bill No. 2012 (2023) provided for a \$1 per hour increase for workers and 2 percent annual inflation increases.

SECTION G - CAPITAL CONSTRUCTION

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CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

CAPITAL PROJECTS

The executive budget recommendation includes a total of \$2,420,353,698 for capital projects as reflected on the following schedule:

	2025-27 Biennium		
	General Fund	Other Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page G-2	\$2,500,000	\$449,518,348	\$452,018,348
Extraordinary repairs - See the extraordinary repairs schedule on page G-5	17,316,884	24,855,693	42,172,577
Department of Transportation - Contractor payments	0	1,712,712,078	1,712,712,078
Water projects ¹	0	197,315,218	197,315,218
Payments in lieu of taxes ²	0	1,640,020	1,640,020
Other bond payments	10,261,375	4,234,082	14,495,457
Total	\$30,078,259	\$2,390,275,439	\$2,420,353,698

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 \$1,640,020 for the Game and Fish Department from special funds. This amount does not include payments in lieu of taxes of approximately \$477,447 estimated to be paid by Workforce Safety and Insurance in the 2025-27 biennium under the agency's continuing appropriation for building maintenance.

LEASE PAYMENTS

The executive budget recommendation includes a total of \$10,261,375 from the general fund for 2025-27 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, 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 2025-27 biennium is estimated to be \$54 million based on projected sales, use, and motor vehicle excise tax collections included in the December 2024 executive budget.

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

**MAJOR NEW CAPITAL CONSTRUCTION EXECUTIVE BUDGET RECOMMENDATIONS
FOR THE 2025-27 BIENNIUM COMPARED TO THE 2023-25 BIENNIUM**

No.	Agency or Institution	Project	2025-27 Executive Budget Recommendations			2023-25 Legislative Appropriations		
			General Fund	Special Funds	Bonding	General Fund	Special Funds	Bonding
110	Office of Management and Budget	Capitol 18th floor remodel project with exhibits Create an outdoor eating space by cafeteria (SIIF) Landscaping enhancements to the Governor's residence		\$2,500,000 400,000 1,400,000				
235	North Dakota State University	Practice wrestling facility		13,000,000				
239	Dickinson State University	Woods hall		5,000,000				
240	Mayville State University	Old Main renovation (SIIF)		34,924,814				
241	Minot State University	Student center renovation		3,100,000				
313	Veterans' Home	Resident garages and storage units		175,000				
325	Department of Health and Human Services	Public health laboratory equipment (SIIF) New State Hospital (SIIF)		565,644 10,000,000				
530	Department of Corrections and Rehabilitation	88-bed housing unit at Missouri River Correctional Center (SIIF) Heating plant at Youth Correctional Center Male facility at Missouri River Correctional Center (SIIF) Completion of Heart River Correctional Center (SIIF) Demolition of maintenance building at James River Correctional Center (SIIF)		8,032,757 6,556,609 127,300,000 35,635,000 570,000				
540	Adjutant General	Regional training institute billeting addition Williston readiness center design funding	\$2,500,000	34,000,000				
640	Main Research Center	Oakes irrigation research site building completion (SIIF) Langdon research extension center seed conditioning plant (SIIF)		620,000 2,600,000				
701	Historical Society	Military gallery and regimental room expansion (SIIF and other funds) Chateau de Morès interpretive center addition (SIIF) Transformation of Chimney Park in Medora (SIIF)		78,744,524 13,020,000 10,000,000				
750	Parks and Recreation Department	Federal Emergency Management Agency comfort stations (SIIF) Cabin expansion (SIIF) International Music Camp revitalization (SIIF) Roads, structures, utilities, and marinas deferred maintenance and capital projects (SIIF)		924,000 3,500,000 1,500,000 15,000,000				
770	Department of Water Resources	New building or remodeling of an existing building for the department		3,000,000				
801	Department of Transportation	State facility investments (SIIF) Facility improvements due to aging and deferred maintenance		33,500,000 5,970,000				
Total 2025-27 executive budget recommendation			<u>\$2,500,000</u>	<u>\$451,538,348</u>	<u>\$0</u>			
Total 2023-25 legislative appropriations						<u>\$21,928,230</u> ¹	<u>\$808,007,026</u> ¹	<u>\$40,000,000</u> ¹

¹ The total original appropriation for major new capital construction provided by the 2023 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions Supplement for the 2023-25 Biennium* report for details regarding the 2023-25 appropriations. The Legislative Assembly, in its October 2023 special legislative session, authorized Bismarck State College to issue up to \$40 million of revenue bonds for their multipurpose academic and athletic center project.

EXTRAORDINARY REPAIRS EXECUTIVE BUDGET RECOMMENDATIONS FOR THE 2025-27 BIENNIUM

The executive budget recommendation includes the following extraordinary repairs:

<u>Agency or Institution</u>	2025-27 Executive Budget Recommendations		
	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Office of Management and Budget (110)			
Miscellaneous repairs to Capitol complex		\$500,000	\$500,000
Total - Office of Management and Budget		\$500,000	\$500,000
Bismarck State College (227)			
Miscellaneous projects	\$417,673		\$417,673
Total - Bismarck State College	\$417,673		\$417,673
Lake Region State College (228)			
Miscellaneous projects	\$155,367		\$155,367
Total - Lake Region State College	\$155,367		\$155,367
Williston State College (229)			
Miscellaneous projects	\$197,801		\$197,801
Total - Williston State College	\$197,801		\$197,801
University of North Dakota (230)			
Miscellaneous projects	\$4,411,566		\$4,411,566
Total - University of North Dakota	\$4,411,566		\$4,411,566
North Dakota State University (235)			
Miscellaneous projects	\$2,732,244		\$2,732,244
Total - North Dakota State University	\$2,732,244		\$2,732,244
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
Dickinson State University (239)			
Miscellaneous projects	\$409,078		\$409,078
Total - Dickinson State University	\$409,078		\$409,078
Mayville State University (240)			
Miscellaneous projects	\$358,992		\$358,992
Total - Mayville State University	\$358,992		\$358,992
Minot State University (241)			
Miscellaneous projects	\$899,620		\$899,620
Total - Minot State University	\$899,620		\$899,620

2025-27 Executive Budget Recommendations

<u>Agency or Institution</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Valley City State University (242)			
Miscellaneous projects	\$408,319		\$408,319
Total - Valley City State University	\$408,319		\$408,319
Dakota College at Bottineau (243)			
Miscellaneous projects	\$114,007		\$114,007
Total - Dakota College at Bottineau	\$114,007		\$114,007
Forest Service (244)			
Interior renovations at Towner state nursery	\$62,480		\$62,480
Total - Forest Service	\$62,480		\$62,480
School for the Deaf (252)			
Base budget extraordinary repairs		\$158,678	\$158,678
Mill, patch, and chip seal parking lots and roads		238,800	238,800
Total - School for the Deaf		\$397,478	\$397,478
North Dakota Vision Services - School for the Blind (253)			
New parking lot		\$150,000	\$150,000
Replace cabinets in student rooms		55,000	55,000
Renovate breakroom		55,000	55,000
Miscellaneous projects		10,000	10,000
Total - North Dakota Vision Services - School for the Blind		\$270,000	\$270,000
Department of Environmental Quality (303)			
Miscellaneous projects		\$24,000	\$24,000
Total - Department of Environmental Quality		\$24,000	\$24,000
Veterans' Home (313)			
Water heater		\$40,000	\$40,000
Add card access to doors		80,000	80,000
Computer temperature sensor reader		35,000	35,000
Carpet replacement		260,000	260,000
Total - Veterans' Home		\$415,000	\$415,000
Department of Health and Human Services (325)			
Various projects - State Hospital	\$1,292,499		\$1,292,499
Various projects - Life Skills and Transition Center	699,794		699,794
Various projects - Disease control and forensic pathology	25,000		25,000
Various projects - Southeast Human Service Center	80,000		80,000
Southeast Human Service Center bathroom remodel		\$972,000	972,000
Various projects - Laboratory services		100,000	100,000
Total - Department of Health and Human Services	\$2,097,293	\$1,072,000	\$3,169,293

<u>Agency or Institution</u>	2025-27 Executive Budget Recommendations		
	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Highway Patrol (504)			
Emergency vehicles operation course pad resurfacing		\$260,000	\$260,000
Total - Highway Patrol		\$260,000	\$260,000
Department of Corrections and Rehabilitation (530)			
Facility repairs		\$9,500,000	\$9,500,000
Total - Department of Corrections and Rehabilitation		\$9,500,000	\$9,500,000
Main Research Center (640)			
Miscellaneous projects	\$1,340,065		\$1,340,065
Deferred maintenance		\$1,000,000	1,000,000
Total - Main Research Center	\$1,340,065	\$1,000,000	\$2,340,065
State Historical Society (701)			
Miscellaneous projects	\$500,000	\$165,809	\$665,809
State archives storage	200,000		200,000
Improved accessibility and climate control in the Chateau de Morès		2,000,000	2,000,000
Historic site improvements and extraordinary repairs	2,000,000	3,000,000	5,000,000
Total - State Historical Society	\$2,700,000	\$5,165,809	\$7,865,809
Game and Fish Department (720)			
Miscellaneous projects		\$1,128,750	\$1,128,750
Wildlife management area roads and fences		125,000	125,000
Pond liners and pumps for fisheries		1,800,000	1,800,000
Total - Game and Fish Department		\$3,053,750	\$3,053,750
Parks and Recreation Department (750)			
Miscellaneous projects		\$1,445,856	\$1,445,856
International Peace Garden sewer system		1,000,000	1,000,000
Total - Parks and Recreation Department		\$2,445,856	\$2,445,856
Department of Water Resources (770)			
Miscellaneous projects		\$250,000	\$250,000
Total - Department of Water Resources		\$250,000	\$250,000
Department of Transportation (801)			
Miscellaneous projects		\$501,800	\$501,800
Total - Department of Transportation		\$501,800	\$501,800
Total 2025-27 executive budget recommendation - Extraordinary repairs	\$17,316,884	\$24,855,693	\$42,172,577

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, 2023	Outstanding Principal Balance June 30, 2025	Outstanding Principal Balance June 30, 2027
				2021-23 Actual Payments	2023-25 Estimated Payments	2025-27 Estimated Payments			
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) ¹ (2022)	\$5,002,000	\$6,035,000	\$495,200	\$0	\$0	\$0	\$0	\$0
2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex (\$960,000) 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)	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) ^{2,3} (2021)	11,645,237	13,080,000	914,000	0	0	0	0	0
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) ⁴ (2025)	28,848,248	37,955,000	6,216,750	2,805,825	0	2,512,416	0	0

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2023	Outstanding Principal Balance June 30, 2025	Outstanding Principal Balance June 30, 2027
				2021-23 Actual Payments	2023-25 Estimated Payments	2025-27 Estimated Payments			
Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691)									
North Dakota State University (NDSU) - Hazardous material handling and storage facility (\$3,500,000)									
North Dakota State College of Science - Electrical distribution (\$736,000)									
Dickinson State University - Murphy Hall (\$4,100,557)									
Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000)									
Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements (\$980,000)									
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)									
Main Research Center - Greenhouse complex (\$2,000,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2023	Outstanding Principal Balance June 30, 2025	Outstanding Principal Balance June 30, 2027
				2021-23 Actual Payments	2023-25 Estimated Payments	2025-27 Estimated Payments			
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 2019 Legislative Assembly approved: NDSU - Dunbar Hall (\$40,000,000) Valley City State University - Communications and Fine Arts Building (\$30,000,000) University of North Dakota - Gamble Hall (\$6,000,000) University of North Dakota - Deferred maintenance (\$30,000,000) Dickinson State University - Pulver Hall (\$4,000,000)	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) ⁵ (2030)	2,355,000	2,355,000	407,271	407,252	412,207	1,390,000	1,075,000	740,000
	2020 Series A facilities improvement bonds (5% - 20-year bonds) ⁶ (2040)	110,000,000	88,585,000	14,007,500	14,046,375	14,083,250	83,175,000	77,180,000	70,570,000
Total		\$157,850,485	\$148,010,000	\$22,040,721	\$17,259,452	\$14,495,457	\$87,077,416	\$78,255,000	\$71,310,000
Breakdown of payments									

General fund ⁷			\$17,028,945	\$12,787,343	\$10,261,375
Agency contributions			5,011,776	4,472,109	4,234,082
Total ⁸			\$22,040,721	\$17,259,452	\$14,495,457

¹Senate 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.

²House 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 North Dakota 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.

³This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of \$105,326. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings.

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

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

⁴Senate 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.

⁵2021-23 estimated bond payments for Veterans' Home Series A bond payments total \$402,252 and that number is included in Senate Bill No. 2014 (2021). In addition, a federal bond subsidy of \$78,786 is paid to the trustee, which is the Bank of North Dakota.

⁶Senate Bill No. 2097 (2019) and House Bill No. 1003 (2019) authorized the Industrial Commission to provide up to \$130,000,000 of bond proceeds for various institutions of higher education buildings projects, which are to be repaid by funds received from lease payments from general fund appropriations and from other funds. Bonds were sold on October 15, 2020, to provide project funds of \$80,000,000. The bond sale resulted in \$64,415,000 of bonds and a premium of \$17,908,685 which will be amortized over the life of the bond issue. The all-in true interest rate which takes into account the premium and all bond costs is 2.36 percent. The bond coupons are 5 percent.

The State Building Authority did not issue bonds for the NDSU agriculture products development center in the amount of \$20 million as NDSU was not able to meet the legislative directive to provide match funding in the amount of \$20 million.

⁷North 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.

⁸These amounts are based on information provided by the State Building Authority.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2023-25 through 2029-31 bienniums and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the 2025-27 biennium executive budget revenue forecast with a 5 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

Biennium	Total Payments ¹	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent ²	Estimated Excess General Fund Resources Available for Bond Payments
2023-25	\$17,259,452	\$4,472,109	\$12,787,343	\$51,502,594	\$38,715,251
2025-27	\$14,495,457	\$4,234,082	\$10,261,375	\$54,048,515	\$43,787,140
2027-29	\$14,417,053	\$4,223,678	\$10,193,375	\$56,750,941	\$46,557,566
2029-31	\$14,183,971	\$4,159,317	\$10,024,654	\$59,588,488	\$49,563,834

¹The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2021-23 biennium, the 2010 Series B and 2012 Series A bond issues were paid off. During the 2023-25 biennium, the 2017 Series A bond issues were paid off.

²Based on the executive budget revenue forecast for the 2025-27 biennium and 5 percent growth each subsequent biennium.

APPROPRIATION BONDS ISSUED BY THE PUBLIC FINANCE AUTHORITY

In House Bill No. 1431 (2021), the Legislative Assembly authorized the Public Finance Authority to provide up to 680,000,000 of bond proceeds for the 2021-23 biennium for various projects as detailed in the table below. Legacy fund earnings are anticipated to be used for the repayment of the bonds and these bonds are not considered debt of the state and do not impact the sales tax limitation calculation. The initial bond sale on December 9, 2021, resulted in \$389,200,000 of bonds and a premium of \$641,540 which will be amortized over the life of the bond issue. The all-in true interest rate which includes the premium and all bond costs is 2.71 percent. The second bond sale on June 30, 2022, resulted in \$320,915,000 of bonds and a discount of \$1,884,652 which will be amortized over the life of the bond issue. The all-in true interest rate is 4.58 percent. The total amount of bonds issued was \$710,115,000. The bonds will be repaid over 20 years. The biennial bond payment is \$102,622,743.

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	2025-27 Estimated Payments	Outstanding Principal Balance June 30, 2027
2021 Legislative Assembly approved: Fargo diversion (\$219,000,000) Resources trust fund (\$74,500,000) Bank of North Dakota infrastructure revolving loan fund (\$50,000,000) Highway fund (\$16,000,000) NDSU agriculture products development center "Peltier Complex" (\$15,000,000)	2021 Series A taxable bonds (2041)	\$374,500,000	\$389,200,000	\$52,598,710	\$319,510,000
Fargo diversion (\$216,500,000) Highway fund (\$54,000,000) NDSU agriculture products development center "Peltier Complex" (\$35,000,000)	2022 Series A taxable bonds (2041)	305,500,000	320,915,000	50,024,033	273,030,000
Total		\$680,000,000	\$710,115,000	\$102,622,743	\$592,540,000

SECTION H - STATE EMPLOYEES

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STATE EMPLOYEES - SUMMARY OF KEY RECOMMENDATIONS

SALARY INCREASES

The 2025-27 executive budget recommendation provides state employee salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026. For agencies able to identify long-term salary savings, additional salary increases are authorized during the biennium. The executive budget includes funding of \$149.9 million for the cost of the salary increase proposal, of which approximately \$55.3 million is from the general fund and \$94.6 million is from other funds. Of the total, \$48 million is for higher education salaries from other funds. Funding for higher education salary increases were not specifically provided from the general fund but rather through the higher education funding formula.

SALARY EQUITY FUNDING

The 2025-27 executive budget recommendation includes \$19.9 million for salary equity funding in 11 agencies, of which \$18.3 million is from the general fund and \$1.6 million is from other funds.

ACCRUED LEAVE PAYOUTS

The 2025-27 executive budget recommendation includes funding for accrued leave payouts in six agencies totaling approximately \$778,000, of which approximately \$618,000 is from the general fund and approximately \$160,000 is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment.

HIGHER EDUCATION

The 2023 Legislative Assembly authorized a total of 6,605.91 FTE higher education positions; however, Section 39 of House Bill No. 1003 (2023) authorized 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 during the 2023-25 biennium. As of December 2024, the State Board of Higher Education has increased higher education FTE positions by 127.74 FTE positions to a total of 6,733.65 FTE positions.

The 2025-27 executive budget recommendation provides funding for 6,733.65 FTE positions, an increase of 127.74 FTE positions from the 2023-25 biennium authorized level of 6,605.91 FTE positions and the same authorization as the adjusted 2023-25 biennium FTE position level.

EXECUTIVE BRANCH ELECTED OFFICIALS

The executive budget recommendation provides funding for executive branch elected officials' salary increases equal to 4 percent of salaries effective July 1, 2025, and 3 percent of salaries effective July 1, 2026. Statutory changes necessary to adjust elected officials' salaries are recommended to be included in the respective elected officials' appropriation bills.

JUDICIAL BRANCH

The judicial branch included funding in its request for salary increases of approximately 12.1 percent for the North Dakota Supreme Court chief justice, approximately 11.1 percent for other supreme court justices, and approximately 7.7 percent for district court judges, effective July 1, 2025, with no additional salary increase in the 2nd year of the 2025-27 biennium. The cost of the proposed salary increases is \$2.08 million from the general fund.

For judicial branch employees, excluding judges, the judicial branch included in its request funding for salary increases of 7 percent effective July 1, 2025, and 3 percent effective July 1, 2026. This request includes an additional 3 percent increase effective July 1, 2025, compared to the salary increases recommended by the Governor for other state employees. The cost of providing judicial branch employees a 4 percent increase effective July 1, 2025, and a 3 percent increase effective July 1, 2026, is \$5.27 million, of which \$5.23 million is from the general fund, \$17,380 is from federal funds, and \$19,718 is from special funds. The cost of the additional 3 percent increase proposal to be provided to judicial branch employees on July 1, 2025, is \$2.04 million, of which \$2.03 million is from the general fund and \$10,639 is from special funds.

Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule as requested by the judicial branch.

HEALTH INSURANCE

The executive budget recommendation includes funding for the cost of health insurance premiums for state employees. The executive budget recommends continuing the existing health insurance plan with no changes to deductibles or coinsurance and providing for health insurance premiums of \$1,893.30 per month, an increase of \$250.22, or 15.23 percent, compared to the 2023-25 biennium premium rate of \$1,643.08. The estimated cost of the health insurance premium increase is \$87.7 million, of which approximately \$32.3 million is from the general fund and \$55.4 million is from other funds. Of the total, \$28.7 million is for higher education health insurance increases from other funds. Funding for higher education health insurance increases were not specifically provided from the general fund but rather through the higher education funding formula.

A recent history of monthly health insurance premiums provided for each employee is listed below.

Biennium	Monthly Premium	Percentage Change from Previous Biennium
2013-15	\$982	10.7%
2015-17	\$1,130	15.1%
2017-19	\$1,241	9.8%
2019-21	\$1,427	15.0%
2021-23	\$1,429	0.1%
2023-25	\$1,643	15.0%
2025-27 executive budget recommendation	\$1,893	15.2%

The executive budget is not recommending using Public Employees Retirement System (PERS) health reserves to reduce the health insurance premium for the 2025-27 biennium.

RETIREMENT

The 2025-27 executive budget includes a recommendation to transfer \$135 million from the strategic investment and improvements fund to the PERS fund during the 2025-27 biennium to reduce the main system defined benefit retirement plan unfunded liability.

North Dakota Century Code Section 54-52-06 requires state agencies to contribute to the PERS main system defined benefit retirement plan the actuarially determined employer contribution (ADEC) rate calculated on the plan on July 1st of the most recent even-numbered year. The July 1, 2024, actuarial analysis of the PERS main system defined benefit retirement plan revealed an ADEC rate of 5.92 percent, or \$88 million, is needed during the 2025-27 biennium to ensure the plan continues on a path to be fully funded by the statutory date of June 30, 2056. The executive budget includes a recommendation to amend Section 54-52-06 to allow an alternative source of funding be provided to pay the unfunded liability of the plan for the next biennium instead of state agencies paying ADEC contributions. The executive budget recommendation is for the \$135 million transfer from the strategic investment and improvements fund to be provided in lieu of \$88 million in ADEC contributions.

The unfunded liability of the PERS main system defined benefit retirement plan was \$1.89 billion as of July 1, 2024. The executive budget also includes a recommendation supporting the existing biennial transfer of \$65 million of oil and gas tax revenue to provide total transfers of \$200 million to the PERS fund during the 2025-27 biennium.

The 2025-27 executive budget includes a recommendation to appropriate one-time funding of \$15 million from the general fund to the Office of Management and Budget for a retirement incentive plan pool for state employees who elect to transfer from the PERS main system defined benefit retirement plan to the new defined contribution plan established in House Bill No. 1040 (2023), which entitles the employee to an incentive payment of \$10,000 to be paid in three equal installments in January 2026, January 2027,

and January 2028. State employees have from January 1, 2025, to March 31, 2025, to make the transfer election.

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 continued 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).

TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes recommended in the 2025-27 executive budget.

	General Fund ¹	Other Funds ¹	Total ¹
Salary increases	\$55,310,703	\$94,631,073	\$149,941,776
Salary increases - Judges	2,078,868	0	2,078,868
Salary increases - Extra judicial salaries	2,028,177	10,639	2,038,816
Salary equity increases	18,278,743	1,581,925	19,860,668
Accrued leave payouts	618,228	160,500	778,728
Health insurance premium increases	32,342,680	55,335,087	87,677,767
Retirement - PERS main system transfer	0	135,000,000	135,000,000
Retirement - Incentive plan pool	15,000,000	0	15,000,000
Total	\$125,657,399	\$286,719,224	\$412,376,623

¹The 2025-27 executive budget included recommendations for higher education salary and health insurance increases from other funds but addressed funding for the general fund share of increases through the higher education funding formula. Therefore, higher education salary or health insurance increases are not reflected in the general fund amounts above.

FULL-TIME EQUIVALENT POSITIONS

The 2025-27 executive budget includes a total of 16,806.85 FTE positions, an increase of 605.31 FTE positions from the 2023-25 authorized level of 16,201.54 FTE positions, including an increase of 127.74 FTE positions in higher education and an increase of 477.57 FTE positions in all other state agencies. The increase of 477.57 in non-higher education FTE positions includes an increase in funding of \$54.6 million, of which \$36.4 million is from the general fund and \$18.2 million is from other funds. The executive budget recommends allowing executive branch state agencies to adjust their FTE positions as necessary without specific legislative approval.

Major changes in FTE positions, excluding higher education, are as follows:

Agency Increases	2023-25 Authorized FTE Positions	2025-27 Executive Budget	Increase (Decrease)	Percentage Increase
325 - Department of Health and Human Services	2,483.83	2,762.35	278.52 ¹	11.2%
530 - Department of Corrections and Rehabilitation	929.79	971.79	42.00	4.5%
160 - Legislative Council	45.00	70.00	25.00	55.6%
180 - Judicial branch	384.00	406.00	22.00	5.7%
112 - Information Technology Department	507.00	528.00	21.00	4.1%
640 - Main Research Center	358.47	370.53	12.06	3.4%
801 - Department of Transportation	1,001.00	1,013.00	12.00	1.2%
750 - Parks and Recreation Department	65.00	76.00	11.00	16.9%
All other agencies, excluding higher education	3,821.54	3,875.53	53.99	1.4%
Total	9,595.63	10,073.20	477.57	5.0%

¹Includes 75 new positions to be added in the 2025-27 biennium and continues 203.52 positions added by the department during the 2023-25 biennium under the salaries and wages block grant which allows the department to add FTE positions without specific legislative approval.

**ANALYSIS OF NEW FTE POSITIONS OR REDUCTIONS IN EXISTING FTE POSITIONS
RECOMMENDED IN THE 2025-27 EXECUTIVE BUDGET**

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
GENERAL GOVERNMENT							
19.00	19.00	0.00	101 - Governor's office				19.00
35.00	35.00	0.00	108 - Secretary of State				35.00
110.00	115.00	5.00	110 - Office of Management and Budget				121.00
			Adds:				
			1.00 FTE cash management analyst	\$301,634	\$0	\$301,634	
			1.00 FTE shared communications position	205,670	0	205,670	
			1.00 FTE public health laboratory facilities position	0	113,175	113,175	
			2.00 FTE procure to pay system positions	603,268	0	603,268	
			<u>5.00</u>	<u>\$1,110,572</u>	<u>\$113,175</u>	<u>\$1,223,747</u>	
507.00	528.00	21.00	112 - Information Technology Department				566.00
			Adds:				
			2.00 FTE data management analyst positions	\$668,676	\$0	\$668,676	
			1.00 FTE business analyst position	0	284,919	284,919	
			1.00 FTE developer operations engineer position	0	284,919	284,919	
			1.00 FTE budget specialist III position	0	262,633	262,633	
			1.00 FTE low code/no code application support specialist position	0	284,919	284,919	
			4.00 FTE application support positions	0	1,139,678	1,139,678	
			1.00 FTE application support position	0	284,919	284,919	
			1.00 FTE product owner position	0	301,634	301,634	
			2.00 FTE data and insight analyst positions	0	569,839	569,839	
			1.00 FTE network engineer position	0	284,919	284,919	
			1.00 FTE engineering technician IV position	0	277,833	277,833	
			2.00 FTE senior infrastructure technician positions	0	490,154	490,154	
			1.00 FTE senior enterprise service desk position	0	245,077	245,077	
			1.00 FTE senior tier III analyst position	0	284,919	284,919	
			1.00 FTE information technology security administrator position	0	334,338	334,338	
			<u>21.00</u>	<u>\$668,676</u>	<u>\$5,330,700</u>	<u>\$5,999,376</u>	
65.00	66.00	1.00	117 - State Auditor				66.00
			Adds:				
			1.00 FTE mineral royalty auditor position	\$0	\$99,686	\$99,686	
			<u>1.00</u>	<u>\$0</u>	<u>\$99,686</u>	<u>\$99,686</u>	
7.00	13.00	6.00	120 - State Treasurer				7.00
			Adds:				
			1.00 FTE cash management manager position	\$344,204	\$0	\$344,204	
			1.00 FTE cash management fiscal services position	253,347	0	253,347	
			<u>2.00</u>	<u>\$597,551</u>	<u>\$0</u>	<u>\$597,551</u>	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			Transfers from the Department of Trust Lands:				
			1.00 FTE unclaimed property program manager position	\$0	\$282,917	\$282,917	
			3.00 FTE unclaimed property administrative services positions	0	575,480	575,480	
			<u>4.00</u>	<u>\$0</u>	<u>\$858,397</u>	<u>\$858,397</u>	
			Total:				
			<u>6.00</u>	<u>\$597,551</u>	<u>\$858,397</u>	<u>\$1,455,948</u>	
266.00	272.00	6.00	125 - Attorney General				281.00
			Adds:				
			1.00 FTE evidence technician position	\$160,583	\$0	\$160,583	
			1.00 FTE executive staff officer position	169,124	0	169,124	
			1.00 FTE Medicaid Fraud Control Unit attorney position	73,421	220,262	293,683	
			1.00 FTE cybercrime information processing administrator position	155,776	0	155,776	
			2.00 FTE victim witness advocate positions	432,548	0	432,548	
			<u>6.00</u>	<u>\$991,452</u>	<u>\$220,262</u>	<u>\$1,211,714</u>	
117.00	118.00	1.00	127 - Tax Department				117.00
			Adds:				
			1.00 FTE information services position	\$245,319	\$0	\$245,319	
			<u>1.00</u>	<u>\$245,319</u>	<u>\$0</u>	<u>\$245,319</u>	
5.00	5.00	0.00	140 - Office of Administrative Hearings				5.00
45.00	70.00	25.00	160 - Legislative Council				70.00
			Adds:				
			1.00 FTE front desk specialist position	\$155,844	\$0	\$155,844	
			1.00 FTE administrative specialist position	155,844	0	155,844	
			1.00 FTE human resources specialist position	213,880	0	213,880	
			1.00 FTE communications specialist position	184,862	0	184,862	
			1.00 FTE policy and program evaluation director position	402,500	0	402,500	
			5.00 FTE policy analyst positions	1,069,412	0	1,069,412	
			4.00 FTE program evaluator positions	855,530	0	855,530	
			2.00 FTE legislative editor positions	311,692	0	311,692	
			1.00 FTE legal counsel position	263,212	0	263,212	
			1.00 FTE fiscal analyst position	263,212	0	263,212	
			1.00 FTE assistant information technology manager position	373,482	0	373,482	
			1.00 FTE information technology specialist position	184,862	0	184,862	
			1.00 FTE information technology developer position	213,880	0	213,880	
			2.00 FTE senior network specialist positions	514,820	0	514,820	
			2.00 FTE network specialist positions	427,764	0	427,764	
			<u>25.00</u>	<u>\$5,590,796</u>	<u>\$0</u>	<u>\$5,590,796</u>	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
384.00	406.00	22.00	180 - Judicial branch				406.00
			Adds:				
			1.00 FTE court navigator program staff attorney position	\$293,625	\$0	\$293,625	
			1.00 FTE allied legal professional program staff attorney position	293,625	0	293,625	
			2.50 FTE juvenile court administrative assistant positions	407,808	0	407,808	
			2.00 FTE juvenile court officer positions	421,496	0	421,496	
			1.00 FTE district court administrative assistant position	170,025	0	170,025	
			1.00 FTE deputy unit court administrator position	272,529	0	272,529	
			2.00 FTE programmer analyst positions	421,496	0	421,496	
			2.00 FTE network analyst positions	421,496	0	421,496	
			1.00 FTE technology coordinator position	196,210	0	196,210	
			1.00 FTE self-help center staff attorney position	293,625	0	293,625	
			1.00 FTE Supreme Court staff attorney position	293,625	0	293,625	
			1.00 FTE Supreme Court deputy clerk position	170,025	0	170,025	
			0.50 FTE Supreme Court administrative assistant position	65,161	0	65,161	
			1.00 FTE guardianship and conservatorship office director position	314,518	0	314,518	
			1.00 FTE guardianship and conservatorship office administrative assistant position	170,025	0	170,025	
			1.00 FTE guardianship and conservatorship office program manager position	272,529	0	272,529	
			1.00 FTE guardianship and conservatorship office accountant analyst position	220,963	0	220,963	
			1.00 FTE guardianship and conservatorship office paralegal position	190,464	0	190,464	
			<u>22.00</u>	<u>\$4,889,245</u>	<u>\$0</u>	<u>\$4,889,245</u>	
41.00	43.00	2.00	188 - Commission on Legal Counsel for Indigents				46.00
			Adds:				
			2.00 FTE private investigator positions	\$362,120	\$0	\$362,120	
			<u>2.00</u>	<u>\$362,120</u>	<u>\$0</u>	<u>\$362,120</u>	
34.00	35.00	1.00	190 - Retirement and Investment Office				44.00
			Adds:				
			1.00 FTE fiscal services position	\$0	\$209,046	\$209,046	
			<u>1.00</u>	<u>\$0</u>	<u>\$209,046</u>	<u>\$209,046</u>	
40.50	40.50	0.00	192 - Public Employees Retirement System				47.50
3.00	3.00	0.00	195 - Ethics Commission				4.00
<u>1,678.50</u>	<u>1,768.50</u>	<u>90.00</u>	TOTAL GENERAL GOVERNMENT	<u>\$14,455,731</u>	<u>\$6,831,266</u>	<u>\$21,286,997</u>	<u>1,834.50</u>
			OTHER EDUCATION				
86.25	86.25	0.00	201 - Department of Public Instruction				86.25
30.80	33.00	2.20	204 - Center for Distance Education				33.00
			Adds:				
			1.00 FTE enrollment and office support specialist position	\$175,450	\$0	\$175,450	
			1.00 FTE hybrid learning coordinator position	0	232,188	232,188	
			0.20 FTE information technology position	50,410	0	50,410	
			<u>2.20</u>	<u>\$225,860</u>	<u>\$232,188</u>	<u>\$458,048</u>	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
33.00	30.00	(3.00)	226 - Department of Trust Lands				35.00
			Adds:				
			1.00 FTE diversified revenue officer position	\$0	\$271,731	\$271,731	
			<u>1.00</u>	<u>\$0</u>	<u>\$271,731</u>	<u>\$271,731</u>	
			Transfers to the State Treasurer:				
			(1.00) FTE unclaimed property program manager position	\$0	(\$282,917)	(\$282,917)	
			<u>(3.00)</u> FTE unclaimed property administrative services positions	<u>0</u>	<u>(575,480)</u>	<u>(575,480)</u>	
			<u>(4.00)</u>	<u>\$0</u>	<u>(\$858,397)</u>	<u>(\$858,397)</u>	
			Total:				
			<u>(3.00)</u>	<u>\$0</u>	<u>(\$586,666)</u>	<u>(\$586,666)</u>	
26.75	26.75	0.00	250 - State Library				26.75
45.36	46.86	1.50	252 - School for the Deaf				46.86
			Adds:				
			0.75 FTE paraprofessional position	\$118,474	\$0	\$118,474	
			<u>0.75</u> FTE dormitory counselor position	<u>106,116</u>	<u>0</u>	<u>106,116</u>	
			<u>1.50</u>	<u>\$224,590</u>	<u>\$0</u>	<u>\$224,590</u>	
27.75	27.75	0.00	253 - North Dakota Vision Services - School for the Blind				27.75
23.50	23.50	0.00	270 - Department of Career and Technical Education				25.50
<u>273.41</u>	<u>274.11</u>	<u>0.70</u>	TOTAL OTHER EDUCATION	<u>\$450,450</u>	<u>(\$354,478)</u>	<u>\$95,972</u>	<u>281.11</u>
			HEALTH AND WELFARE				
173.00	174.00	1.00	303 - Department of Environmental Quality				182.00
			Adds:				
			1.00 FTE chemist position	\$0	\$353,402	\$353,402	
			<u>1.00</u>	<u>\$0</u>	<u>\$353,402</u>	<u>\$353,402</u>	
114.79	114.79	0.00	313 - Veterans' Home				114.79
4.00	4.00	0.00	316 - Indian Affairs Commission				5.00
9.00	9.00	0.00	321 - Department of Veterans' Affairs				10.00
2,483.83	2,762.35 ²	278.52 ²	325 - Department of Health and Human Services				2,893.35
			Adds:				
			203.52 FTE added during the 2023-25 biennium - Position information has not been reported.	Not reported	Not reported	Not reported ²	
			15.00 FTE human services IV positions	\$3,085,052	\$0	\$3,085,052	
			1.00 FTE human services V position	58,026	174,079	232,105	
			3.00 FTE compliance services IV positions	696,318	0	696,318	
			1.00 FTE facility services III position	158,653	0	158,653	
			1.00 FTE program management III position	232,106	0	232,106	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			1.00 FTE human services IV position	98,477	98,477	196,954	
			1.00 FTE human services II position	76,925	0	76,925	
			15.00 FTE medical services V positions	4,167,825	0	4,167,825	
			1.00 FTE analyst IV position	232,106	0	232,106	
			1.00 FTE human services V position	232,106	0	232,106	
			1.00 FTE program management III position	232,106	0	232,106	
			2.00 FTE human services V positions	411,340	0	411,340	
			2.00 FTE human services III positions	394,607	0	394,607	
			2.00 FTE compliance services IV positions	464,212	0	464,212	
			1.00 FTE compliance services IV position	232,106	0	232,106	
			1.00 FTE fiscal services V position	125,924	125,924	251,848	
			1.00 FTE manager IV position	281,376	70,344	351,720	
			2.00 FTE analyst IV positions	464,212	0	464,212	
			1.00 FTE human services IV position	82,101	82,101	164,202	
			1.00 FTE human services V position	103,314	103,314	206,628	
			1.00 FTE administrative services III position	153,862	0	153,862	
			12.00 FTE human services II positions	1,892,554	0	1,892,554	
			1.00 FTE human services V position	109,147	109,147	218,294	
			1.00 FTE human services V position	213,882	0	213,882	
			1.00 FTE fiscal services V position	185,035	46,259	231,294	
			1.00 FTE administrative services V position	194,321	48,580	242,901	
			3.00 FTE human services V positions	275,845	275,845	551,690	
			1.00 FTE human services IV position	49,393	0	49,393	
			<u>278.52</u>	<u>\$14,902,931</u>	<u>\$1,134,070</u>	<u>\$16,037,001</u>	
28.50	29.50	1.00	360 - Protection and Advocacy Project				30.50
			Adds:				
			1.00 FTE workforce technology services position	\$118,940	\$118,940	\$237,880	
			<u>1.00</u>	<u>\$118,940</u>	<u>\$118,940</u>	<u>\$237,880</u>	
158.61	158.61	0.00	380 - Job Service North Dakota				162.61
<u>2,971.73</u>	<u>3,252.25</u>	<u>280.52</u>	TOTAL HEALTH AND WELFARE	<u>\$15,021,871</u>	<u>\$1,606,412</u>	<u>\$16,628,283</u>	<u>3,398.25</u>
			REGULATORY				
47.00	49.00	2.00	401 - Insurance Department				51.00
			Adds:				
			1.00 FTE analyst IV position	\$0	\$209,147	\$209,147	
			1.00 FTE professional services position	0	275,516	275,516	
			<u>1.00</u>	<u>\$0</u>	<u>\$484,663</u>	<u>\$484,663</u>	
9.75	9.75	0.00	405 - Industrial Commission				9.75
13.00	13.00	0.00	406 - Department of Labor and Human Rights				13.00
45.00	45.00	0.00	408 - Public Service Commission				46.00
7.00	7.00	0.00	412 - Aeronautics Commission				7.00

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
35.00	38.00	3.00	413 - Department of Financial Institutions				42.00
			Adds:				
			1.00 FTE bank examiner position	\$0	\$267,474	\$267,474	
			1.00 FTE information technology examiner position	0	267,474	267,474	
			1.00 FTE money transmitter examiner position	0	267,474	267,474	
			<u>3.00</u>	<u>\$0</u>	<u>\$802,422</u>	<u>\$802,422</u>	
10.00	12.00	2.00	414 - Securities Department				15.00
			Adds:				
			1.00 FTE compliance position	\$0	\$262,633	\$262,633	
			1.00 FTE deputy director position	0	402,502	402,502	
			<u>2.00</u>	<u>0</u>	<u>\$665,135</u>	<u>\$665,135</u>	
187.00	189.00	2.00	471 - Bank of North Dakota				187.00
			Adds:				
			2.00 FTE cash management investment positions	\$0	\$563,002	\$563,002	
			<u>2.00</u>	<u>\$0</u>	<u>\$563,002</u>	<u>\$563,002</u>	
54.00	56.00	2.00	473 - Housing Finance Agency				59.00
			Adds:				
			1.00 FTE loan specialist position	\$0	\$184,796	\$184,796	
			1.00 FTE accountant position	0	257,410	257,410	
			<u>2.00</u>	<u>\$0</u>	<u>\$442,206</u>	<u>\$442,206</u>	
108.00	110.00	2.00	474 - Department of Mineral Resources				114.00
			Adds:				
			1.00 FTE permitting technician position	\$151,146	\$0	\$151,146	
			1.00 FTE reclamation specialist position	184,887	0	184,887	
			<u>2.00</u>	<u>\$336,033</u>	<u>\$0</u>	<u>\$336,033</u>	
170.00	172.00	2.00	475 - Mill and Elevator Association				172.00
			Adds:				
			2.00 FTE railcar inspector positions	\$0	\$359,808	\$359,808	
			<u>2.00</u>	<u>\$0</u>	<u>\$359,808</u>	<u>\$359,808</u>	
260.14	260.14	0.00	485 - Workforce Safety and Insurance				260.14
<u>945.89</u>	<u>960.89</u>	<u>15.00</u>	TOTAL REGULATORY	<u>\$336,033</u>	<u>\$3,982,371</u>	<u>\$4,318,404</u>	<u>975.89</u>
			PUBLIC SAFETY				
205.00	205.00	0.00	504 - Highway Patrol				210.00
929.79	971.79	42.00	530 - Department of Corrections and Rehabilitation				1,076.79
			Adds:				
			7.00 FTE Missouri River Correctional Center protective services positions	\$580,519	\$0	\$580,519	
			2.00 FTE pretrial services positions	417,880	0	417,880	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
			2.00 FTE community corrections agent positions	69,598	0	69,598	
			1.00 FTE Youth Correctional Center security officer position	176,296	0	176,296	
			1.00 FTE Heart River Correctional Center maintenance supervisor position	61,019	0	61,019	
			3.00 FTE education services positions	61,732	0	61,732	
			1.00 FTE Heart River Correctional Center program management position	208,079	0	208,079	
			21.00 FTE Heart River Correctional Center protective services positions	1,157,014	0	1,157,014	
			1.00 FTE Heart River Correctional Center fiscal services position	7,598	0	7,598	
			2.00 FTE Heart River Correctional Center administrative services positions	28,169	0	28,169	
			1.00 FTE Heart River Correctional Center professional services position	151,885	0	151,885	
			<u>42.00</u>	<u>\$2,919,789</u>	<u>\$0</u>	<u>\$2,919,789</u>	
233.00	240.00	7.00	540 - Adjutant General				249.00
			Adds:				
			2.00 FTE next generation leader program positions	\$475,840	\$0	\$475,840	
			1.00 FTE custodial supervisor position	90,416	90,416	180,832	
			1.00 FTE veterans' cemetery administrative position	0	179,512	179,512	
			2.00 FTE watch center analyst positions	411,336	0	411,336	
			1.00 FTE construction coordinator position	0	257,694	257,694	
			<u>7.00</u>	<u>\$977,592</u>	<u>\$527,622</u>	<u>\$1,505,214</u>	
<u>1,367.79</u>	<u>1,416.79</u>	<u>49.00</u>	TOTAL PUBLIC SAFETY	<u>\$3,897,381</u>	<u>\$527,622</u>	<u>\$4,425,003</u>	<u>1,535.79</u>
			AGRICULTURE AND ECONOMIC DEVELOPMENT				
65.80 ³	64.80	(1.00)	601 - Department of Commerce				81.60
			Adds:				
			1.00 FTE North Dakota Development Fund position	\$0	\$257,408	\$257,408	
			1.00 FTE procurement officer position	196,954	0	196,954	
			<u>2.00</u>	<u>\$196,954</u>	<u>\$257,408</u>	<u>\$454,362</u>	
80.00	81.00	1.00	602 - Agriculture Commissioner				82.00
			Adds:				
			1.00 FTE plant protection position	\$86,646	\$86,646	\$173,292	
			<u>1.00</u>	<u>\$86,646</u>	<u>\$86,646</u>	<u>\$173,292</u>	
43.88 ⁴	43.88	0.00	627 - Upper Great Plains Transportation Institute				43.88
111.81 ⁴	107.16	(4.65)	628 - Branch research centers				107.16
			Adjusts:				
			<u>(4.65)</u> FTE position adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
252.70 ⁴	256.44	3.74	630 - North Dakota State University Extension Service				259.44
			Adds:				
			1.00 FTE extension carbon specialist position	\$275,000	\$0	\$275,000	
			<u>1.00</u>	<u>\$275,000</u>	<u>\$0</u>	<u>\$275,000</u>	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
			Adjusts:				
			<u>2.74</u> FTE position adjustments	\$0	\$0	\$0	
			Total:				
			<u>3.74</u>	\$275,000	\$0	\$275,000	
18.15 ⁴	18.35	0.20	638 - Northern Crops Institute				18.35
			Adjusts:				
			<u>0.20</u> FTE position adjustments	\$0	\$0	\$0	
358.47 ⁴	370.53	12.06	640 - Main Research Center				385.53
			Adds:				
			1.00 FTE scientist position	\$275,000	\$0	\$275,000	
			<u>1.00</u> FTE research specialist position	200,000	0	200,000	
			<u>2.00</u>	\$475,000	\$0	\$475,000	
			Adjusts:				
			<u>10.06</u> FTE position adjustments	\$0	\$0	\$0	
			Total:				
			<u>12.06</u>	\$475,000	\$0	\$475,000	
3.00 ⁴	3.00	0.00	649 - Agronomy Seed Farm				3.00
2.00	2.00	0.00	670 - Racing Commission				2.00
<u>935.81</u>	<u>947.16</u>	<u>11.35</u>	TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT	<u>\$1,033,600</u>	<u>\$344,054</u>	<u>\$1,377,654</u>	<u>982.96</u>
			NATURAL RESOURCES AND HIGHWAYS				
83.50	85.50	2.00	701 - State Historical Society				97.50
			Adds:				
			1.00 FTE exhibition preparator position	\$180,800	\$0	\$180,800	
			<u>1.00</u> FTE tribal liaison position	208,076	0	208,076	
			<u>2.00</u>	\$388,876	\$0	\$388,876	
6.00	7.00	1.00	709 - Council on the Arts				7.00
			Adds:				
			<u>1.00</u> FTE program management position	\$172,772	\$0	\$172,772	
			<u>1.00</u>	\$172,772	\$0	\$172,772	
174.00 ⁵	170.00	(4.00)	720 - Game and Fish Department				170.00
65.00	76.00	11.00	750 - Parks and Recreation Department				69.00
			Adds:				
			2.00 FTE natural resource services II positions	\$382,952	\$0	\$382,952	
			<u>9.00</u> Conversion of full-time temporary positions to FTE positions	269,901 ⁶	0	269,901 ⁶	
			<u>11.00</u>	\$652,853	\$0	\$652,853	

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General	Other	Total	
				Fund	Funds		
93.00	102.00	9.00	770 - State Water Commission				104.00
			Adds:				
			1.00 FTE fiscal services position	\$0	\$277,962	\$277,962	
			1.00 FTE general counsel position	0	426,682	426,682	
			1.00 FTE Northwest Area Water Supply technician position	0	266,924	266,924	
			1.00 FTE deputy director position	0	402,500	402,500	
			1.00 FTE outreach and education division director position	0	329,954	329,954	
			1.00 FTE team development coordinator position	0	233,226	233,226	
			1.00 FTE assistant National Flood Insurance Program coordinator position	0	233,226	233,226	
			1.00 FTE RiskMAP program specialist position	0	233,226	233,226	
			1.00 FTE silver jacket coordinator position (converted from a temporary position)	0	0	0	
			<u>9.00</u>	<u>\$0</u>	<u>\$2,403,700</u>	<u>\$2,403,700</u>	
1,001.00	1,013.00	12.00	801 - Department of Transportation				1,052.00
			Adds:				
			2.00 FTE data program manager positions	\$0	\$451,898	\$451,898	
			1.00 FTE bridge load rating and analysis engineer position	0	249,997	249,997	
			2.00 FTE transportation technician positions	0	406,006	406,006	
			1.00 FTE fiscal services position	0	222,007	222,007	
			1.00 FTE transportation engineer position	0	249,997	249,997	
			1.00 FTE local government engineer position	0	249,997	249,997	
			1.00 FTE federal program compliance position	0	258,005	258,005	
			1.00 FTE grants program manager position	0	258,005	258,005	
			1.00 FTE tribal engagement position	0	284,992	284,992	
			1.00 FTE transportation engineer position	0	249,997	249,997	
			<u>12.00</u>	<u>\$0</u>	<u>\$2,880,901</u>	<u>\$2,880,901</u>	
<u>1,422.50</u>	<u>1,453.50</u>	<u>31.00</u>	TOTAL NATURAL RESOURCES AND HIGHWAYS	<u>\$1,214,501</u>	<u>\$5,284,601</u>	<u>\$6,499,102</u>	<u>1,499.50</u>
			SUMMARY TOTALS				
1,678.50	1,768.50	90.00	General Government	\$14,455,731	\$6,831,266	\$21,286,997	1,834.50
273.41	274.11	0.70	Other Education	450,450	(354,478)	95,972	281.11
2,971.73	3,252.25	280.52	Health and Welfare	15,021,871	1,606,412	16,628,283	3,398.25
945.89	960.89	15.00	Regulatory	336,033	3,982,371	4,318,404	975.89
1,367.79	1,416.79	49.00	Public Safety	3,897,381	527,622	4,425,003	1,535.79
935.81	947.16	11.35	Agriculture and Economic Development	1,033,600	344,054	1,377,654	982.96
1,422.50	1,453.50	31.00	Natural Resources and Highways	1,214,501	5,284,601	6,499,102	1,499.50
<u>9,595.63</u>	<u>10,073.20</u>	<u>477.57</u>	TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)	<u>\$36,409,567</u>	<u>\$18,221,848</u>	<u>\$54,631,415</u>	<u>10,508.00</u>
			HIGHER EDUCATION				
162.83 ⁷	168.83	6.00	215 - North Dakota University System office	\$0	\$0	\$0	173.83
335.33 ⁷	338.25	2.92	227 - Bismarck State College	0	0	0	338.25
120.59 ⁷	115.15	(5.44)	228 - Lake Region State College	0	0	0	115.15

2023-25 FTE Positions	Executive Recommendation 2025-27 FTE Positions	Increase (Decrease)	Agency/FTE Increase (Decrease)	Salary Amounts Added or Reduced in Executive Budget Due to New or Removed Positions			2025-27 FTE Positions in Agency Budget Request ¹
				General Fund	Other Funds	Total	
102.83 ⁷	99.74	(3.09)	229 - Williston State College	0	0	0	99.74
2,060.56 ⁷	2,191.95	131.39	230 - University of North Dakota	0	0	0	2,191.95
488.83 ⁷	529.06	40.23	232 - University of North Dakota School of Medicine and Health Sciences	0	0	0	529.06
1,867.50 ⁷	1,805.96	(61.54)	235 - North Dakota State University	0	0	0	1,805.96
313.95 ⁷	326.54	12.59	238 - North Dakota State College of Science	0	0	0	326.54
178.00 ⁷	170.80	(7.20)	239 - Dickinson State University	0	0	0	170.80
226.92 ⁷	226.92	0.00	240 - Mayville State University	0	0	0	226.92
423.63 ⁷	421.16	(2.47)	241 - Minot State University	0	0	0	421.16
211.94 ⁷	217.44	5.50	242 - Valley City State University	0	0	0	217.44
84.00 ⁷	87.85	3.85	243 - Dakota College at Bottineau	0	0	0	87.85
29.00 ⁷	34.00	5.00	244 - Forest Service	0	0	0	34.00
<u>6,605.91</u>	<u>6,733.65</u>	<u>127.74</u>	TOTAL HIGHER EDUCATION	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>6,738.65</u>
<u>16,201.54</u>	<u>16,806.85</u>	<u>605.31</u>	TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)	<u>\$36,409,567</u>	<u>\$18,221,848</u>	<u>\$54,631,415</u>	<u>17,246.65</u>

NOTE: Funding for the positions listed does not include the executive recommendation for salaries and benefits and health insurance increases.

¹ Includes the total FTE positions requested by state agencies, including optional adjustments.

² In Senate Bill No. 2012 (2023), the Legislative Assembly authorized the Department of Health and Human Services to adjust its FTE positions during the 2023-25 biennium, without specific legislative approval. The department added 203.52 FTE positions; however, the department has not provided information on the positions added or related funding.

³ Of the FTE positions authorized by the Legislative Assembly for the Department of Commerce for the 2023-25 biennium, 3 FTE positions are considered one-time FTE positions for the purpose of administering federal weatherization and energy assistance programs available as a result of the federal Infrastructure Investment and Jobs Act (IIJA) and the federal Inflation Reduction Act (IRA). The base-level FTE position authorization for the department is 62.00 FTE positions for the 2023-25 biennium.

⁴ The FTE positions listed for the entities under the control of the State Board of Higher Education listed below were adjusted in accordance with Section 10 of House Bill No. 1020 (2023). Detail on the positions and related funding has not yet been provided.

Agency	2023-25 Legislative Authorization	Adjusted FTE Position Level	Variance
Upper Great Plains Transportation Institute	43.88	43.88	0.00
Branch research centers	111.81	107.16	(4.65)
North Dakota State University Extension Service	252.70	256.44	3.74
Northern Crops Institute	18.15	18.35	0.20
Main Research Center	358.47	370.53	12.06
Agronomy Seed Farm	3.00	3.00	0.00
Total	788.01	799.36	11.35

⁵ Of the FTE positions authorized by the Legislative Assembly for the Game and Fish Department for the 2023-25 biennium, 4 FTE positions were contingent on the passage of the federal Recovering America's Wildlife Act. The Act did not pass and the contingency was not met. These positions were considered one-time FTE positions.

⁶ The Parks and Recreation Department requested \$2,635,100 from the general fund for 9 full-time temporary positions to be converted to FTE positions. The executive budget recommendation includes \$269,900 from the general fund for retirement contributions of the positions. Salaries and benefits funding for the positions are included in the agency's base budget from the parks and recreation special fund.

⁷ The FTE positions for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 39 of House Bill No. 1003 (2023):

Agency	2023-25 Legislative Authorization	Adjusted FTE Position Level	Variance
North Dakota University System office	162.83	168.83	6.00
Bismarck State College	335.33	338.25	2.92
Lake Region State College	120.59	115.15	(5.44)
Williston State College	102.83	99.74	(3.09)
University of North Dakota	2,060.56	2,191.95	131.39
University of North Dakota School of Medicine and Health Sciences	488.83	529.06	40.23
North Dakota State University	1867.5	1,805.96	(61.54)
North Dakota State College of Science	313.95	326.54	12.59
Dickinson State University	178.00	170.80	(7.20)
Mayville State University	226.92	226.92	0.00
Minot State University	423.63	421.16	(2.47)
Valley City State University	211.94	217.44	5.50
Dakota College at Bottineau	84.00	87.85	3.85
Forest Service	29.00	34.00	5.00
Total	6,605.91	6,733.65	127.74

ANALYSIS OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increase Provided or Proposed	Annual Inflation*
1973	5%	6.2%
1974	4%	11.0%
1975	5% (in addition to an 11.9% salary adjustment)	9.1%
1976	5%	5.7%
1977	5%	6.5%
1978	5%	7.6%
1979	6.5%	11.3%
1980	6.5%	13.5%
1981	9% (in addition to a 10% salary adjustment)	10.3%
1982	8% (reduced by governor's budget allotments)	6.2%
1983	2% contribution to retirement	3.2%
1984	2% contribution to retirement	4.3%
1985	9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees	3.5%
1986	4% with a minimum of \$50 per month; the governor deferred this increase for agencies under 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 ⁷	2% with a minimum monthly increase of \$120 and a maximum monthly increase of \$200	1.6%
2020	2.5%	(0.1%)
2021 ⁸	1.5% with a minimum monthly increase of \$100	4.5%
2022	2%	8.6%
2023 ⁹	6%	3.9%
2024 ⁹	4%	3.0% (projected)

Year	General Salary Increase Provided or Proposed	Annual Inflation*
2025	4% (executive budget recommendation)	2.0% (projected)
2026	3% (executive budget recommendation)	2.3% (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 million 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 resulted in the following:

- Employees earning less than \$72,000 each year receiving 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 receiving a 2 percent salary increase; and
- Employees earning \$120,000 or more each year were limited to a \$200 monthly salary increase rather than a 2 percent increase.

⁸The 2021 Legislative Assembly approved state employee salary increases of 1.5 percent with a \$100 monthly minimum on July 1, 2021, which resulted in the following:

- Employees earning less than \$80,000 each year receiving a \$100 monthly salary increase rather than a 1.5 percent increase; and
- Employees earning \$80,000 or more each year receiving a 1.5 percent salary increase.

⁹The 2023 Legislative Assembly approved state employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024. In addition, the Legislative Assembly appropriated \$82.5 million, of which \$45.1 million was from the general fund and \$37.4 million was from other funds, to OMB in a targeted market equity pool for the purpose of providing compensation adjustments for executive branch state employees during the 2023-25 biennium.

ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2025-27 biennium includes funding to provide salary increases of 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026, for executive branch elected officials. The statutory changes necessary to adjust elected officials' salaries are recommended to be included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the 2023 Legislative Assembly and the salary being proposed in the executive budget.

State Official	Statutory Annual Salary Authorized by the 2023 Legislative Assembly		Proposed Annual Salary Included in the 2025-27 Executive Budget Recommendation	
	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Governor ¹	\$152,265	\$158,356	\$164,690	\$169,631
Lieutenant Governor ²	\$130,000	\$135,200	\$140,608	\$144,826
Secretary of State ²	\$130,000	\$135,200	\$140,608	\$144,826
State Auditor ²	\$130,000	\$135,200	\$140,608	\$144,826
State Treasurer ²	\$130,000	\$135,200	\$140,608	\$144,826
Attorney General	\$179,312	\$186,484	\$193,943	\$199,761
Tax Commissioner	\$131,705	\$136,973	\$142,452	\$146,726
Superintendent of Public Instruction	\$138,142	\$143,668	\$149,415	\$153,897
Insurance Commissioner ²	\$130,000	\$135,200	\$140,608	\$144,826
Public Service Commissioners (3) ²	\$130,000	\$135,200	\$140,608	\$144,826
Agriculture Commissioner	\$131,423	\$136,680	\$142,147	\$146,411

¹Section 4 of Senate Bill No. 2002 (2023) provided an exemption that if the Governor chooses not to accept the salary and benefits of the position, or any portion of the salaries and benefits, the Office of Management and Budget may transfer appropriation authority from the Governor's salary line item to other line items during the 2023-25 biennium.

²In addition to regular salary increases for the 2023-25 biennium, the 2023 Legislative Assembly authorized salary equity increases for executive branch elected officials to provide each elected official an annual salary of at least \$130,000 beginning July 1, 2023. The equity adjustments increased the salaries of the Lieutenant Governor (16.4 percent), Secretary of State (13.6 percent), State Auditor (13.6 percent), State Treasurer (13.6 percent), Insurance Commissioner (13.6 percent), and Public Service Commissioners (10.5 percent) from July 1, 2023, through June 30, 2024. After applying the 4 percent salary increase on July 1, 2024, the annual salary of these elected officials increased to \$135,200.

The judicial branch included funding in its request for salary increases of approximately 12.1 percent for the North Dakota Supreme Court chief justice, approximately 11.1 percent for other supreme court justices, and approximately 7.7 percent for district court judges, effective July 1, 2025, with no additional salary increase in the 2nd year of the 2025-27 biennium. The following schedule shows the current salary and the salary being proposed for each judge in the judicial branch budget request:

	Statutory Annual Salary Authorized by the 2023 Legislative Assembly		Proposed Annual Salary Included in the 2025-27 Judicial Branch Budget Request
	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025
Supreme Court Chief Justice	\$184,383	\$191,758	\$214,896
Other Supreme Court justices	\$179,312	\$186,484	\$207,249
District court presiding judges	\$169,207	\$175,975	\$189,528
Other district court judges	\$164,532	\$171,113	\$184,366

SECTION I - TRUST FUND ANALYSES

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**ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
		\$		\$
Beginning balance		\$914,429,031		\$712,600,000
Add estimated revenues				
Investment income (loss)	\$103,314,377 ¹		\$69,834,800 ¹	
Oil and gas tax collections	0 ²		0 ²	
Transfer from general fund	0 ³		0	
Total estimated revenues		103,314,377		69,834,800
Total available		\$1,017,743,408		\$782,434,800
Less estimated expenditures and transfers				
Transfer to general fund	\$305,143,408 ⁴		\$69,834,800 ⁴	
Total estimated expenditures and transfers		305,143,408		69,834,800
Estimated ending balance		<u>\$712,600,000</u>		<u>\$712,600,000</u>

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 executive budget does not include any oil and gas tax deposits in the fund during the 2025-27 biennium due to the fund being at its maximum balance.

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 executive budget proposes reducing the maximum balance of the budget stabilization fund to an amount equal to 15 percent of the ongoing general fund budget, excluding funding for state school aid, as approved by the most recently adjourned Legislative Assembly. Therefore, the fund would be at its maximum balance at the end of the 2023-25 biennium.

⁴The executive budget proposes reducing the maximum balance of the budget stabilization fund to an amount equal to 15 percent of the ongoing general fund budget, excluding funding for state school aid, as approved by the most recently adjourned Legislative Assembly. The executive budget recommends transferring excess funds to the general fund at the end of the 2023-25 biennium, and investment earnings would be transferred to the general fund during the 2025-27 biennium.

FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in House Bill No. 1596 (1987). 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 COMMON SCHOOLS TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS (REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

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 2025-27 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	3.87%
2019-21 ¹	2020	\$4,651,515,837	\$183,378,000	(1.87%)
	2021	\$4,628,066,674	\$183,378,000	21.67%
2021-23	2022	\$5,736,576,906	\$210,510,000	(4.99%)
	2023	\$5,655,342,224	\$210,510,000	6.17%
2023-25	2024	\$6,216,075,290	\$249,930,000	9.4%
	2025	\$6,997,804,865	\$249,930,000	²
2025-27	2026	²	\$292,338,675 ³	²
	2027	²	\$292,338,675 ³	²

¹The 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. The State Treasurer transferred \$64,370,000 from the general fund to the common schools trust fund at the end of the 2019-21 biennium.

²Section 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 \$7,204,243,636 as of August 31, 2024.**

³The executive recommendation includes estimated distributions of \$584,677,350 from the common schools trust fund for state school aid, or \$292,338,675 per year.

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. 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 47-30.2-44

Section 47-30.2-44 provides that all funds received by the state under the Uniform Unclaimed Property Act 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 Master 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 actual 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.

Biennium	Total Transfers
1999-2001	\$23,805,353
2001-03	23,998,745
2003-05	20,977,122
2005-07	19,722,653
2007-09	27,672,929
2009-11	18,248,834
2011-13	18,108,052
2013-15	19,003,716
2015-17	18,208,436
Total	\$189,745,840

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, appraisal, 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.

Section 47-30.2-46

Section 47-30.2-46 provides a continuing appropriation for the amounts necessary to pay all expense deductions, including the payment of claims, costs related to the sale of abandoned property, and certain administrative costs.

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 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$31,973,946		\$20,525,750
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$22,151,312 ¹		\$0	
Projected transfers from the tobacco settlement trust fund	21,000,000 ²		40,000,000 ²	
JUUL Labs, Inc., settlement proceeds (2023 HB 1004)	1,390,271 ²		1,000,000 ²	
Refund of prior biennium expenditures from the fund	45		0	
Total estimated revenues		44,541,628 ²		41,000,000 ²
Total available		\$76,515,574		\$61,525,750
Less estimated expenditures and adjustments				
Department of Health and Human Services - Public Health (2023 HB 1004 and HB 1477; executive budget recommendation)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	\$5,950,000		\$6,250,000	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	4,943,000 ³		4,141,683 ³	
Tobacco cessation grants	500,000		500,000	
Youth vaping prevention grants	300,000		300,000	
Women's Way program	329,500		329,500	
Behavioral Risk Factor State Survey	200,000		200,000	
Dentists' loan repayment program	360,000 ⁴		360,000 ⁴	
Behavioral health loan repayment program	234,500 ⁵		234,500 ⁵	
Cancer programs	580,324		580,324	
Domestic violence offender treatment	1,000,000 ⁶		1,000,000 ⁶	
Domestic violence prevention	1,000,000 ⁶		2,876,342 ⁶	
Sexual violence prevention			200,000 ⁶	
Safe havens visitation centers			425,000 ⁶	
Local public health state aid	3,275,000 ⁷		3,275,000 ⁷	
Forensic examiner contract	1,000,000 ⁸		2,866,156 ⁸	
Forensic examiner electronic records system			278,000 ⁸	
Statewide health strategies (The executive budget recommendation includes \$1 million from the community health trust fund for statewide health strategies; however, the budget system includes \$100,000 from the community health trust fund).			100,000 ⁹	
One-time funding for a statewide health strategies initiative	1,500,000 ⁹			
Grants to rural emergency medical services and rural ambulance service districts (2023 HB 1477)	7,000,000 ¹⁰		7,000,000 ¹⁰	
Dental and oral health			514,367	
Chronic disease and diabetes prevention			721,561	
Food and lodging management information system			335,000	
Emergency medical services licensure system			650,000	

Department of Human Services/Department of Health and Human Services - Human Services (2023 SB 2012; executive budget recommendation)			
Child support computer replacement project	20,400,000		0
988 crisis hotline program	1,867,500		1,867,500
Cross-Disability Advisory Council	700,000		700,000
Basic care funding rate study	600,000		0
Health Care Task Force	750,000		0
Vocational rehabilitation information technology system			1,704,000
Avel eCare rural crisis support program (The executive budget recommendation includes \$2 million from the community health trust fund for rural crisis support; however, the budget system includes \$200,000 from the community health trust fund).			200,000
Alzheimer's community living			150,000
University of North Dakota School of Medicine and Health Sciences - Clinically integrated network grant (2023 SB 2012)	3,500,000		0
Total estimated expenditures and adjustments		55,989,824	37,758,933
Estimated ending balance		\$20,525,750	\$23,766,817

¹Through October 2024 the state has received tobacco settlement payments totaling \$22,151,312 for the 2023-25 biennium, all of which has been transferred from the tobacco settlement trust fund to the community health trust fund. Total transfers of \$197,229,216 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 for the 2023-25 biennium are based on actual revenues received through October 2024 and the November 2024 executive budget revenue forecast for the remainder of the 2023-25 biennium. The estimated revenues for the 2025-27 biennium are based on the November 2024 executive budget revenue forecast.

In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments over a period of 6 to 10 years. The Legislative Assembly, in House Bill No. 1004 (2023), provided 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.

³North Dakota Century Code Section 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.

⁴In 2023 the Legislative Assembly provided a total of \$585,200 for the dentists' loan repayment program, of which \$360,000 is from the community health trust fund and \$225,200 is from the general fund. The executive budget recommendation for the 2025-27 biennium provides a total of \$585,200 for the dentists' loan repayment program, of which \$360,000 is from the community health trust fund and \$225,200 is from the general fund.

⁵In 2023 the Legislative Assembly provided a total of \$528,480 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$293,980 is from the general fund. The executive budget recommendation for the 2025-27 biennium provides a total of \$528,480 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$293,980 is from the general fund.

⁶In 2023 the Legislative Assembly increased funding for domestic violence offender treatment to provide \$1,000,000 from the community health trust fund. In addition, the Legislative Assembly increased funding for domestic violence prevention to provide a total of \$5,936,285, of which \$4,596,285 is from the general fund, \$1,000,000 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund which receives revenue from marriage license fees. The executive budget recommendation for the 2025-27 biennium provides a total of \$1,000,000 from the community health trust fund

for domestic violence offender treatment and \$7,812,627 for domestic violence prevention, of which \$4,596,285 is from the general fund, \$2,876,342 is from the community health trust fund, and \$340,000 is from the domestic violence and sexual assault prevention fund which receives revenue from marriage license fees. In addition, funding for Safe Havens visitation centers, previously \$425,000 from the general fund, was increased in the executive budget to \$850,000 of which \$425,000 is from the general fund and \$425,000 is from the community health trust fund. Funding for sexual violence prevention, previously \$200,000 from the general fund, was increased in the executive budget to \$400,000, of which \$200,000 is from the general fund and \$200,000 is from the community health trust fund.

⁷In 2023 the Legislative Assembly increased funding from the community health trust fund by \$2,750,000 to provide a total of \$8,000,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund. The executive budget recommendation for the 2025-27 biennium provides a total of \$8,000,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$3,275,000 is from the community health trust fund.

⁸In 2023 the Legislative Assembly provided \$1,000,000 from the community health trust fund for Public Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences and increased funding for the contract from the general fund to \$755,292, to provide a total of \$1,755,292 for the 2023-25 biennium. The executive budget recommendation for the 2025-27 biennium provides a total of \$3,584,840 for Public Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences, of which \$718,684 is from the general fund and \$2,866,156 is from the community health trust fund. In addition, the executive budget recommendation includes \$278,000 from the community health trust fund for a forensic examiner electronic records system.

⁹In 2021 the Legislative Assembly provided one-time funding of \$1.5 million from the community health trust fund for a statewide health strategies initiative totaling \$3 million. The Legislative Assembly provided the one-time funding from the community health trust fund for the statewide health strategies initiative is contingent on the State Department of Health securing \$1.5 million in dollar-for-dollar matching funds. In House Bill No. 1004 (2023), the Legislative Assembly allowed Public Health to continue the \$3 million of one-time funding, appropriated during the 2021-23 biennium for a statewide health strategies initiative, to the 2023-25 biennium and provided the \$1.5 million continued from the community health trust fund is contingent on the department securing dollar-for-dollar matching funds. The executive budget recommendation for the 2025-27 biennium provides a total of \$2 million for statewide health strategies, of which \$1 million is from the community health trust fund and is contingent on the department securing \$1 million in dollar-for-dollar matching funds, however the budget system includes \$100,000 from the community health trust fund.

¹⁰In 2023 the Legislative Assembly, in House Bill No. 1477 increased funding for emergency medical services by providing \$7,000,000 from the community health trust fund to aid the functions and operations of rural emergency medical services and rural ambulance service districts, to provide a total of \$14,721,000 for emergency medical services, of which \$6,596,000 is from the general fund, \$7,000,000 is from the community health trust fund, and \$1,125,000 is from the insurance tax distribution fund, for the 2023-25 biennium. The executive budget recommendation for the 2025-27 biennium provides a total of \$14,721,000 for emergency medical services, of which \$6,446,000 is from the general fund, \$7,000,000 is from the community health trust fund, \$150,000 is from other special funds, and \$1,125,000 is from the insurance tax distribution 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. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

The Legislative Assembly, in House Bill No. 1004 (2023), created a new section to Chapter 54-27 to provide for the deposit of funds to be received pursuant to an agreement reached between the Attorney General's office and JUUL Labs, Inc. In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc., and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the \$438.5 million total settlement, North Dakota was awarded \$6,028,211, which will be paid in installments over a period of 6 to 10 years. The Legislative Assembly, in House Bill No. 1004 (2023), provided 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc., settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.

**ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$484,246,406		\$485,977,516
Add estimated revenues				
Oil extraction tax allocations	\$233,731,110 ¹		\$214,098,815 ¹	
Total estimated revenues		233,731,110 ²		214,098,815 ²
Total available		\$717,977,516		\$700,076,331
Less estimated expenditures and transfers				
Department of Public Instruction (DPI) (2023 SB 2013; executive budget recommendation)				
State school aid	\$157,000,000 ³		\$225,000,000 ³	
Transfer to the school construction assistance revolving loan fund (2023 SB 2284)	75,000,000 ³		75,000,000 ³	
One-time funding for Be Legendary school board training	0		1,500,000 ³	
One-time funding for a teacher retention program	0		2,000,000 ³	
One-time funding a 2Revolutions program	0		1,500,000 ³	
Total estimated expenditures and transfers		232,000,000 ⁴		305,000,000 ⁴
Estimated ending balance		\$485,977,516		\$395,076,331
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		250,093,242 ⁵		261,218,932 ⁶
Estimated ending balance available		<u>\$235,884,274</u>		<u>\$133,857,399</u>

¹Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through October 2024. The estimated allocations for the remainder of the 2023-25 biennium and the estimated allocations for the 2025-27 biennium are based on the November 2024 executive budget revenue forecast.

²Section 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 allocates the interest income to the general fund on a monthly basis. For the period July 1, 2023, through October 31, 2024, \$1,560,396 of interest has been allocated to the general fund.

³The Legislative Assembly, in Senate Bill No. 2013 (2023), appropriated \$157 million from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid for the 2023-25 biennium. In Senate Bill No. 2284 (2023), the Legislative Assembly transferred \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund. The executive budget recommendation for the 2025-27 biennium provides \$225 million from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid. The executive budget recommendation for the 2025-27 biennium also provides for one-time funding from the foundation aid stabilization fund for school board training (\$1.5 million), a teacher retention program (\$2 million), and a 2Revolutions program (\$1.5 million).

⁴Expenditures - 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.

⁵Amendments 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 DPI 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. In 2021, the Legislative Assembly provided \$2,216,925,000 for integrated formula payments, transportation aid, and special education grants for the 2021-23 biennium, of which \$433,020,000 is from the state tuition fund, \$143,454,500 is from the foundation aid stabilization fund, and \$1,640,450,500 is 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 total \$26,837,780 for the 2021-23 biennium. Based on this level of funding from the general fund during the 2021-23 biennium, the required reserve balance for the 2023-25 biennium is \$250,093,242, \$7,235,689 less than the reserve required for the 2021-23 biennium.

⁶In 2023, the Legislative Assembly, in Senate Bill Nos. 2013 and 2398, provided \$2,381,774,851 for integrated formula payments, transportation aid, and special education grants for the 2023-25 biennium, of which \$510,860,000 is from the state tuition fund, \$157,000,000 is from the foundation aid stabilization fund, \$13,993,086 is from the strategic investment and improvements fund, and \$1,699,921,765 is from the general fund. In addition, the Legislative Assembly approved House Bill No. 1019 which includes general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers totaling \$41,537,780 for the 2023-25 biennium. Based on this level of funding from the general fund during the 2023-25 biennium, the required reserve balance for the 2025-27 biennium is \$261,218,932, \$11,125,690 more than the reserve required for the 2023-25 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 DPI, 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.

**ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues ^{1,2}				
Motor vehicle fuel tax	\$184,000,000		\$185,450,000	
Special fuels taxes	167,800,000		172,800,000	
Motor vehicle registration fees	181,450,000		184,664,654	
Total estimated revenues		533,250,000		542,914,654
Total available		\$533,250,000		\$542,914,654
Less estimated deductions and transfers				
Highway Patrol	\$11,256,381		\$13,119,751	
Motorboat safety account	300,000		300,000	
State snowmobile fund	150,000		150,000	
Rail safety fund	664,654		664,654	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,900,000		4,900,000	
Total estimated deductions before distributions		22,771,035		24,634,405
Total available for distributions and transfers		\$510,478,965		\$518,280,249
Less estimated distributions and transfers				
State highway fund	\$312,878,965		\$317,780,249	
Counties	112,300,000		114,000,000	
Cities	63,800,000		64,700,000	
Townships	13,800,000		14,000,000	
Transit	7,700,000		7,800,000	
Total estimated distributions and transfers		510,478,965		518,280,249
Estimated ending balance		\$0		\$0

¹Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

²The amounts shown reflect actual revenue collections deposited in the fund through September 2024. The estimated revenue for the remainder of the 2023-25 biennium and the estimated collections for the 2025-27 biennium are based on DOT's revenue forecast.

FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair, and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. North Dakota Century Code Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first \$5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the State Treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
 - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
 - b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
 - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
 - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
 - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
 - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

- a. The cost of maintaining the state highway system.
- b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
- c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the State Treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition, the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.

Motor Vehicle Fuel Tax

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of House Bill No. 1539 (1983) imposed a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
Through December 31, 1983	\$0.09
January 1, 1984, through December 31, 1984	\$0.08
January 1, 1985, through December 31, 1985	\$0.07
January 1, 1986, through June 30, 1992	\$0.09
July 1, 1992	\$0.13

The Legislative Assembly, in Section 1 of Senate Bill No. 2296 (1985), changed the language from agricultural ethyl or methanol to "a qualifying alcohol," and adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
July 1, 1985, through June 30, 1987	\$0.05
July 1, 1987, through December 31, 1992	\$0.09
January 1, 1993	\$0.13

The Legislative Assembly, in Section 9 of Senate Bill No. 2557 (1987), increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of Senate Bill No. 2029 (1989), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. The referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 2 of House Bill No. 1575 (1991), removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The Legislative Assembly, in Section 1 of House Bill No. 1163 (1997), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of House Bill No. 1183 (1999), increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 12 of Senate Bill No. 2012 (2005), increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478 (2005), created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the Tax Commissioner and after that date is ineffective.

Special Fuels Excise Tax

The 1983 Legislative Assembly also repealed Chapter 57-52, relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 (1983) amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The Legislative Assembly, in Section 1 of House Bill No. 1248 (1985), amended the definition of special fuel to include compressed natural gas.

The Legislative Assembly, in Section 10 of Senate Bill No. 2557 (1987), increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2029 (1989), increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. The referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 12 of House Bill No. 1311 (1997), removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 (1997), increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The Legislative Assembly, in Section 3 of House Bill No. 1183 (1999), increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2454 (2001), amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The Legislative Assembly, in Section 14 of Senate Bill No. 2012 (2005), amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

Motor Vehicle Registration Fees

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of \$10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by \$10.

**ANALYSIS OF THE LEGACY EARNINGS FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$486,568,637		\$0
Add estimated revenues				
Earnings transferred from the legacy fund ¹	\$0		\$601,020,950	
Total estimated revenues		0		601,020,950
Total available		\$486,568,637		\$601,020,950
Less estimated expenditures and transfers (percent of market value calculation) ²				
Transfer to the legacy sinking and interest fund	\$102,620,461		\$102,622,743	
Transfer to the general fund for tax relief	225,000,000		225,000,000	
Transfer to the legacy earnings highway distribution fund	100,000,000		100,000,000	
Transfer of remaining earnings				
50 percent to the general fund	29,474,088		86,699,104	
50 percent to the strategic investment and improvements fund (SIIF)	29,474,088		86,699,103	
Total estimated expenditures and transfers		486,568,637		601,020,950
Estimated ending balance		\$0		\$0

¹As approved by the voters in November 2024, a constitutional amendment to Section 26 of Article X of the Constitution of North Dakota provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium. North Dakota Century Code Section 21-10-12, as amended by Senate Bill No. 2330 (2023), identifies a percent of market value calculation for the distribution using 7 percent of the 5-year average value of the legacy fund assets based on the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year.

Prior to the amendments, legacy fund earnings were transferred to the general fund at the end of each biennium, and House Bill No. 1380 (2021), as codified in Section 21-10-13, provided a process to immediately transfer the legacy fund earnings from the general fund to the legacy earnings fund. Since the earnings were transferred at the end of the biennium, Section 21-10-13 clarified the earnings were available for spending in the subsequent biennium.

The transfer at the end of the 2021-23 biennium, available for the 2023-25 biennium, was \$486,568,637 based on June 30th legacy fund balances of \$5,576,084,018 (2018), \$6,122,227,871 (2019), \$6,995,309,070 (2020), \$8,115,202,181 (2021), and \$7,946,079,492 (2022).

The transfer at the beginning of the 2025-27 biennium is \$601,020,950 based on June 30th legacy fund balances of \$6,995,309,070 (2020), \$8,115,202,181 (2021), \$7,946,079,492 (2022), \$8,999,738,920 (2023), and \$10,873,738,190 (2024).

²House Bill No. 1379 (2023) amended Section 21-10-13 to designated spending from the legacy earnings fund for transfers to the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), and a newly created legacy earnings highway distribution fund (\$100 million) with any remaining amounts transferred 50 percent to the general fund and 50 percent to SIIF.

FUND HISTORY

House Bill No. 1380 (2021), as codified in Section 21-10-13, created the legacy earnings fund and provided a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund. The earnings were allocated to special funds designated by the Legislative Assembly. Any excess earnings were retained in the legacy earnings fund as a reserve for bond payments, and up to \$100 million of the excess was transferred to the legacy fund to become part of the principal with the remaining excess transferred to SIIF.

House Bill No. 1379 (2023) changed the designated spending from the legacy earnings fund to provide transfers to the legacy sinking and interest fund (\$102.6 million), the general fund for tax relief (\$225 million), and a newly created legacy earnings highway distribution fund (\$100 million) with any remaining amounts transferred 50 percent to the general fund and 50 percent to SIIF. The bill also changed the designations for the excess earnings to transfer 50 percent of the excess earnings to the general fund and 50 percent to SIIF and removed the provision to retain a portion of the excess earnings as a reserve for future bond payments.

Senate Bill No. 2330 (2023) amended Section 21-10-12 to change the definition of earnings to reflect a percent of market value calculation using 7 percent of the 5-year average value of the legacy fund assets. As a result, the calculation of the amount available for spending aligned with the calculation for the definition of legacy fund earnings so the earnings transferred to the legacy earnings fund would be the same as the amount available for spending.

The Legislative Assembly approved House Concurrent Resolution No. 3033 (2023) to amend Section 26 of Article X of the Constitution of North Dakota. The constitutional amendment was approved by the voters in November 2024 and provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium.

**ANALYSIS OF THE LEGACY FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2023-25 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
	Beginning balance ¹		\$8,999,738,920	
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) ²	\$1,527,753,700		\$1,304,022,490	
Investment earnings (losses) (2021 HB 1425; 2023 SB 2330) ^{3,4}	1,684,920,529		765,643,256	
Total estimated revenues		3,212,674,229		2,069,665,746
Total available		\$12,212,413,149		\$14,282,078,895
Less estimated expenditures and transfers				
Transfer of earnings to the legacy earnings fund (2023 SB 2330) ⁵	\$0		\$601,020,950	
Expenditure of principal ⁶	0		0	
Total estimated expenditures and transfers		0		601,020,950
Estimated ending balance		\$12,212,413,149		\$13,681,057,945

¹The beginning balance for the 2023-25 biennium reflects an adjustment of \$40,438,962 to increase the balance from \$8,074,763,219 to \$8,115,202,181 to align the balance with the amount reported by the Retirement and Investment Office. The difference in the balance was the result of differences in the timing of reports.

²The oil and gas tax revenues reflect allocations for July through June (24 months) and are based on the December 2024 executive budget.

³The amounts shown for investment earnings reflect the investment performance of the legacy fund, which differs from the determination of the amounts transferred from the fund. The estimated investment earnings are based on the December 2024 executive budget.

The investment earnings for the legacy fund for the 2023-25 biennium through September 30, 2024, were \$1,576.9 million, including realized earnings of \$478.9 million and unrealized earnings of \$1,098 million.

NOTE: The actual earnings may differ significantly from these estimates based on actual investment performance.

⁴House Bill No. 1425 (2021) designated a portion of the legacy fund investments to in-state fixed income investments and in-state equity investments. Senate Bill No. 2330 (2023) changed the amount designated for in-state investments from 20 percent of the fund allocation balance to \$1.3 billion. The performance of these investments may affect the earnings of the legacy fund.

⁵As approved by the voters in November 2024, a constitutional amendment to Section 26 of Article X of the Constitution of North Dakota provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium. North Dakota Century Code Section 21-10-12, as amended by Senate Bill No. 2330 (2023), identifies a percent of market value calculation for the distribution using 7 percent of the 5-year average value of the legacy fund assets based on the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year.

Prior to the amendments, legacy fund earnings were transferred to the general fund at the end of each biennium, and House Bill No. 1380 (2021), as codified in Section 21-10-13, provided a process to immediately transfer the legacy fund earnings from the general fund to the legacy earnings fund. Since the earnings were transferred at the end of the biennium, Section 21-10-13 clarified the earnings were available for spending in the subsequent biennium.

The transfer at the beginning of the 2025-27 biennium is \$601,020,950 based on June 30th legacy fund balances of \$6,995,309,070 (2020), \$8,115,202,181 (2021), \$7,946,079,492 (2022), \$8,999,738,920 (2023), and \$10,873,738,190 (2024).

⁶As approved by the voters in November 2024, a constitutional amendment to Section 26 of Article X of the Constitution of North Dakota, allows up to 5 percent of the principal of the legacy fund to be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly. Prior to the amendment, up to 15 percent of the principal of the legacy fund could be spent during a biennium. Principal and earnings of the legacy fund were not available for spending until after June 30, 2017.

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 could 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. As created, up to 15 percent of the principal of the legacy fund could be spent during a biennium, and the investment earnings accruing after June 30, 2017, were transferred to the general fund at the end of each biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and the transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund.

Originally, Section 21-10-12 defined the investment earnings as the realized earnings of the fund allowing the unrealized earnings to remain in the fund. Senate Bill No. 2330 (2023) changed the definition of investment earnings to reflect a percent of market value calculation using 7 percent of the 5-year average value of the legacy fund assets based on the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year. The Legislative Assembly approved House Concurrent Resolution No. 3033 (2023) to amend Section 26 of Article X of the Constitution of North Dakota, and the constitutional amendment was approved by the voters in November 2024. The constitutional amendment provides for a distribution from the legacy fund to the legacy earnings fund at the beginning of each biennium and decreased the amount of principal that may be spent during a biennium from 15 to 5 percent.

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.

Senate Bill No. 2312 (2019) amended 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.

**ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
Beginning balance		\$428,790,986		\$554,518,230
Add estimated revenues and transfers				
Oil extraction tax collections	\$474,948,775 ¹		\$434,702,570 ¹	
Bond proceeds from repayment of loans				
Repayments and reimbursements	11,000,000		12,500,000	
Investment earnings/miscellaneous income	17,638,810		16,000,000	
Total estimated revenues		503,587,585		463,202,570
Total available		\$932,378,571		\$1,017,720,800
Less estimated expenditures and transfers				
House Bill No. 1431 (2021) - Appropriation to the State Water Commission to provide funding for the Mouse River flood control project	\$42,459,004 ²		\$21,895,621 ^{2,5}	
Department of Water Resources - Grants, projects, and project administration, pursuant to Senate Bill No. 2020 (2023) for the 2023-25 biennium and the executive budget for the 2025-27 biennium	306,394,673 ³		987,166,471 ⁵	
Senate Bill No. 2393 (2023) - Estimated sum for the targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool	2,471,972 ⁴			
Total estimated Department of Water Resources expenditures and loans		351,325,649		1,009,062,092
Transfer to renewable energy development fund (North Dakota Century Code Section 57-51.1-07)	\$3,000,000		\$3,000,000	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000		1,200,000	
Senate Bill No. 2020 (2023) - Transfer to water projects stabilization fund	22,334,692 ⁶			
Total estimated transfers		26,534,692		4,200,000
Estimated ending balance		\$554,518,230		\$4,458,708

¹Estimated oil extraction tax revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through October 31, 2024. The estimated allocations for the remainder of the 2023-25 biennium and the estimated allocations for the 2025-27 biennium are based on the November 2024 executive budget revenue forecast.

²House Bill No. 1431 (2021) provided an appropriation of \$74.5 million from the resources trust fund to the State Water Commission for the Mouse River flood control project. Of the \$74.5 million, \$64.4 million was continued into the 2023-25 biennium.

³Senate Bill No. 2020 (2023) includes \$876,700,000 from the resources trust fund for the purpose of defraying the expenses of the Department of Water Resources for the 2023-25 biennium. This amount includes \$524,800,000 of new appropriations for the 2023-25 biennium and \$351,900,000 of water project funding continued from the 2021-23 biennium (carryover). The Department of Water Resources estimates it will expend \$351,325,649 during the 2023-25 biennium.

⁴Senate Bill No. 2393 (2023) includes funding for a targeted market equity pool, new and vacant FTE funding pool, and employer retirement contribution pool. Allocations from these pools to the Department of Water Resources will be paid primarily from the resources trust fund.

⁵The executive budget recommendation includes \$1,009.1 million from the resources trust fund for defraying the expenses of the Department of Water Resources for the 2025-27 biennium and for carryover projects.

⁶Senate Bill No. 2020 (2023) provides for the transfer of any oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the March 2023 legislative revenue forecast from July 1, 2023, through June 30, 2025, from the resources trust fund to the water projects stabilization fund, on a quarterly basis. The amount shown reflects the oil and gas tax revenue deposited in the resources trust fund in excess of the revenue forecast for the period July 1, 2023, through October 31, 2024, and the estimated allocations through June 30, 2025, based on the November 2024 executive budget revenue forecast. Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects.

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**. House Bill No. 1431 (2021) eliminated the infrastructure revolving loan fund within the resources trust fund, combined it with the community water development fund to establish a newly created water infrastructure revolving loan fund, and provided a continuing appropriation to the Bank for the purpose of providing loans for water projects in a similar manner as the prior infrastructure revolving loan fund.

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 (2019); therefore, the State Water Commission paid off the Bank loan from the water development trust fund during the 2017-19 biennium.

The Legislative Assembly in Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects, provided for a transfer of \$1 million from the resources trust fund to the water projects stabilization fund, and provided for the transfer of all oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2021 legislative forecast from August 1, 2021, through February 28, 2023, on a quarterly basis. Senate Bill No. 2020 (2023) provides for the transfer of any oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the March 2023 legislative revenue forecast from July 1, 2023, through June 30, 2025, from the resources trust fund to the water projects stabilization fund, on a quarterly basis.

**ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 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) ¹	\$259,479,667		\$269,191,182	
Total estimated revenues		259,479,667		269,191,182
Total available		\$259,479,667		\$269,191,182
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$139,340,581		\$144,555,665	
City share (46.3 percent)	120,139,086		124,635,517	
Total estimated expenditures and transfers		259,479,667		269,191,182
Estimated ending balance		\$0		\$0

¹The amounts shown are based on the December 2024 executive budget, which include actual revenue collections through October 2024.

FUND HISTORY

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 for 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 expired 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 data. House Bill No. 1379 (2021) clarified the timing of the allocations from the state aid distribution fund and continued the method of allocating revenues based on the most recent actual or estimated census data.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium		2025-27 Biennium	
		\$1,676,500,295		\$1,776,919,343
Beginning balance				
Add estimated revenues				
Production royalties ¹	\$570,271,399		\$550,000,000	
Mineral leases ¹	575,229		0	
Investment earnings ¹	56,762,793		85,500,000	
Oil and gas tax collections (executive budget) ^{2,3}	720,582,000		400,000,000	
Transfer from the legacy earnings fund	29,474,088		86,699,103	
Total estimated revenues		1,377,665,509		1,122,199,103
Total available		\$3,054,165,804		\$2,899,118,446
Less estimated expenditures and transfers				
Secretary of State				
Information technology projects (2023 SB 2002; executive budget)	\$1,500,000		\$2,800,000	
Office of Management and Budget				
Deferred maintenance funding pool (2023 Special Session SB 2393; executive budget)	20,000,000		40,000,000	
Outdoor dining space near the Capitol cafeteria (executive budget)			400,000	
Information Technology Department				
Information technology projects (2023 HB 1021)	15,000,000			
Data center infrastructure upgrades (executive budget)			1,719,061	
Attorney General				
Litigation funding pool (executive budget)			4,000,000	
Tax Commissioner				
Comprehensive tax information portal (executive budget)			5,000,000	
Public Employees Retirement System				
Transfer to the main system retirement plan (2023 HB 1040; executive budget)	135,000,000		135,000,000	
Department of Public Instruction				
Integrated formula payments - School district weighting factors (2023 SB 2013)	8,973,086			
Integrated formula payments - Exemption for high-cost student tuition (2023 SB 2013)	5,020,000			
Passthrough grant - Grand Forks science center (2023 SB 2013)	5,000,000			
Passthrough grant - Fargo science center (2023 SB 2013)	500,000			
Education savings account program (executive budget)			50,000,000	
North Dakota University System				
Capital building fund program (2023 HB 1003; executive budget)	24,000,000		20,000,000	
Challenge grants (executive budget)			30,000,000	
Enterprise resource planning information technology project (executive budget)			10,000,000	
Williston State College				
Medical health care building project (2023 HB 1003)	27,962,053			
University of North Dakota				
Science, engineering, and national security corridor project (2023 HB 1003)	57,400,000			

North Dakota State University			
Center for engineering and computational sciences project (2023 HB 1003)	59,000,000		
North Dakota State College of Science			
Agriculture, automation, and autonomous systems project (2023 HB 1003)	18,975,000		
Dickinson State University			
Agriculture and technology education building project (2023 HB 1003)	17,100,000		
Mayville State University			
Old Main renovation project (2023 HB 1003; executive budget)	15,000,000	34,924,814	
Minot State University			
Dakota Hall demolition project (2023 HB 1003)	765,000		
Valley City State University			
McCarthy Hall renovation project (2023 HB 1003)	10,474,918		
Dakota College at Bottineau			
Old Main renovation project (2023 HB 1003)	3,300,000		
Department of Career and Technical Education			
New and expanding secondary career and technical education programs (2023 HB 1019)	500,000		
Autonomous technology grant administration (2023 HB 1519)	12,500		
Statewide area career center grant program - Inflationary costs (2023 SB 2015)	26,500,000		
Department of Environmental Quality			
New laboratory moving costs (executive budget)		1,500,000	
New laboratory equipment and furniture (executive budget)		1,445,350	
New laboratory security system activation (executive budget)		225,525	
Old laboratory rent and contract payments (executive budget)		404,311	
Department of Health and Human Services - Human Services Division			
Information technology projects and capital projects (2019 SB 2012)	1,776,000		
Transfer to a newly created pay for success fund (2023 HB 1480)	2,500,000		
Transfer to human service finance fund (2023 SB 2012)	26,950,000		
Information technology projects (2023 SB 2012)	11,000,000		
Pregnant and parenting women residential facility projects (2023 SB 2012)	1,000,000		
Southeast Human Service Center project (2023 SB 2012)	735,154		
Behavioral health facility grant (2023 Special Session HB 1543)	8,250,000		
State Hospital project planning and design (2023 SB 2012; executive budget)	12,500,000	10,000,000	
Information technology improvement project (executive budget)		8,500,000	
Housing initiative program (executive budget)		14,500,000	
New laboratory supplies and equipment (executive budget)		1,457,304	
New laboratory moving expenses (executive budget)		1,505,000	
Deferred maintenance and capital projects (executive budget)		1,684,480	
Industrial Commission			
Transfer to the oil and gas research fund - Pipeline leak detection and prevention program (2023 HB 1014)	3,000,000		
Transfer to the state energy research center fund - Rare earth minerals study (2023 HB 1014)	1,500,000		
Transfer to the state energy research center fund - Underground energy storage research project (2023 HB 1014)	6,000,000		
Transfer to the clean sustainable energy fund - Line of credit repayment and grants (2023 HB 1014, executive budget)	60,000,000	130,000,000	

Aeronautics Commission

Grant for Fargo airport terminal expansion and other projects (executive budget)		60,000,000
Grant for Grand Forks airport runway reconstruction project (executive budget)		30,000,000
Grant for Dickinson airport terminal construction project (executive budget)		30,000,000

Bank of North Dakota

Transfer to the legacy investment for technology fund (2023 HB 1018)	10,000,000	
Transfer to a newly created bulk propane storage tank revolving loan fund (2023 SB 2242)	5,000,000	
Low-interest rate home construction loan program (executive budget)		5,000,000
Transfer to the economic diversification research fund (2023 HB 1003; executive budget)	5,500,000	5,500,000

Housing Finance Agency

Transfer to the housing incentive fund (executive budget)		40,000,000
Housing grants (executive budget)		5,000,000

Highway Patrol

Emergency vehicle operations course resurfacing (executive budget)		260,000
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Department of Corrections and Rehabilitation

James River Correctional Center maintenance shop project (2023 HB 1015)	1,550,000	
Information technology projects (2023 HB 1015; executive budget)	2,307,000	10,149,781
Heart River Correctional Center project (2023 HB 1015; executive budget)	131,200,000	35,635,000
Missouri River Correctional Center project (executive budget)		127,300,000
Missouri River Correctional Center temporary housing (executive budget)		8,032,757
Extraordinary repairs (executive budget)		16,056,609
James River Correctional Center study (executive budget)		750,000
James River Correctional Center maintenance building demolition (executive budget)		570,000

Department of Commerce

Transfer to North Dakota Development Fund (2023 HB 1018)	65,000,000	
Rural workforce housing grants (2023 HB 1018)	2,000,000	
Tourism marketing awareness initiative (2023 HB 1018)	5,000,000	
Transfer to the North Dakota Development Fund (2023 SB 2015; executive budget)	30,000,000	50,000,000
Beyond visual line of sight uncrewed aircraft systems (2023 HB 1018; executive budget)	26,000,000	20,000,000
Tourism destination development initiative (2023 HB 1018; executive budget)	25,000,000	30,000,000
Enhanced use lease grants (2023 HB 1018; executive budget)	10,000,000	5,000,000
Federal Aviation Administration radar data (executive budget)		11,000,000
Housing programs and initiatives (executive budget)		30,150,000
Uncrewed aircraft and drone replacements (executive budget)		15,000,000
Autonomous agriculture grants (executive budget)		10,000,000
Transfer to the legacy investment for technology fund (executive budget)		10,000,000
250 th Great American State Fair event (executive budget)		5,000,000

Agriculture Commissioner

Grasslands grazing grant program (2021 HB 1009; 2023 SB 2009)	1,000,000	
Autonomous technology grant administration (2023 HB 1519)	12,500	
Transfer to the bioscience innovation fund (2023 SB 2009)	5,500,000	

Upper Great Plains Transportation Institute

Remote sensing infrastructure (2021 SB 2020)		
Transportation data intelligence center (2023 HB 1020)	432,600	

North Dakota State University Main Research Center			
Waldron Hall replacement, storage sheds, and deferred maintenance (2023 HB 1020)	89,400,000		
Seed conditioning plant (executive budget)		2,600,000	
Deferred maintenance (executive budget)		1,000,000	
Irrigation research building project (executive budget)		620,000	
Northern Crops Institute			
Feed center project (2023 HB 1020)	3,900,000		
Protein extraction system (executive budget)		350,000	
State Historical Society			
Exhibit projects (2023 SB 2018)	300,000		
Historic site projects (2023 SB 2018; executive budget)	3,250,000	3,000,000	
Military museum (executive budget)		40,000,000	
America's 250 th anniversary activities (executive budget)		7,000,000	
Chateau de Mores Interpretive Center project (executive budget)		13,470,000	
Chimney Park multi-use facility project (executive budget)		10,000,000	
Medora interpretive center project (executive budget)		1,000,000	
Parks and Recreation Department			
Various capital projects at parks and deferred maintenance (2023 SB 2019)	10,000,000		
Lake Metigoshe reimagined project (2023 SB 2019)	250,000		
International Peace Garden - Pavilion construction project (2023 SB 2019)	800,000		
Pembina Gorge campground project (2023 SB 2019)	6,000,000		
Local park district grants (2023 SB 2019; executive budget)	6,000,000	5,000,000	
State park matching grants (2023 SB 2019; executive budget)	1,500,000	2,500,000	
Cabin construction projects (2023 SB 2019; executive budget)	2,400,000	3,500,000	
Matching federal funds for comfort stations at state parks (executive budget)		924,000	
Deferred maintenance and other projects (executive budget)		15,000,000	
State park Wi-Fi and automation projects (executive budget)		4,650,000	
State park signage projects (executive budget)		2,000,000	
International Peace Garden music camp and sewer system projects (executive budget)		2,500,000	
Outdoor art venue improvement grants (executive budget)		10,000,000	
Department of Transportation			
Transfer to a newly created state flexible transportation fund (2023 HB 1012)	51,000,000		
Short line railroad loan program enhancement (2023 HB 1012)	6,500,000		
Matching funds for studies of Red River Valley infrastructure projects (2023 HB 1012)	2,500,000		
Environmental study along a portion of US Highway 52 (2023 HB 1012)	5,000,000		
Matching federal funds (2023 HB 1012; executive budget)	114,000,000	321,300,000	
Rest area improvement projects (executive budget)		33,500,000	
Pavement management van (executive budget)		1,100,000	
Transfer to the general fund (2023 Special Session SB 2393)	50,000,000		
Administrative costs/other fees	11,750,650	4,600,000	
Total estimated expenditures and transfers		1,277,246,461	1,551,083,992
Estimated ending balance		\$1,776,919,343	\$1,348,034,454

Restricted fund income		
Reserve relating to potential title disputes ³		43,066,403
Loan guarantees (2023 HB 1014) ⁴		80,000,000
Estimated ending balance - Unobligated ⁵		<u>\$1,653,852,940</u>
		<u>43,066,403</u>
		<u>140,000,000</u>
		<u>\$1,164,968,051</u>

¹The amounts shown reflect projections by the Department of Trust Lands for the 2023-25 and 2025-27 bienniums.

²The oil and gas tax revenues reflect allocations for July through June (24 months) and are based on the December 2024 executive budget.

For the 2025-27 biennium, the executive budget recommends limiting the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year, the same as the 2023-25 biennium, and increasing the allocation to the oil and gas research fund by \$7.5 million per biennium, the same as the 2023-25 biennium. The executive budget also recommends increasing the allocations to the general fund by \$140 million, from \$460 million to \$600 million for the 2025-27 biennium. The combined effect of these changes decreases the allocations to the strategic investment and improvements fund.

³These 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. The assigned fund balance is adjusted only when approved by the board, which is usually done in August of each year.

⁴Senate 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) increased the limit for loan guarantees to \$50 million. Senate Bill No. 2230 (2021) increases the loan guarantee limit to \$80 million. House Bill No. 1014 (2023) increased the limit for loan guarantees to \$140 million related to a guarantee for a line of credit to provide pipeline capacity positions beginning July 1, 2025.

⁵The unobligated ending balance for the 2025-27 biennium does not reflect \$125 million of future commitments for a fertilizer development incentive program created in House Bill No. 1546 (2023 special session).

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 SOCIAL SERVICES FUND
FOR THE 2023-25 AND 2025-27 BIENNIUMS
(REFLECTING THE 2025-27 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2023-25 Biennium Actual		2025-27 Biennium Estimated	
	Beginning balance		\$201,176,153	
Add estimated revenues				
Allocation of oil and gas tax revenues	\$250,000,000 ¹		\$250,000,000 ¹	
Total estimated revenues		250,000,000		250,000,000
Total available		\$451,176,153		\$501,176,153
Less estimated expenditures and transfers				
Transfer to human service finance fund (2023 SB 2393)	\$200,000,000 ²		\$238,401,207	
Total estimated expenditures and transfers		200,000,000		238,401,207
Estimated ending balance		\$251,176,153		\$262,774,946

¹Estimated revenues - These amounts reflect actual oil and tax revenue collections deposited in the fund through October 2024. The estimated allocations for the 2025-27 biennium are based on the November 2024 executive budget revenue forecast.

²Section 5 of Senate Bill No. 2393 (2023) provides for a transfer of \$200 million from the social services fund to the human service finance fund.

FUND HISTORY

North Dakota Century Code 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 relating to the property tax relief sustainability fund 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. 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.

House Bill No. 1066 (2019) amended Section 57-51.1-07.5 but did not change the allocation of \$200 million to the tax relief fund.

Senate Bill No. 2367 (2023) amended Section 57-51.1-07.5 to change the name of the tax relief fund to the social services fund and to increase the amount of the state's share of oil and gas tax revenue deposited in the fund from \$200 million to \$250 million.