# EXECUTIVE SUMMARY

## GENERAL FUND BUDGET SUMMARY

| | 2025-27 Biennium |
|---|---|
| Estimated unobligated general fund balance - July 1, 2025 | $1,155,450,960[1] |
| Add estimated 2025-27 general fund revenues and transfers | 5,329,161,382 |
| Total resources available | $6,484,612,342 |
| Less 2025-27 general fund appropriations | 6,246,564,825 |
| Estimated general fund balance - June 30, 2027 | $238,047,517[2] |

[1]This amount reflects $24.4 million of 2023-25 biennium supplemental and deficiency appropriations, $225.5 million of estimated 2023-25 unspent general fund appropriation authority, and $45.9 million of exemptions to continue 2023-25 unspent general fund appropriation authority into the 2025-27 biennium.

[2]In addition, the budget stabilization fund is projected to have a June 30, 2027, balance of $936,984,724.

## TOTAL APPROPRIATIONS SUMMARY

| | 2023-25 Legislative Appropriations | Increase (Decrease) | 2025-27 Legislative Appropriations |
|---|---|---|---|
| General fund | $6,121,680,403 | $124,884,422 | $6,246,564,825 |
| Estimated income | 13,535,153,110 | 483,524,732 | 14,018,677,842 |
| Total all funds | $19,656,833,513 | $608,409,154 | $20,265,242,667 |

## MAJOR SPECIAL FUND BALANCES

| | Estimated June 30, 2027, Balance |
|---|---|
| Legacy fund | $14,340,822,066 |
| Social service fund | $266,999,245 |
| Strategic investment and improvements fund (SIIF) (unreserved) | $929,260,539 |
| Budget stabilization fund | $936,984,724 |
| Foundation aid stabilization fund (unreserved) | $162,467,474 |

## 2025-27 GENERAL FUND REVENUES

1. The 2025 legislative revenue forecast reflects total 2025-27 biennium **general fund revenues** of $6,484 million, a decrease of $528 million, or 7.5 percent, compared to the revised 2023-25 biennium revenues of $7,012 million.
2. Since the estimated June 30, 2025, general fund balance exceeds $65 million, an estimated $22.4 million will be **transferred from the general fund to the budget stabilization fund** at the end of the 2023-25 biennium. However, the transfer may be reduced or may not occur if the interest earnings of the budget stabilization fund bring the fund balance to its statutory limit.
3. Major areas of **tax and fee revenue changes** (as compared to the revised revenue forecast for the 2023-25 biennium) include:
   a. Sales and use tax collections increasing by $97.7 million, or 4 percent.
   b. Motor vehicle excise tax collections increasing by $4 million, or 2.3 percent.
   c. Individual income tax collections increasing by $117.8 million, or 15.2 percent.
   d. Corporate income tax collections decreasing by $22.6 million, or 4.2 percent.
   e. Oil and gas tax collections deposited in the general fund increasing by $40 million, or 8.7 percent.
4. Legislative action estimated to have a **major impact on tax and fee revenues** includes:
   a. House Bill No. 1010 increases certain investment broker and firm registration fees charged by the Insurance Department resulting in an estimated increase of $3.9 million.

b. House Bill No. 1123 increases fees charged by the Insurance Commissioner which are deposited in the insurance regulatory trust fund and then transferred to the general fund each fiscal year resulting in an estimated increase of $1.5 million.
c. House Bill No. 1279 extends a partial coal conversion tax exemption for coal conversion facilities and allocates the state share of the coal conversion tax revenues to the legacy fund rather than the general fund resulting in a decrease of $21.4 million to the general fund.
d. Senate Bill No. 2057 increases various court fees charged by the judicial branch resulting in an estimated increase of $3 million.
e. Senate Bill No. 2323 increases the allocation of oil and gas tax revenues to the general fund resulting in an increase of $40 million to the general fund.

5. Legislative action estimated to have a **major impact on transfers and other sources of revenue to the general fund** includes:
   a. House Bill No. 1176 and Senate Bill No. 2012 change the allocations from the legacy earnings fund to remove the allocations to the general fund resulting in a decrease of $311.7 million.
   b. Senate Bill No. 2014 transfers $140 million from Bank of North Dakota profits to the general fund.

## 2025-27 OIL AND GAS TAX REVENUES

1. **Oil prices** are anticipated to decrease from $59 per barrel in the 1st year to $57 per barrel in the 2nd year of the 2025-27 biennium. The average oil price in March 2025 was $60.68 per barrel as reported by the Tax Department.
2. **Oil production** is anticipated to decrease from 1.15 million barrels per day in the 1st year to 1.1 million barrels per day in the 2nd year of the 2025-27 biennium. The average production in March 2025 was 1.19 million barrels per day.
3. The 2025 legislative revenue forecast reflects total 2025-27 biennium **oil and gas tax revenue** of $4,269.5 million, a decrease of $1,393 million, or 24.6 percent, compared to the revised 2023-25 biennium revenues of $5,662.5 million.
4. Legislative action estimated to have a **major impact on oil and gas tax revenue collections** include:
   a. House Bill No. 1483 expands an oil extraction tax exemption for wells drilled outside the Bakken and Three Forks Formations. The estimated impact of the expanded exemption cannot be determined.
   b. Senate Bill No. 2397 expands an exemption for gas used at the well site, creates an exemption for gas produced from an enhanced oil recovery project, and creates an exemption for the first 250,000 barrels of oil produced during the first 36 months from a development incentive well. The estimated impact of the exemptions cannot be determined.
5. Legislative action estimated to have a major impact on **oil and gas tax revenue allocations** include:
   a. Senate Bill No. 2012 decreases the allocations to the municipal infrastructure fund and the county and township infrastructure fund by $35 million each, from $115 million to $80 million, allocates funding to the municipal infrastructure fund and county and township infrastructure fund before the allocation to the Public Employees Retirement System fund, and removes an allocation of $400 million to SIIF.
   b. Senate Bill No. 2323 limits the allocations to the North Dakota outdoor heritage fund to $7.5 million per fiscal year for the 2025-27 biennium only, allocates an additional $7.5 million per biennium to the oil and gas research fund for the 2025-27 biennium only, provides an additional allocation for hub city debt relief, and increases the general fund allocation by $40 million, from $460 million to $500 million.

## LEGACY FUND

1. The June 30, 2027, balance of the legacy fund is estimated to be $14.34 billion, including oil and gas tax revenue deposits of $1.17 billion and investment earnings of $1.54 billion during the 2025-27 biennium.
2. As 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. House Bill No. 1176 and Senate Bill No. 2012 increase the distribution from the legacy fund by 1 percent, from 7 to 8 percent. Using a distribution of 8 percent, the transfer at the beginning of the 2025-27 biennium is $686,881,086, which increased the transfer by $85,860,136, from $601,020,950 to $686,881,086.

## 2025-27 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of $6,246.6 million, $124.9 million, or 2 percent, more than the 2023-25 legislative appropriations.
2. Major general fund appropriations changes relate to:
   a. Department of Health and Human Services (DHHS) - $176.7 million.
   b. Department of Corrections and Rehabilitation (DOCR) - $72.1 million.
   c. Judicial branch - $17.8 million.
   d. Higher education - $16.4 million.
   e. Agriculture Commissioner - ($14.2 million).
   f. Housing Finance Agency - ($16.3 million).
   g. Department of Public Instruction (DPI) - ($19.2 million).
   h. Department of Commerce - ($24.0 million).
   i. Office of Management and Budget (OMB), including funding pools - ($43.6 million).
   j. Tax Commissioner, including property tax credits - ($101.3 million).

## 2025-27 OTHER FUNDS APPROPRIATIONS

1. Provided other funds (special and federal funds) appropriations of $14,018.7 million, $483.5 million, or 3.6 percent more than the 2023-25 legislative appropriations.
2. Major other funds appropriations changes include:
   a. Department of Transportation - $424.8 million.
   b. Tax Commissioner, including primary residence credits - $408.9 million.
   c. OMB, including funding pools and the State Hospital project - $318.1 million.
   d. DPI - $144.4 million.
   e. Aeronautics Commission - $87.4 million.
   f. Historical Society - $63.4 million.
   g. DHHS - ($118.6 million).
   h. Department of Commerce - ($130.1 million).
   i. Department of Water Resources - ($135.9 million).
   j. Information Technology Department (ITD) - ($366.3 million).

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

1. Ongoing general fund revenues total $5,329.2 million for the 2025-27 biennium, a decrease of $102.2 million, or 1.9 percent, from the estimated ongoing general fund revenues of $5,431.4 million for the 2023-25 biennium.
2. Provided $6,113.2 million of ongoing general fund appropriations and 133.4 million of one-time general fund appropriations for the 2025-27 biennium.
3. Ongoing general fund revenues of $5,329.2 million are $784 million less than ongoing general fund appropriations of $6,113.2 million for the 2025-27 biennium.

## ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of $2,496,377,703, of which $1,656,700,353 is from the general fund, $233,000,000 is from the foundation aid stabilization fund, $595,677,350 is from the state tuition fund, and $11,000,000 is from special funds, derived from general fund carryover deposited in the department's operating fund, for state school aid, **including integrated formula payments, transportation aid, and special education**. This level of funding represents an increase of $114,602,852 from the 2023-25 legislative appropriation of $2,381,774,851, including increases in funding of $76,000,000 from the

foundation aid stabilization fund, $84,817,350 from the state tuition fund, and $11,000,000 from special funds, derived from general fund carryover deposited in the department's operating fund, and decreases in funding of $13,993,086 from SIIF and $43,221,412 from the general fund.

a. In 2013 the Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students, and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. For the 2025-27 biennium, the **integrated formula payment rates** are increased 2.5 percent each year of the biennium to provide $11,349 during the 1st year of the biennium and $11,633 during the 2nd year of the biennium. The Legislative Assembly provided funding for **integrated formula payments** totaling $2,414,277,703, of which $1,574,600,353 is from the general fund, $233,000,000 is from the foundation aid stabilization fund, $595,677,350 is from the state tuition fund, and $11,000,000 is from special funds, derived from general fund carryover deposited in the department's operating fund. This level of funding represents an increase of $114,602,852 from the 2023-25 biennium appropriation for integrated formula payments of $2,299,674,851, including increases in funding of $76,000,000 from the foundation aid stabilization fund, $84,817,350 from the state tuition fund, and $11,000,000 from special funds, derived from general fund carryover deposited in the department's operating fund, and decreases in funding of $13,993,086 from SIIF and $43,221,412 from the general fund.

b. The Legislative Assembly, in House Bill No. 1214 (2025), changed the method of determining **transportation aid grants** to school districts. Using factors, the new formula converts bus miles, number of bus runs, eligible family miles, square miles, and number of buildings in the district into transportation average daily membership equivalents. Total transportation average daily membership equivalents are multiplied by a 0.091 factor to determine the school district's weighted student unit equivalent. The weighted student unit equivalent is multiplied by the per pupil payment rate set in North Dakota Century Code Section 15.1-27-04.1. The estimated fiscal impact of the new formula is an increase in transportation aid funding of approximately $6.35 million. The department anticipates excess transportation aid funding during the 2023-25 biennium and estimates the total funding needed for the 2025-27 biennium for the new formula will be $60.1 million, or $2 million more than the 2023-25 biennium appropriation of $58.1 million.

c. The Legislative Assembly provided $22 million from the general fund for **special education contracts**, a decrease of $2 million from special education contract funding of $24 million provided during the 2023-25 biennium. In addition to special education contracts, the state school aid formula provides approximately $277.5 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.

2. The Legislative Assembly provided $6 million from the general fund for grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or below 225 percent of the federal poverty guideline, the same level of funding as the 2023-25 biennium legislative appropriation. The Legislative Assembly adjusted the eligibility level for free meals from 200 percent of the federal poverty guideline to 225 percent of the federal poverty guideline, but did not increase the funding because the department anticipates $2.5 million of free meal funding will remain unspent at the end of the 2023-25 biennium.
3. The Legislative Assembly provided $31,800,527 for **program and passthrough grants**, of which $25,000,527 is from the general fund, $5,300,000 is from SIIF, and $1,500,000 is funded through a grant from DHHS. Funding for program and passthrough grants was included in House Bill No. 1013 and Senate Bill Nos. 2213 and 2275.

## HIGHER EDUCATION

1. Increased ongoing **general fund** support by $59.8 million and decreased one-time general fund support by $43.4 million as follows:

| | 2023-25 Legislative Appropriations | 2025-27 Legislative Appropriations | Increase (Decrease) | |
|---|---|---|---|---|
| Ongoing general fund appropriations | $811,682,526 | $871,471,221 | $59,788,695 | 7.4% |
| One-time general fund appropriations | 56,839,701 | 13,450,000 | (43,389,701) | (76.3%) |
| Total | $868,522,227 | $884,921,221 | $16,398,994 | 1.9% |

2. Increased appropriations from other funds by $42,639,790, or 1.7 percent. The increase relates primarily to increases in funding for employee salaries and health insurance premiums.
3. Increased the authorized number of FTE positions from 6,605.91 to 6,735.65, an increase of 129.74. Of the 129.74 FTE positions, 127.74 FTE positions were added pursuant to Section 39 of House Bill No. 1003 (2023), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control, and 2 FTE positions were added for the Forest Service.
4. Increased campus **base funding formula distributions** from the general fund by $42.9 million for credit-hour adjustments, funding formula changes, and inflationary increases.

5. Added one-time funding of $24.76 million from SIIF for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. The Legislative Assembly appropriated $20 million from the general fund for the program during the 2023-25 biennium.

## HEALTH AND HUMAN SERVICES

1. Provided total general fund appropriations for DHHS of $2,227.8 million, $176.7 million, or 8.6 percent, more than the $2,051.1 million appropriated for the 2023-25 biennium.
2. Appropriated salaries and wages funding the department in a **block grant pool**, authorized the department to adjust FTE positions subject to the availability of funding and underfunded salaries and wages by $9.7 million from the general fund for DHHS for the 2025-27 biennium.
3. Provided $58.3 million, of which $29.2 million is from the general fund for 2 percent **annual inflationary increases** for most providers.
4. Provided $61.1 million for 2025-27 biennium **cost, caseload, and utilization changes**.
5. Provided an additional $35.8 million from the general fund for federal medical assistance percentage changes for the 2025-27 biennium.
6. Reduced funding for operational expenses departmentwide by $3.05 million from the general fund.
7. Provided funding for technology increases of $7.3 million for ITD increases and $20.7 million for other information technology (IT) contractual increases.
8. Provided funding of $161.1 million for child care programs including $120.5 million from the general fund.
9. Added $4,948,452, of which $2,474,226 is from the general fund for home-and community-based cross-disability waiver.
10. Included $1,086.5 million for long-term care programs including $571.8 million from the general fund.
11. Provided $4.8 million to continue the programs and $4.5 million to expand community connect and $4 million to expand free through recovery from the general fund to provide a total of $22.5 million for the community connect program and a total of $22.3 million for the free through recovery program.
12. Provided funding of $242.9 million from the social service fund for the **county social and human services program**.
13. Provided one-time funding of $15 million to retire mainframe applications including $2.5 million from SIIF, $4 million from the human service finance fund, and $8.5 million of federal funds.
14. Provided one-time funding of $5,541,240, of which $2,619,004 is from the general fund, to continue the additional $5 per day included in basic care payment rates during the 2025-27 biennium.
15. Added one-time funding of $2,962,304 from SIIF for transition costs and security equipment for the new state laboratory building.
16. Reduced federal funding by $60.7 million for the Coronavirus Aid, Relief, and Economic Security Act.
17. House Bill No. 1015 provided $300 million, of which $200 million is from SIIF and $100 million is from a Bank of North Dakota line of credit to OMB for construction of a new state hospital.

## CORRECTIONS

1. Provided a total general fund appropriation for DOCR of $344.4 million, $72.1 million, or 26.5 percent more than the $272.3 million appropriation for the 2023-25 biennium.
2. Provided an ongoing general fund appropriation for DOCR of $315.7 million, $68.6 million, or 27.8 percent more than the $247.1 million appropriated for the 2023-25 biennium.
3. Added 34.5 **new FTE positions**, including 6 FTE Heart River Correctional Center positions, 10 FTE Missouri River Correctional Center temporary housing unit positions, 3 FTE pretrial services positions, 2 FTE community corrections positions, 3 FTE education services positions, 1 FTE maintenance supervisor position, and 9.5 FTE county and regional correctional centers positions.
4. Added $6.5 million from the general fund for competitive market **salary equity** increases.
5. Provided $28.4 million of one-time funding from the general fund for **payments to county jails** for overflow housing, including programming needs.
6. Provided $35.6 million from SIIF to complete a new **women's prison facility** at the Heart River Correctional Center.
7. Provided $20 million from SIIF for planning and design of a new Missouri River Correctional Center **minimum security male facility**.

# CAPITAL CONSTRUCTION

1. Provided a total of $3,103 million for the following capital project-related purposes:
   a. $944 million for major capital projects.
   b. $62.4 million for extraordinary repairs.
   c. $57.1 million for large IT projects.
   d. $117.1 million for bond payments, of which $14.5 million is for bonds issued by the State Building Authority and $102.6 million is for payments on legacy bonds issued by the Public Finance Authority.
   e. $1,712.7 million for contractor payments on transportation-related projects.
   f. $207.9 million for state-owned water projects (Southwest Pipeline Project and Northwest Area Water Supply Project).
2. The funding sources for capital projects are:

| | General Fund | Other Funds |
|---|---|---|
| Major capital projects | $11,202,500 | $932,845,503 |
| Extraordinary repairs | 19,366,400 | 43,099,368 |
| Major IT projects | 1,965,004 | 55,183,788 |
| Bond payments | 10,261,375 | 106,856,825 |
| Transportation-related projects | 0 | 1,712,712,078 |
| Southwest Pipeline and Northwest Area Water Supply projects | 0 | 207,857,325 |
| Payments in lieu of taxes | 0 | 1,640,020 |
| Total | $42,795,279 | $3,060,194,907 |

# INFORMATION TECHNOLOGY

1. Provided $57.1 million, of which $1.9 million is from the general fund and $55.2 million is from other funds for major **state agency IT projects** for the 2025-27 biennium, including:
   a. One-time funding of $15 million appropriated to DHHS, of which $2.5 million is from SIIF, $4 million from the human service finance fund, and $8.5 million from federal funds, to **retire mainframe systems**.
   b. One-time funding of $9.75 million from SIIF appropriated to DOCR for a new client management software system ($5.5 million), public safety IT upgrades ($1.8 million), and IT data management and enhancements ($2.45 million).
   c. One-time funding of $3.5 million from SIIF appropriated to ITD for a state data center migration project ($1.7 million) and for the cost of automating IT services for application support and the cost of purchasing software licenses for a low-code, no-code platform for use by state agencies ($1.8 million). The department anticipates using the funding from SIIF, $2 million appropriated from the general fund for the North Dakota Health Information Network (NDHIN) for the 2023-25 biennium transferred to the operating expenses line item pursuant to Section 4 of House Bill No. 1021 (2023), and carryover funding from the business gateway enterprise customer relationship management program authorized in Section 9 of Senate Bill No. 2021 (2025), for the IT automation project.
   d. One-time funding of $6.6 million from special funds appropriated to Workforce Safety and Insurance to continue the claims and policy system replacement project ($5.2 million) and to continue the myWSI enhancements project ($1.4 million).
   e. One-time funding of $3 million from federal funds appropriated to the Department of Transportation for a motor vehicle and driver's license appointment system.
2. Appropriated $200.5 million to ITD, of which $48 million is from the general fund and $152.5 million is from other funds, a decrease of $80.6 million from the 2025-27 biennium base budget. The decrease is primarily due to **transferring $99.2 million of special fund authority from the information technology operating fund to continuing appropriation authority** to allow ITD to provide IT and network services to state agencies without receiving appropriation authority from the Legislative Assembly.
3. Adjusted funding for NDHIN by eliminating funding from the general fund ($2 million) and increasing funding from other funds ($3,885,166) to provide total NDHIN funding of $7,751,242 derived from participant fee revenue and federal Centers for Medicare and Medicaid Services funding deposited in the electronic health information exchange fund.

4. Authorized 509 FTE positions for ITD for the 2025-27 biennium, an increase of 2 FTE positions from the 2023-25 biennium authorized level of 507 FTE positions. The Legislative Assembly added 2 FTE statewide interoperable radio network positions, including 1 FTE senior enterprise service desk specialist position and 1 FTE senior tier II analyst position.

## STATE EMPLOYEES

1. Provided salary increases for classified and nonclassified employees during the 2025-27 biennium of 3 percent on July 1, 2025, and 3 percent on July 1, 2026. The Legislative Assembly approved total funding of $129.7 million for state employee salary increases for the 2025-27 biennium, of which $42.9 million is from the general fund and $86.8 million is from other funds.
2. Provided $13.6 million for salary equity increases for the 2025-27 biennium, of which $11.7 million is from the general fund and $1.9 million is from other funds.
3. Continued funding for the full cost of health insurance premiums for state employees at $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 per month. Funding of $86.2 million, of which $31 million is from the general fund and $55.2 million is from other funds, is added for the health insurance premium increase.
4. Restored funding to state agency budgets for the 2023-25 biennium new and vacant FTE pool and provided a $3 million general fund deficiency appropriation to OMB for the purpose of transferring funding to other state agencies for the 2023-25 biennium new and vacant FTE pool.
5. Authorized a new and vacant FTE pool in state agency budgets for newly authorized FTE positions and for estimated savings from vacant FTE positions during the 2025-27 biennium, resulting in estimated savings of $36.9 million, of which $17.4 million is from the general fund and $19.5 million is from other funds, excluding higher education and DHHS.
6. Authorized a total of 16,628.37 FTE positions, an increase of 426.83 FTE positions from the 2023-25 biennium authorized level of 16,201.54 FTE positions, including an increase of 129.74 higher education FTE positions and an increase of 297.09 FTE positions in all other state agencies. Of the 297.09 new FTE positions in non-higher education agencies, 204.52 FTE positions were added for DHHS. Of the total 16,628.37 FTE positions, 6,735.65 are higher education FTE positions and 9,892.72 are FTE positions in other state agencies.

## WORKFORCE AND ECONOMIC DEVELOPMENT

1. Provided $33.7 million to the Department of Commerce for North Dakota tourism salaries and wages ($4 million), operating expenses ($14.7 million) and grants ($15 million), of which $13.2 million is from the general fund, $542,000 is from the tourism operating fund, and $20 million is from SIIF for tourism marketing awareness operating expenses ($5 million) and a tourism destination initiative grant program ($15 million). Of the total, $13.7 million is considered ongoing funding and $20 million is considered one-time funding. Total funding for the 2023-25 biennium was $39.6 million.
2. Provided $11 million of ongoing funding for the Department of Commerce uncrewed aircraft systems (UAS) program, of which $3 million is from the general fund for operating expenses of the Northern Plains UAS Test Site and $8 million is for grants from federal funds. Total funding for the 2023-25 biennium was $12 million.
3. Provided one-time funding of $15 million from SIIF for the Department of Commerce beyond visual line of sight UAS program. Total funding for the 2023-25 biennium was $26 million.
4. Provided one-time funding of $2.5 million from SIIF to the Department of Commerce for enhanced use lease grants. Total funding for the 2023-25 biennium was $10 million.
5. Provided one-time funding of $11 million from SIIF to the Department of Commerce for a state radar data pathfinder program.
6. Provided one-time funding of $9 million from SIIF to the Department of Commerce for an uncrewed aerial vehicle replacement grant program.
7. Provided one-time funding of $7.5 million from SIIF to the Department of Commerce for autonomous agriculture grants.
8. Provided one-time funding of $800,000 from SIIF for autonomous technology grants, of which $300,000 was appropriated to the Agriculture Commissioner, $250,000 was appropriated to the Attorney General, and $250,000 was appropriated to the Department of Career and Technical Education.
9. Provided one-time funding of $7 million to the Department of Commerce, of which $2 million is from the general fund and $5 million is from SIIF, for workforce-related programs, including the regional workforce impact program grants ($5 million), technical skills training grants ($1 million), and funding for Global Talent Office operating expenses ($500,000) and grants ($500,000).
10. Provided $3 million from the general fund to the Department of Commerce for the **operation intern program**, a program providing matching funds to help expand the number of internships, work experience, and apprenticeship positions with North Dakota employers. Of the total, $1 million is ongoing funding and $2 million is one-time funding. Funding for the program during the 2023-25 biennium totaled $1,006,896 from the general fund.

11. Provided one-time funding of $750,000 from the general fund to the Department of Commerce for providing **workforce grants to tribally controlled community colleges** in North Dakota, an increase of $250,000 from the 2023-25 biennium appropriation of $500,000.
12. Provided one-time funding of $1 million from SIIF to the Department of Commerce for **base enhancement grants** to communities with an Air Force base or Air National Guard facilities, of which $600,000 is for eligible organizations in Minot, $250,000 is for eligible organizations in Grand Forks, and $150,000 is for eligible organizations in Fargo.
13. Provided one-time funding of $1.4 million from the general fund to the Department of Commerce for **regional planning council grants** under Chapter 54-40.1. In addition, of the $2.15 million appropriated for discretionary funds, $600,000 is designated for regional planning council grants to provide a total of $2 million from the general fund for regional planning council grants.
14. Provided one-time funding of $2 million from SIIF to the Department of Commerce for **children's education science center grants**, contingent on oil and gas tax revenue allocations to SIIF exceeding $402 million during the 2025-27 biennium.
15. Provided one-time funding of $2.5 million transferred from SIIF to and appropriated from the newly created rural catalyst fund for the Department of Commerce to administer a **rural catalyst grant program**.
16. Provided one-time funding of $2.78 million from SIIF to the Department of Commerce for **local community grants**, including funding for a Native American small business grant ($600,000), a historic theater restoration grant that requires matching funds on a dollar-for-dollar basis ($500,000), historic opera house restoration grant ($250,000), historic theater improvement grant ($250,000), Medora transportation improvement grant ($1 million), and a community hall grant ($175,000).
17. Transferred $25 million from SIIF to the **North Dakota Development Fund**.
18. Authorized a $25 million **Bank of North Dakota line of credit for the North Dakota Development Fund**.
19. Provided $161.1 million to DHHS for **child care-related programs**, of which $120.5 million is from the general fund, $33.6 million is from federal funds, and $7 million is from special funds. **Please see the Health and Human Services overview starting on page G-1.**
20. Provided $61.9 million from Bank of North Dakota profits, of which $60 million is for the partnership in assisting community expansion (PACE) program, agriculture PACE program, biofuels PACE program, beginning farmer loan program, and $1.9 million is for small business development center grants.
21. Provided $2 million from the general fund to the Agriculture Commissioner for the **North Dakota Trade Office**, a reduction of $100,000 from the $2.1 million appropriated for the 2023-25 biennium. Of the total, $1.6 million is ongoing funding and $400,000 is one-time funding.
22. Provided $5.1 million to the Agriculture Commissioner for the **Agricultural Products Utilization Commission**, of which $2.1 million is ongoing funding from the Agricultural Products Utilization Commission fund and $3 million is one-time funding from profits of the Bank of North Dakota, the same as provided for the 2023-25 biennium.
23. Transferred $15 million from the general fund to the **agriculture diversification and development fund**.
24. Provided a $30 million Bank of North Dakota line of credit for deposit in the agriculture diversification and development fund. The Agriculture Commissioner, based on a continuing appropriation, may use these funds for a **value-added agriculture facility incentive program**.
25. Provided a $10 million Bank of North Dakota line of credit for deposit in the agriculture diversification and development fund. The Agriculture Commissioner, based on a continuing appropriation, may use these funds for a **value-added milk processing facility incentive program**.
26. Provided $3.25 million from the general fund to Department of Career and Technical Education for workforce training grants, an increase of $750,000 from the 2023-25 total of $2.5 million.
27. Transferred $10 million from SIIF to the **legacy investment for technology fund** for legacy investment technology loans.

## INFRASTRUCTURE

1. Provided $1,712.7 million, of which $1,202.1 million is from federal funds and $510.6 million is from state and local matching funds, for **road projects**.
2. Provided $300 million, of which $200 million is from SIIF and $100 million is from a Bank of North Dakota line of credit, for the construction of a new **state hospital**.
3. Provided $30.8 million, including funding from the general fund ($475,000), the Aeronautics Commission fund ($10.4 million), and the airport infrastructure fund ($20 million) for **airport grants**.
4. Provided $90 million from SIIF for **generational airport projects** in Fargo ($45 million), Grand Forks ($20 million), and Dickinson ($25 million).
5. Provided $708.5 million for **water projects** from various sources, including a Bank of North Dakota line of credit ($260 million), the resources trust fund ($298.1 million), the water projects stabilization fund ($42.5 million), and other funds ($107.9 million).

## MILITARY-RELATED PROGRAMS

1. Provided $39.05 million, including $35.5 million from federal funds and $3.55 million from the disaster relief fund for the Safeguarding Tomorrow through Ongoing Risk Mitigation Act program
2. Provided $1.5 million from the general fund and $4.5 million from SIIF for deferred maintenance and repairs to National Guard facilities statewide.
3. Provided $2 million from the disaster relief fund for ongoing emergency response funding for the Department of Emergency Services.
4. Provided $78,644,524 for the military gallery expansion project at the North Dakota Heritage Center, including $4,200,000 to repay a 2023-25 biennium Bank of North Dakota line of credit, $73,744,524 for the project, and $700,000 for updates to the inspiration gallery after completion of the project.

## AID TO POLITICAL SUBDIVISIONS

1. Major aid to political subdivisions increases compared to the 2023-25 biennium include the following:
    a. Highway tax distribution fund allocations ($43 million);
    b. Flexible transportation fund grants and allocations ($139 million);
    c. Primary residence credit ($305.7 million); and
    d. State school aid ($114.6 million).
2. In total, the Legislative Assembly is providing $5.9 billion in state assistance to political subdivisions including schools for the 2025-27 biennium, a $0.30 billion or 5.3 percent increase compared to the $5.6 billion provided during the 2023-25 biennium. See the aid to political subdivision schedule in Section L for additional detail.

## 2025-27 BIENNIUM PROPERTY TAX RELIEF

1. House Bill No. 1176 increases the **primary residence credit** from $500 to $1,600 per year for each primary residence, and Senate Bill No. 2201 expands the credit to allow primary residences held through a trust to qualify for the credit. The bill allocates legacy fund earnings to a newly created legacy property tax relief fund and included an appropriation of $408.9 million to provide funding for the credit.
2. Funding for the **homestead tax credit** for the 2025-27 biennium totals $60.6 million, including a $1 million increase related to an increase in the renters refund annual limit from $400 to $600 as provided in House Bill No. 1176.
3. Funding for the **disabled veterans' tax credit** for the 2025-27 biennium totals $29.4 million, including $7.4 million related to an increase the amount of taxable value exempt from taxation. House Bill No. 1176 adjusted the exemption to align with the homestead tax credit, which provides an exemption equivalent to $200,000 of true and full value.
4. House Bill No. 1176 limited the increase in property taxes levied by taxing districts to 3 percent per year with additional increases requiring voter approval.

# STATE EMPLOYEES - OVERVIEW

## SALARY INCREASES

The 2025 Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Section 17 of House Bill No. 1015 for state employee salary increases. Salary increases for classified and nonclassified employees during the 2025-27 biennium are 3 percent on July 1, 2025, and 3 percent on July 1, 2026. Increases for eligible state employees are to be based on documented performance and are not to be the same percentage increase for each employee.

The Legislative Assembly approved total funding of $129.7 million for state employee salary increases for the 2025-27 biennium, of which $42.9 million is from the general fund and $86.8 million is from other funds. These totals include higher education salary increases from other funds. The Legislative Assembly did not include specific salary increase funding from the general fund for higher education institutions but did provide funding for inflationary increases to be used at the discretion of higher education institutions.

## SALARY EQUITY INCREASES

The Legislative Assembly appropriated $13.6 million, of which $11.7 million is from the general fund and $1.9 million is from other funds, to 18 agencies for salary equity increases during the 2025-27 biennium, as follows:

| | General Fund | Other Funds | Total |
|---|---|---|---|
| 101 - Governor | $176,000 | $0 | $176,000 |
| 110 - Office of Management and Budget | 0 | 110,114 | 110,114 |
| 120 - State Treasurer | 100,000 | 0 | 100,000 |
| 125 - Attorney General | 254,317 | 37,460 | 291,777 |
| 127 - Tax Commissioner | 246,789 | 0 | 246,789 |
| 180 - Judicial branch | 3,430,986 | 7,093 | 3,438,079 |
| 188 - Commission on Legal Counsel for Indigents | 500,000 | 0 | 500,000 |
| 195 - Ethics Commission | 24,434 | 0 | 24,434 |
| 204 - Center for Distance Education | 0 | 100,000 | 100,000 |
| 226 - Department of Trust Lands | 0 | 550,000 | 550,000 |
| 250 - State Library | 128,000 | 0 | 128,000 |
| 313 - Veterans' Home | 0 | 750,000 | 750,000 |
| 321 - Department of Veterans' Affairs | 50,000 | 0 | 50,000 |
| 325 - Department of Health and Human Services | 250,536 | 0 | 250,536 |
| 401 - Insurance Commissioner | 0 | 115,000 | 115,000 |
| 405 - Industrial Commission | 0 | 175,000 | 175,000 |
| 408 - Public Service Commission | 40,000 | 0 | 40,000 |
| 530 - Department of Corrections and Rehabilitation | 6,528,187 | 0 | 6,528,187 |
| Total | $11,729,249 | $1,844,667 | $13,573,916 |

## SALARY UNDERFUNDING

The Legislative Assembly underfunded 12 FTE positions in four agencies for the 2025-27 biennium, including the Information Technology Department (8 FTE positions), Adjutant General (1 FTE position), branch research centers (1 FTE position), and Parks and Recreation Department (2 FTE positions). The Legislative Assembly provided a total of $1,826,616 for these positions, of which $562,478 is from the general fund and $1,264,138 is from other funds. In addition, the Legislative Assembly unfunded 1 FTE next generation leader position in the Adjutant General.

## ACCRUED LEAVE PAYOUTS

The Legislative Assembly provided funding for accrued leave payouts in five agencies totaling $328,579, of which $138,593 is from the general fund and $189,986 is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment.

## HIGHER EDUCATION

The Legislative Assembly authorized a total of 6,735.65 higher education FTE positions for the 2025-27 biennium, an increase of 129.74 FTE positions from the 2023-25 biennium authorized level of 6,605.91 FTE positions.

Total funding provided for higher education salary increases is $47.6 million, of which $1.5 million is from the general fund for the North Dakota University System office and the Forest Service and $46.1 million is from other funds. The Legislative Assembly did not include specific salary increase funding from the general fund for higher education institutions but did provide funding for inflationary increases to be used at the discretion of higher education institutions.

Total funding provided for increases in health insurance premiums for higher education FTE positions is $28.7 million, of which approximately $900,000 is from the general fund for the University System office and the Forest Service and $27.8 million is from other funds. The Legislative Assembly did not include specific health insurance increase funding from the general fund for higher education institutions but did provide funding for inflationary increases to be used at the discretion of higher education institutions.

## EXECUTIVE BRANCH ELECTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, the same as other state employees. The statutory changes necessary to increase salaries of executive branch elected officials are included in the respective elected officials' appropriation bills.

## JUDICIAL BRANCH

The Legislative Assembly provided funding for employees of the judicial branch of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, the same as other state employees. The salaries of the North Dakota Supreme Court justices and district court judges were not adjusted for 3 percent annual increases.

The Legislative Assembly authorized 2025-27 biennium salary increases of approximately 12.1 percent for the 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 same as requested by the judicial branch.

Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule. The Legislative Assembly appropriated $1,359,211, of which $1,352,118 is from the general fund and $7,093 is from special funds, for a 2 percent salary adjustment for the judicial branch salary schedule.

## NEW AND VACANT FTE POOL
### 2025-27 Biennium

**Executive Branch**

For each agency with salaries and wages funding, excluding the Department of Health and Human Services and higher education, the Legislative Assembly provided for a new and vacant FTE pool in the agency's 2025-27 biennium budget. A new and vacant FTE pool line item was added to each agency's budget bill in which funding was appropriated for new FTE positions for the 2025-27 biennium. In addition, salaries and wages funding was reduced in other existing line items in anticipation of vacancy savings from employee turnover during the biennium. A portion of this funding was restored in the new and vacant FTE pool line item.

A section was added to each executive branch agency budget bill to provide the agency may not spend funds appropriated in the new and vacant FTE pool line item but may request the Office of Management and Budget (OMB) transfer funds from the new and vacant FTE pool line item to other line items with salaries and wages funding.

In Section 18 of House Bill No. 1015, the Legislative Assembly provided for guidelines for each executive branch state agency's new and vacant FTE pool for the 2025-27 biennium, including:

- OMB is required to transfer funding from an agency's new and vacant FTE pool line item to other line items with salaries and wages funding as requested by the agency.
- An executive branch state agency may request a transfer for funding of a new FTE position from the date of hire through the end of the 2025-27 biennium, limited to the amount identified for the position in the statement of purpose of amendment attached to the agency's budget bill.
- After July 31, 2026, an executive branch state agency may request a transfer from the new and vacant FTE pool line item if the agency projects actual salaries and wages expenditures will exceed the agency's available salaries and wages funding for the biennium.
- Each executive branch state agency with a new and vacant FTE pool line item is required to report to OMB and the Legislative Council on a quarterly basis regarding the status of the agency's new and vacant FTE pool.
- OMB is required to report to the Budget Section each quarter on the status of each executive branch agency's new and vacant FTE pool line item.
- An executive branch agency may request a deficiency appropriation from the 2027 Legislative Assembly if the funding in the agency's new and vacant FTE pool line item is insufficient to provide the necessary salaries and wages funding for the biennium.

**Legislative Branch**

In Section 3 of Senate Bill No. 2001, the Legislative Assembly provided guidelines for the legislative branch new and vacant FTE pool for the 2025-27 biennium, including:

- The Legislative Council may not spend funds appropriated in the new and vacant FTE pool line item but may transfer funds to the salaries and wages line item as necessary to provide funding to fill a new FTE position from the date of hire through the end of the biennium and if salaries and wages savings from vacant positions and employee turnover is less than estimated.
- The Legislative Council is required to report to the Budget Section on the status of the legislative branch new and vacant FTE pool line item.
- The Legislative Council may request a deficiency appropriation from the 2027 Legislative Assembly if the funding in the new and vacant FTE pool line item is insufficient to provide the necessary salaries and wages funding for the biennium.

**Judicial Branch**

In Section 3 of Senate Bill No. 2002, the Legislative Assembly provided guidelines for the judicial branch new and vacant FTE pool for the 2025-27 biennium, including:

- The Supreme Court may not spend funds appropriated in the new and vacant FTE pool line item but may transfer funds to other line items as necessary to provide funding to fill a new FTE position from the date of hire through the end of the biennium and if salaries and wages savings from vacant positions and employee turnover is less than estimated.

- The Supreme Court is required to report to the Budget Section on the status of the judicial branch new and vacant FTE pool line item.
- The Supreme Court may request a deficiency appropriation from the 2027 Legislative Assembly if the funding in the new and vacant FTE pool line item is insufficient to provide the necessary salaries and wages funding for the biennium.

**All Branches**

Total salaries and wages funding for the 2025-27 biennium new and vacant FTE pool is as follows:

| | General Fund | Other Funds | Total |
|---|---|---|---|
| Vacant salaries funding removed | ($52,639,587) | ($62,405,579) | ($115,045,166) |
| Vacant salaries funding restored | 36,847,715 | 43,683,911 | 80,531,626 |
| Net vacant salaries savings | ($15,791,872) | ($18,721,668) | ($34,513,540) |
| New salaries funding removed | ($16,288,922) | ($7,560,878) | ($23,849,800) |
| New salaries funding restored | 14,660,030 | 6,804,790 | 21,464,820 |
| Net new salaries savings | ($1,628,892) | ($756,088) | ($2,384,980) |
| Total salaries savings | ($17,420,764) | ($19,477,756) | ($36,898,520) |

### 2023-25 Biennium

The 2023 Legislative Assembly appropriated $98.2 million, of which $40.1 million was from the general fund and $58.1 million was from other funds, to OMB for a new and vacant FTE funding pool for executive branch agencies, excluding higher education and the nonpublic health divisions of the Department of Health and Human Services, for the 2023-25 biennium. Funding for estimated vacant FTE positions and new FTE positions authorized for the 2023-25 biennium was removed from each agency's appropriation bill. The Legislative Assembly also provided for new and vacant FTE funding pools for the legislative branch and judicial branch.

The 2025 Legislative Assembly restored funding removed for new FTE positions and estimated vacancy savings from the 2023-25 biennium in each state agency budget for the 2025-27 biennium.

In Section 5 of House Bill No. 1015, the 2025 Legislative Assembly appropriated $3 million from the general fund to OMB as a 2023-25 biennium deficiency appropriation for the purpose of transferring funding to other state agencies, if necessary, for the 2023-25 biennium new and vacant FTE funding pool.

## HEALTH INSURANCE

### Premiums

The Legislative Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide $1,893.30 per month for employee health insurance, an increase of $250.22, or 15.23 percent, compared to the 2023-25 biennium premium rate of $1,643.08 per month. A recent history of monthly health insurance premiums provided for each employee is listed below.

| Biennium | Monthly Premium | Percentage Change from Previous Biennium |
|---|---|---|
| 1995-97 | $265 | N/A |
| 1997-99 | $301 | 13.6% |
| 1999-2000 | $350 | 16.3% |
| 2001-03 | $409 | 16.9% |
| 2003-05 | $489 | 19.6% |
| 2005-07 | $554 | 13.3% |
| 2007-09 | $658 | 18.8% |
| 2009-11 | $826 | 25.5% |
| 2011-13 | $887 | 7.4% |
| 2013-15 | $982 | 10.7% |
| 2015-17 | $1,130 | 15.1% |
| 2017-19 | $1,241 | 9.8% |
| 2019-21 | $1,427 | 15.0% |
| 2021-23 | $1,429 | 0.1% |
| 2023-25 | $1,643 | 15.0% |
| 2025-27 | $1,893 | 15.2% |

### Health Insurance Plans

In Senate Bill No. 2160, the Legislative Assembly provided the Public Employees Retirement System (PERS) offer state employees and non-medicare retirees a nongrandfathered health insurance plan under the Patient Protection and Affordable Care Act of 2010 rather than the current grandfathered health insurance plan, beginning January 1, 2027. Political subdivisions would continue to be offered the grandfathered health insurance plan. **The Governor vetoed this bill, resulting in PERS continuing to offer the current grandfathered health insurance plan to all plan participants.**

### Health Insurance Reserve Fund

In House Bill No. 1114, the Legislative Assembly provided for a $25 per month limit on the cost of insulin or diabetic drugs and supplies for plan participants, resulting in a shift in the cost of the benefit from participants to the health insurance plan. The estimated fiscal impact of the bill is $833,955 and the estimated monthly premium increase as a result of increased benefits under the health insurance plan is $2.07 for the 2025-27 biennium.

In House Bill No. 1216, the Legislative Assembly limited the maximum amount a member of the health insurance plan can be charged for prescription drugs, resulting in a shift in the cost of the benefit from participants to the state health insurance plan. The estimated fiscal impact of the bill is $4,458,088 and the estimated monthly premium increase as a result of increased benefits under the health insurance plan is $11.05 for the 2025-27 biennium.

Because the Legislative Assembly did not provide funding for these increases, it is anticipated that PERS will use funds available in the health insurance reserve fund established in North Dakota Century Code

Section 54-52.1-06 for these increased costs. The July 1, 2025, estimated health insurance reserve balance is approximately $60.3 million. Of this amount, $2 million is for estimated administrative expenses and $3.1 million has been reserved by the PERS Board for the potential buydown of life insurance plan premiums, resulting in approximately $55.2 million available for health insurance premium buydowns during the 2025-27 biennium. Reducing the $55.2 million available reserve fund balance by approximately $5.3 million for the estimated cost of House Bill Nos. 1114 and 1216 during the 2025-27 biennium, the remaining available balance in the health insurance reserve fund is approximately $49.9 million.

## RETIREMENT

### Main System Plan

The Legislative Assembly approved the following bills affecting the PERS main system retirement plan:

- **House Bill No. 1015** - This bill includes a $1 million general fund appropriation to OMB to provide payments to state employees who elected to transfer from the PERS main system defined benefit (DB) retirement plan to the new defined contribution (DC). In House Bill No. 1040 (2023), the Legislative Assembly provided state employees with no more than 5 years of experience who are enrolled in the main system DB retirement plan and elect to transfer to the new DC plan between January 1, 2025, through March 31, 2025, are eligible for a $3,333 additional annual contribution in January 2026, January 2027, and January 2028.

  There were 144 state employees that elected to transfer to the new DC plan. The $1 million appropriation in House Bill No. 1015 is to provide the first two annual incentive payments to the employees who elected the transfer.
- **House Bill No. 1146** - This bill authorizes political subdivisions that are not participating in the PERS main system DB retirement plan to join the new DC retirement plan and clarifies that only state agencies that receive budgetary approval from the Legislative Assembly are required to pay for the actuarially determined employer contribution (ADEC) rate for the incentive payment for state employees to transfer from the DB plan to the DC plan. The bill allows the Legislative Assembly to transfer funding to the PERS fund that is equal to or greater than the ADEC amount most recently published by the PERS board, rather than appropriating funding to each state agency to contribute the ADEC amount to PERS.
- **House Bill No. 1234** - This bill transfers $25 million from the strategic investment and improvements fund to the PERS fund to reduce the unfunded liability of the PERS main system DB retirement plan. A section of legislative intent is provided that the $65 million of oil and gas tax revenues projected to be deposited in the PERS fund during the 2025-27 biennium pursuant to Section 57-51.1-07.5 is also for reducing the unfunded liability of the PERS main system DB retirement plan. The combined amounts result in $90 million being provided for reducing the unfunded liability of the plan.
- **House Bill No. 1602** - This bill allows political subdivisions currently participating in the new DC retirement plan to withdraw from the plan at no cost to the political subdivision.

### Public Safety Plan

The Legislative Assembly approved the following bills affecting the PERS public safety retirement plan:

- **House Bill No. 1274** - This bill expands the eligibility in the PERS public safety DB retirement plan to include correctional officers employed by state agencies and participating political subdivisions.
- **House Bill No. 1419** - This bill expands eligibility in the PERS public safety DB retirement plan to include State Radio dispatchers in state public safety DB retirement plan and allows political subdivisions to offer the public safety DB retirement plan to dispatchers and emergency personnel.

### Highway Patrol Plan

In Senate Bill No. 2120, the Legislative Assembly transferred $15 million from the strategic investment and improvements fund to the Highway Patrol troopers' DB retirement plan to reduce the unfunded liability of the plan.

## OTHER BENEFITS

### Employee Assistance Program

The monthly rate for the employee assistance program remains at $1.54 per month, or $18.48 annually.

### Life Insurance

The monthly rate for life insurance provided to state employees remains at $0.28 per month, or $3.36 annually.

### Unemployment Insurance

Funding is included for unemployment insurance for state employees at a rate of 1 percent of the first $6,000 of an employee's annual salary ($60 per year or $120 per biennium maximum) for the 2025-27 biennium, the same rate as the 2023-25 biennium.

## TOTAL COST OF COMPENSATION CHANGES

The schedule below provides the total cost of major compensation changes approved by the Legislative Assembly for the 2025-27 biennium, including higher education.

| | General Fund | Other Funds | Total |
|---|---|---|---|
| Salary increases[1] | $42,936,508 | $86,810,253 | $129,746,761 |
| Salary increases - Judges | 2,078,868 | 0 | 2,078,868 |
| Salary increases - Extra judicial salaries | 1,352,118 | 7,093 | 1,359,211 |
| Salary equity increases | 11,729,249 | 1,844,667 | 13,573,916 |
| Accrued leave payouts | 138,593 | 189,986 | 328,579 |
| New and vacant FTE pool | (17,420,764) | (19,477,756) | (36,898,520) |
| Health insurance premium increases | 30,951,887 | 55,257,395 | 86,209,282 |
| Main system DB retirement plan incentive pool | 1,000,000 | 0 | 1,000,000 |
| Main system DB retirement plan transfer | 0 | 25,000,000[2] | 25,000,000[2] |
| Highway Patrol DB retirement plan transfer | 0 | 15,000,000 | 15,000,000 |
| Total | $72,766,459 | $164,631,638 | $237,398,097 |

[1]The Legislative Assembly did not include specific salary increase funding from the general fund for higher education institutions but did provided funding for inflationary increases to be used at the discretion of higher education institutions.

[2]This amount is in addition to the $65 million allocation to the PERS DB retirement fund transfer from oil and gas tax revenues in Section 57-51.1-07.5.

## FULL-TIME EQUIVALENT POSITIONS

The Legislative Assembly authorized a total of 16,628.37 FTE positions, an increase of 426.83 FTE positions from the 2023-25 authorized level of 16,201.54 FTE positions, including an increase of 129.74 higher education FTE positions and an increase of 297.09 FTE positions in all other state agencies. Of the total 16,628.37 FTE positions, 6,735.65 are higher education FTE positions and 9,892.72 are FTE positions in other state agencies.

The Legislative Assembly made the following FTE position adjustments beginning in the 2025-27 biennium:

- Created the Office of Guardianship and Conservatorship in Senate Bill No. 2029 and provided for the transfer of FTE positions from the judicial branch to the newly created agency.
- Transferred the Securities Department, including 10 FTE positions, to be under the supervision of the Insurance Commissioner.
- Authorized the Department of Financial Institutions to operate the department budget pursuant to a statutory continuing appropriation, resulting in biennial appropriations and FTE position authorizations from the Legislative Assembly being removed. The 35 FTE positions authorized for the 2023-25 biennium remain available to the department and the department will have the authority to adjust staffing needs as necessary, subject to the availability of funds.
- Appropriated $269,901 from the general fund to the Parks and Recreation Department to convert 9 temporary positions to FTE positions.

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

| Agency | FTE Authorization 2023-25 Biennium | FTE Authorization 2025-27 Biennium | Increase (Decrease) |
|---|---|---|---|
| 325 - Department of Health and Human Services | 2,483.83 | 2,688.35 | 204.52 |
| 530 - Department of Corrections and Rehabilitation | 929.79 | 965.29 | 35.50 |
| 160 - Legislative Council | 45.00 | 70.00 | 25.00 |
| 401 - Insurance Commissioner | 47.00 | 60.00 | 13.00 |
| 750 - Parks and Recreation Department | 65.00 | 76.00 | 11.00 |
| 180 - Judicial branch | 384.00 | 394.00 | 10.00 |
| 315 - Office of Guardianship and Conservatorship | 0.00 | 4.00 | 4.00 |
| 117 - State Auditor | 65.00 | 59.00 | (6.00) |
| 414 - Securities Department | 10.00 | 0.00 | (10.00) |
| 413 - Department of Financial Institutions | 35.00 | 0.00 | (35.00) |