North Dakota Legislative Council

Prepared by the Legislative Council staff
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BUDGET OUTLOOK - 2021-23 AND 2023-25 BIENNIUMS

The schedule below is an outlook for the 2021-23 biennium and 2023-25 biennium general fund budgets. The outlook is based upon estimated 2021-23 biennium revenue and appropriation levels. The schedule also identifies estimated costs to continue various programs at current levels based upon actions by the 2021 Legislative Assembly and other potential budget increases for the 2023-25 biennium.

	General Fund	
	2021-23 Biennium Estimate	**2023-25 Biennium Estimate**
Estimated beginning balance	$1,123,000,000	$514,900,000
Revenues[1]		
Base-level ongoing revenues	3,734,000,000	3,937,000,000
Major ongoing transfers		
Mill and Elevator Association	15,500,000	15,500,000
Lottery	14,600,000	14,600,000
Gas tax administration	1,900,000	1,900,000
Bank of North Dakota	140,000,000	140,000,000
Budget stabilization fund interest	30,000,000	30,000,000
Other transfers and one-time revenues		
Strategic investment and improvements fund	410,000,000	
Total resources available	$5,469,000,000	$4,653,900,000
Appropriations		
Ongoing general fund appropriations	(4,878,000,000)	(4,878,000,000)
One-time general fund appropriations	(114,100,000)	
Potential funds available	$476,900,000	($224,100,000)
Less 2021-23 biennium general fund requirements due to 2021 legislative action or federal program changes:		
• Cost to continue 2021-23 biennium state employee salary increases		($11,200,000)
• Cost to continue state school aid at the 2021-23 biennium integrated payment rate to an estimated 8,065 additional students during the 2023-25 biennium		(83,100,000)
• Estimated increase in local share of state school aid		67,700,000
• Additional funding for state school aid payments from common schools trust fund distributions (same increase as included in 2021-23 budget)		55,200,000
• Cost to replace federal COVID-19 relief funds used to pay salary costs of the Department of Corrections and Rehabilitation and Highway Patrol		(25,400,000)
• Cost to continue 2021-23 biennium Department of Human Services (DHS) provider inflationary increases		(1,100,000)
• Replace federal COVID-19 relief funds used for ongoing DHS senior nutrition programs		(1,000,000)
Total cost-to-continue items		$1,100,000
Other potential selected general fund spending increases and other adjustments the 2021 Legislative Assembly may be asked to consider		
• State employee salary increases - 2 percent per year		(33,200,000)
• State employee health insurance increases based on an estimated increase of 10 percent		(24,300,000)
• Elementary and secondary education inflation increase - 1 percent per year		(34,000,000)

	General Fund	
	2021-23 Biennium Estimate	2023-25 Biennium Estimate
• DHS cost and caseload increases		(100,000,000)
• DHS provider inflation - 1 percent per year		(14,200,000)
• DHS - Federal medical assistance percentage (FMAP) changes		45,000,000
• Other budget adjustments		(50,000,000)
Estimated unspent appropriation authority (turnback) - DHS due to temporary FMAP increase from July through December 2021	38,000,000	
Transfer to budget stabilization fund[2]	0	0
Estimated general fund balance (shortfall)	$514,900,000	($433,700,000)

NOTE: The amounts shown on the schedule above do not reflect:

1. Additional spending requests that may be submitted relating to:
   a. Higher education inflationary increases;
   b. Department of Corrections and Rehabilitation increased costs associated with inmate increases;
   c. State building, road, and other infrastructure projects;
   d. Special transportation and infrastructure distributions to political subdivisions; and
   e. Other agency budget requests, Governor's recommendations, and legislative initiatives.
2. Additional sources of funding that could be available, including:
   a. Strategic investment and improvements fund balance (estimated balance of $544.5 million on July 1, 2023).
   b. Bank of North Dakota profits in excess of the identified ongoing transfer amount.
   c. Legacy fund earnings available at the end of the 2021-23 biennium.
   d. The tax relief fund balance is projected to total $201.2 million on July 1, 2023. These funds would be available for continuing the payment of county social services and for other purposes.
   e. Legacy fund principal (up to 15 percent upon approval by two-thirds of the Legislative Assembly).
   f. Foundation aid stabilization fund uncommitted balance (estimated $140 million). These funds are needed to continue the ongoing funding used from this fund during the 2021-23 biennium for state school aid.

[1]Base-level ongoing revenues and other revenues and transfers for the 2021-23 biennium and 2023-25 biennium reflect the 2021 legislative revenue forecast and annual increases in revenues of 3 percent.

[2]The current budget stabilization fund balance and limit is $748.9 million. For purposes of this report, no transfer from the general fund to the budget stabilization fund is reflected at the end of the 2021-23 biennium or 2023-25 biennium. Any transfers that may occur are dependent on the ending general fund balance and total general fund appropriations approved by the 2023 and 2025 Legislative Assemblies.