

State of North Dakota Legislative Appropriations 2011-2013 Biennium

Jack Dalrymple
Governor

Pam Sharp
OMB Director

Sheila Peterson
Fiscal Management Director





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of North Dakota

For the Biennium Beginning

July 1, 2009

President

Executive Director

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APPENDIX

EXECUTIVE SUMMARY

Governor Jack Dalrymple's budget recommendation for the 2011-2013 biennium centered around funding budget priorities, providing tax relief, and building reserves. The budget recommendation included leaving over \$1.2 billion in reserves, on-going spending that was less than on-going revenues, one-time capital investments in infrastructure support in oil country and water projects throughout the state, and additional property tax and individual income tax relief. The Governor's budget recommendation included no tax increases, no fee increases and no borrowing or bonding. The priorities of the budget were to exercise sound fiscal management, stimulate economic growth and provide the basic needs for our seniors, children, and veterans.

Major initiatives included in Governor Dalrymple's budget recommendation were:

- providing property and income tax relief;
- dedicating \$958.0 million for infrastructure support in oil country;
- increasing funding for K-12 education;
- replacing \$174.0 million in decreased federal funding in Human Services;
- dedicating \$384.0 million to new and ongoing water projects;
- proposing an alternative teacher-compensation system;
- funding for the completion of the state-of-the-art greenhouse at NDSU;
- proposing a new approach to higher education funding based on results;
- supporting additional contributions to retirement funds for state employees;
- improving emergency communication and law enforcement training;
- adding dollars in support of mental health programming;
- increasing reimbursement rates to healthcare providers;
- proposing an Office of Energy Development; and
- refining the Centers of Excellence program.

In total, the general fund budget recommendation was \$3.296 billion and the entire budget recommendation, including federal and special funds, was \$9.294 billion. The 2011 Legislative Assembly increased the Governor's total budget by \$631.0 million or 6.8 percent.

Subsequent pages in this section highlight the Governor's recommendations and the legislative changes to his proposed initiatives.

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2009-2011 AND 2011-2013 LEGISLATIVE APPROPRIATIONS AND 2011-2013 EXECUTIVE RECOMMENDATION

<u>Agency</u>	<u>2009-2011 Legislative Appropriation</u>		<u>2011-2013 Executive Recommendation</u>		<u>2011-2013 Legislative Appropriation</u>	
	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>
General Government						
Executive Branch						
101 Office of the Governor	\$3,447,358	\$108,147,037	\$3,773,942	\$25,291,658	\$3,773,942	\$25,291,658
108 Office of the Secretary of State	6,111,588	18,427,264	9,326,160	16,113,144	9,326,160	16,113,144
110 Office of Management and Budget	41,107,196	57,619,610	32,050,837	42,965,298	32,892,699	43,407,160
110 Office of Management and Budget Transfers \1					371,000,000	371,000,000
112 Information Technology Department	19,105,785	228,276,839	19,121,204	164,424,855	19,252,204	164,328,887
117 Office of the State Auditor	6,662,229	8,975,031	7,143,808	9,571,330	7,143,808	9,571,330
120 Office of the State Treasurer	2,228,985	2,228,985	1,649,802	1,649,802	26,705,390	26,705,390
125 Office of the Attorney General	28,060,432	53,121,841	31,609,538	58,450,856	31,542,245	58,969,422
127 Office of the State Tax Commissioner	44,046,586	44,242,586	39,093,515	39,103,515	39,238,449	39,248,449
140 Office of Administrative Hearings		1,498,712		1,827,199		1,827,199
188 Comm on Legal Counsel for Indigents	9,470,148	11,420,365	9,808,430	11,779,282	9,808,430	11,779,282
190 Retirement and Investment Office		3,705,650		4,232,954		4,232,954
192 Public Employees Retirement System	13,000	6,146,488		6,776,890		6,867,890
Total Executive Branch	\$160,253,307	\$543,810,408	\$153,577,236	\$382,186,783	\$550,683,327	\$779,342,765
Legislative and Judicial Branches						
150 Legislative Assembly	\$16,014,554	\$16,014,554	\$14,128,734	\$14,128,734	\$14,267,917	\$14,267,917
160 Legislative Council	10,439,503	10,509,503	11,461,158	11,531,158	11,561,158	11,631,158
180 Judicial Branch	82,590,015	84,634,822	84,499,273	86,681,547	83,482,362	85,664,636
Total Legislative and Judicial Branches	\$109,044,072	\$111,158,879	\$110,089,165	\$112,341,439	\$109,311,437	\$111,563,711
Total General Government	\$269,297,379	\$654,969,287	\$263,666,401	\$494,528,222	\$659,994,764	\$890,906,476
Education						
Elementary, Secondary, and Other Education						
201 Department of Public Instruction	\$1,109,405,590	\$1,623,026,744	\$902,064,740	\$1,694,573,163	\$1,243,980,651	\$1,700,184,074
226 Land Department		13,792,561		105,575,020		105,465,189
250 State Library	4,601,028	6,528,864	5,263,975	7,398,585	5,263,975	7,398,585
252 School for the Deaf	7,099,896	9,266,346	6,718,772	8,806,779	6,718,772	8,806,779
253 ND Vision Services/School for the Blind	3,492,068	4,307,970	4,080,240	4,915,331	3,797,240	4,632,331
270 Dept. of Career & Technical Education	25,941,008	36,703,890	28,148,803	38,915,691	27,981,679	38,748,567
Total Elementary, Secondary, and Other Educ.	\$1,150,539,590	\$1,693,626,375	\$946,276,530	\$1,860,184,569	\$1,287,742,317	\$1,865,235,525
Higher Education						
215 North Dakota University System Office	\$88,758,682	\$93,507,640	\$100,171,450	\$103,926,168	\$116,629,810	\$119,384,528
227 Bismarck State College	27,788,123	28,197,623	30,553,301	38,053,301	31,935,693	40,470,693
228 Lake Region State College	10,703,599	13,313,519	9,314,859	9,314,859	9,640,610	9,640,610
229 Williston State College	9,775,476	25,150,476	9,100,096	11,920,096	11,518,698	13,743,698
230 University of North Dakota	134,516,002	196,135,002	156,873,093	178,573,093	153,602,504	184,052,504
232 UND Medical Center	41,115,401	41,115,401	46,653,406	46,653,406	46,783,021	46,783,021
235 North Dakota State University	128,415,664	186,515,664	130,186,316	166,286,316	121,939,625	158,039,625
238 ND State College of Science	39,094,630	46,230,630	43,703,080	54,203,080	44,985,191	55,685,191

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2009-2011 AND 2011-2013 LEGISLATIVE APPROPRIATIONS AND 2011-2013 EXECUTIVE RECOMMENDATION

<u>Agency</u>	<u>2009-2011 Legislative Appropriation</u>		<u>2011-2013 Executive Recommendation</u>		<u>2011-2013 Legislative Appropriation</u>	
	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>
239 Dickinson State University	24,919,599	25,269,599	31,757,019	31,757,019	23,215,454	23,215,454
240 Mayville State University	18,707,055	22,375,555	13,685,384	13,685,384	13,083,328	13,083,328
241 Minot State University	39,565,688	66,815,688	38,810,736	43,860,736	43,020,973	59,055,528
242 Valley City State University	18,931,338	37,431,338	26,444,465	27,259,465	28,162,473	29,177,473
243 Dakota College at Bottineau	7,149,118	9,149,118	6,748,729	6,748,729	7,055,942	7,055,942
244 North Dakota Forest Service	3,855,768	4,853,254	4,212,472	5,209,958	4,212,472	5,215,958
Total Higher Education	\$593,296,143	\$796,060,507	\$648,214,406	\$737,451,610	\$655,785,794	\$764,603,553
Total Education	\$1,743,835,733	\$2,489,686,882	\$1,594,490,936	\$2,597,636,179	\$1,943,528,111	\$2,629,839,078

Health and Human Services

301 ND Department of Health	\$27,081,665	\$204,938,196	\$28,080,556	\$186,536,745	\$34,013,780	\$194,962,533
305 Tobacco Control Advisory Committee		\$12,882,000		\$12,922,614		12,922,614
313 Veterans Home	16,751,722	33,587,020	5,679,823	20,831,646	5,553,323	20,896,646
316 Indian Affairs Commission	682,585	700,585	847,878	847,878	822,878	822,878
321 Department of Veterans Affairs	1,031,487	1,031,487	1,137,219	1,137,219	1,417,219	1,417,219
325 Department of Human Services	650,645,814	2,287,745,951	927,363,658	2,611,024,908	932,025,219	2,605,426,051
360 Protection and Advocacy Project	1,555,815	4,543,318	2,020,365	5,139,253	1,985,365	5,104,253
380 Job Service North Dakota	1,565,442	71,370,286	1,879,892	71,996,698	1,879,892	71,996,698
Total Health and Human Services	\$699,314,530	\$2,616,798,843	\$967,009,391	\$2,910,436,961	\$977,697,676	\$2,913,548,892

Regulatory

401 Office of the Insurance Commissioner		\$16,058,934		\$18,437,148		\$18,401,730
405 Industrial Commission	\$13,800,254	63,108,738	\$16,917,628	63,633,777	\$17,075,613	63,842,369
406 Office of the Labor Commissioner	1,401,583	1,814,334	1,540,125	1,964,636	1,540,125	1,964,636
408 Public Service Commission	5,603,165	16,230,407	6,020,215	19,081,863	6,020,215	19,081,863
412 Aeronautics Commission	550,000	12,918,666	550,000	12,633,688	554,500	13,088,188
413 Dept. of Financial Institutions		6,086,488		6,662,411		6,836,318
414 Securities Department	1,788,362	2,105,561	1,909,220	2,226,419	1,909,220	2,226,419
471 Bank of North Dakota	11,100,000	55,267,274	9,400,000	56,253,155	34,400,000	91,253,155
473 North Dakota Housing Finance Agency		71,344,343		38,590,046		38,590,046
475 North Dakota Mill and Elevator		40,057,242		46,741,421		47,071,877
485 Workforce Safety and Insurance		56,877,605		58,413,293		58,413,293
Total Regulatory	\$34,243,364	\$341,869,592	\$36,337,188	\$324,637,857	\$61,499,673	\$360,769,894

Public Safety

504 Highway Patrol	\$31,007,985	\$41,901,715	\$38,291,883	\$50,392,287	\$34,443,274	\$45,968,599
530 Department of Corrections & Rehab	164,090,829	235,602,574	161,604,273	192,110,423	159,565,919	191,172,069
540 Adjutant General	40,725,214	277,397,085	29,659,125	233,863,503	29,353,555	281,957,933
Total Public Safety	\$235,824,028	\$554,901,374	\$229,555,281	\$476,366,213	\$223,362,748	\$519,098,601

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2009-2011 AND 2011-2013 LEGISLATIVE APPROPRIATIONS AND 2011-2013 EXECUTIVE RECOMMENDATION

Agency	2009-2011 Legislative Appropriation		2011-2013 Executive Recommendation		2011-2013 Legislative Appropriation	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
<u>Agriculture, Economic Development, and Extension and Research</u>						
<u>Agriculture and Economic Development</u>						
601 Dept of Commerce	\$58,476,303	\$196,737,408	\$46,089,494	\$134,724,431	\$41,759,865	\$130,394,802
602 North Dakota Department of Agriculture	7,467,383	21,561,849	8,384,734	22,030,657	8,196,746	22,997,997
616 State Seed Department		6,805,495		6,894,011		6,894,011
627 Upper Great Plains Transportation Institute	1,589,793	26,326,992	1,919,628	24,069,961	1,919,628	24,419,961
628 Branch Research Centers	12,367,190	27,559,006	13,935,208	28,812,789	14,945,208	29,942,789
630 NDSU Extension Service	22,000,412	47,929,289	25,615,644	48,744,454	24,885,644	48,014,454
638 Northern Crops Institute	1,439,221	3,037,486	1,692,582	3,347,307	1,692,582	3,347,307
640 NDSU Main Research Center	60,217,151	105,930,418	53,923,996	97,897,571	54,456,398	98,589,973
649 Agronomy Seed Farm		1,275,238		1,435,168		1,435,168
665 North Dakota State Fair	15,697,150	18,697,150	730,000	730,000	730,000	730,000
670 Racing Commission	295,000	325,000	317,501	447,501	317,501	447,501
Total Ag, Econ Dev, Ext & Research	\$179,549,603	\$456,185,331	\$152,608,787	\$369,133,850	\$148,903,572	\$367,213,963
<u>Natural Resources</u>						
701 State Historical Society	\$52,174,252	\$68,518,089	\$13,069,301	\$16,619,714	\$13,034,891	\$16,585,304
709 Council on the Arts	1,368,734	3,104,220	1,398,602	3,253,462	1,363,602	3,218,462
720 Game and Fish Department		59,463,938		64,737,742		65,687,742
750 Department of Parks and Recreation	15,333,959	28,282,013	16,356,556	29,026,088	16,623,556	29,293,088
770 State Water Commission	13,823,899	325,879,708	15,227,098	458,915,420	14,995,199	459,415,420
Total Natural Resources	\$82,700,844	\$485,247,968	\$46,051,557	\$572,552,426	\$46,017,248	\$574,200,016
<u>Transportation</u>						
801 Department of Transportation	\$4,600,000	\$1,248,615,588	\$5,850,000	\$1,548,283,665	\$5,850,000	\$1,668,904,459
Total Transportation	\$4,600,000	\$1,248,615,588	\$5,850,000	\$1,548,283,665	\$5,850,000	\$1,668,904,459
TOTAL ALL BUDGETS	\$3,249,365,481	\$8,848,274,865	\$3,295,569,541	\$9,293,575,373	\$4,066,853,792	\$9,924,481,379

11 Transfers appropriated to OMB include:
 - \$100,000 to the public transportation fund
 - \$300,000 to the game and fish fund to be provided to the agriculture commissioner for the state board of animal health and the wildlife services program
 - \$370.6 million to the highway fund for infrastructure needs throughout the state

One-Time Expenditures for 2011-13

	Executive Budget			Legislative Budget
	Gen. Fund	Perm. Oil	Agency Total	Gen. Fund
101 Office of the Governor				
Governor's Transition Lines	\$65,000		\$65,000	\$65,000
Agency Total	\$65,000	\$0	\$65,000	\$65,000
108 Secretary of State				
CGov360-Database & Processing Platform Migration	\$3,500,000		\$3,500,000	\$3,500,000
Online Public Meeting Notice System	43,039		43,039	43,039
Agency Total	\$3,543,039	\$0	\$3,543,039	\$3,543,039
110 OMB				
Capitol Envelope	\$2,800,000		\$2,800,000	\$2,800,000
ND 125th Anniversary Coordinator	50,000		50,000	50,000
Capitol complex parking lot repairs				800,000
Board of Integrative Health				4,000
Transfer to Public Transportation Fund				100,000
Agency Total	\$2,850,000	\$0	\$2,850,000	\$3,754,000
112 ITD				
CJIS Projects	\$200,000		\$200,000	\$200,000
Longitudinal Database (SLDS Project)	1,757,624		1,757,624	1,757,624
Agency Total	\$1,957,624	\$0	\$1,957,624	\$1,957,624
120 State Treasurer				
IT Development Costs	\$235,000		\$235,000	\$266,588
Transportation Funding Distributions to Non-Oil-Producing Counties and Cities				\$25,000,000
Agency Total	\$235,000	\$0	\$235,000	\$25,266,588
125 Attorney General				
Equipment and Vehicle Purchases	\$312,400		\$312,400	\$312,400
Agency Total	\$312,400	\$0	\$312,400	\$312,400
127 Tax Department				
GenTax Upgrade	\$1,000,000		\$1,000,000	\$1,000,000
Agency Total	\$1,000,000	\$0	\$1,000,000	\$1,000,000
150 Legislative Assembly				
Redistricting Special Session	\$272,018		\$272,018	\$272,018
Information Technology Projects	159,938		159,938	159,938
Computer Equipment Replacement	510,750		510,750	510,750
Legislative Wing Equipment and Improvements	1,300,000		1,300,000	1,300,000
Agency Total	\$2,242,706	\$0	\$2,242,706	\$2,242,706
160 Legislative Council				
Computer Equipment Replacement	\$76,000		\$76,000	\$76,000
Information Technology Projects	483,807		483,807	483,807
Office Equipment Replacement	25,000		25,000	25,000
Office Improvements	50,000		50,000	50,000
State Auditor's Office Performance Review				100,000
Agency Total	\$634,807	\$0	\$634,807	\$734,807
180 Judicial Branch				
Disaster Recovery Study	\$100,000		\$100,000	
Equipment over \$5,000	187,500		187,500	\$185,000

One-Time Expenditures for 2011-13

	Executive Budget			Legislative Budget
	Gen. Fund	Perm. Oil	Agency Total	Gen. Fund
IT Equipment over \$5,000	534,480		534,480	516,480
WACP and WCL Study	300,000		300,000	200,000
Agency Total	\$1,121,980	\$0	\$1,121,980	\$901,480
201 DPI				
ESPB Database	\$200,000		\$200,000	
IT Application Maintenance	384,000		384,000	\$384,000
Agency Total	\$584,000	\$0	\$584,000	\$384,000
215 NDUS				
Student Mental Health Services	\$156,000		\$156,000	
Agency Total	\$156,000	\$0	\$156,000	\$0
227 Bismarck State College				
Plant Services Building	\$1,500,000		\$1,500,000	\$1,500,000
Special Assessments Payoff	900,000		900,000	257,933
National Energy Center of Excellence Building				3,300,000
Agency Total	\$2,400,000	\$0	\$2,400,000	\$5,057,933
228 Lake Region State College				
Roof Replacement Projects				\$866,000
Agency Total	\$0	\$0	\$0	\$866,000
229 Williston State College				
Science Lab Renovation		\$1,320,000	\$1,320,000	\$1,320,000
Campus Branding Projects		1,000,000	1,000,000	1,000,000
Workforce Training Building				500,000
Agency Total	\$0	\$2,320,000	\$2,320,000	\$2,820,000
230 University of North Dakota				
Joint Information Technology Facility	\$11,200,000		\$11,200,000	\$12,500,000
Special Assessments Payoff	281,013		281,013	97,146
Agency Total	\$11,481,013	\$0	\$11,481,013	\$12,597,146
232 UND School of Medicine				
Space Utilization Plan				\$100,000
Agency Total	\$0	\$0	\$0	\$100,000
235 North Dakota State University				
Special Assessments Payoff	\$2,319,700		\$2,319,700	\$272,683
Agency Total	\$2,319,700	\$0	\$2,319,700	\$272,683
238 North Dakota State College of Science				
Old Main Renovation	\$8,180,000		\$8,180,000	
Special Assessments Payoff	125,851		125,851	\$58,666
Bisek Hall Renovation and Addition				10,300,000
Agency Total	\$8,305,851	\$0	\$8,305,851	\$10,358,666
239 Dickinson State University				
Stoxen Library	\$8,800,000		\$8,800,000	
Campus Operations and Theodore Roosevelt Digitization Project				\$900,000
Agency Total	\$8,800,000	\$0	\$8,800,000	\$900,000

One-Time Expenditures for 2011-13

	Executive Budget			Legislative Budget
	Gen. Fund	Perm. Oil	Agency Total	Gen. Fund
240 Mayville State University				
Special Assessments Payoff	\$392,493		\$392,493	\$84,513
Water Drainage Study				55,000
Agency Total	\$392,493	\$0	\$392,493	\$139,513
241 Minot State University				
Geothermal Energy Project				\$4,850,000
Agency Total	\$0	\$0	\$0	\$4,850,000
242 Valley City State University				
Rhoades Science Center Addition and Renovation	\$7,971,000		\$7,971,000	\$10,300,000
Special Assessments Payoff	283,567		283,567	48,416
Agency Total	\$8,254,567	\$0	\$8,254,567	\$10,348,416
243 Dakota College at Bottineau				
Campus Improvements				\$700,000
Agency Total	\$0	\$0	\$0	\$700,000
244 Forest Service				
Emerald Ash Borer Mitigation	\$250,000		\$250,000	\$250,000
Agency Total	\$250,000	\$0	\$250,000	\$250,000
252 ND School for the Deaf				
Extraordinary Repairs	\$103,800		\$103,800	\$103,800
Agency Total	\$103,800	\$0	\$103,800	\$103,800
253 Vision Services - School for the Blind				
Contingency	\$300,000		\$300,000	
Equipment over \$5,000	8,500		8,500	\$25,500
Facility Master Plan	20,000		20,000	20,000
Instructional Equipment	24,500		24,500	24,500
Agency Total	\$353,000	\$0	\$353,000	\$70,000
270 Career and Tech Ed				
Stop the Violence Program	\$10,000		\$10,000	
Agency Total	\$10,000	\$0	\$10,000	\$0
301 Health Department				
Regional Health Network Incentives	\$275,000		\$275,000	
EPA Lawsuit Contingency				\$500,000
ST-Elevated Myocardial Infarction (STEMI)				600,000
Agency Total	\$275,000	\$0	\$275,000	\$1,100,000
313 Veterans Home				
New Home Landscaping	\$25,000		\$25,000	
Repair Irrigation System	55,000		55,000	
Reshape and Grade Oxbow	46,500		46,500	
Agency Total	\$126,500	\$0	\$126,500	\$0
321 Veterans Affairs				
Discharge Project	\$22,000		\$22,000	\$22,000
Website	15,593		15,593	15,593

One-Time Expenditures for 2011-13

	Executive Budget			Legislative Budget
	Gen. Fund	Perm. Oil	Agency Total	Gen. Fund
In lieu of Post War Trust Fund Income				210,000
Vans				50,000
Stand Down Events				20,000
Agency Total	\$37,593	\$0	\$37,593	\$317,593
325 DHS				
State Hospital Capital Projects	\$1,800,000		\$1,800,000	\$1,800,000
Critical Access Hospitals				1,527,802
Guardianship Program Enhancements				64,000
Medicaid Claims System Modifications for Inmates				149,094
Eligibility System Modifications for Inmates				36,162
MMIS Replacement of Permanent Oil Funding				1,474,362
Agency Total	\$1,800,000	\$0	\$1,800,000	\$5,051,420
405 Industrial Commission				
Analysis of Oil-Bearing Rocks	\$40,000		\$40,000	\$40,000
Paleontologic Prep Work	62,400		62,400	62,400
Renewable Energy Development Program	3,000,000		3,000,000	1,500,000
Sand Deposit Study	50,000		50,000	50,000
Shallow Gas Study	25,000		25,000	25,000
Temporary Employees - Core Library				90,000
Carbon Dioxide Storage Facility Administrative Fund				532,000
Agency Total	\$3,177,400	\$0	\$3,177,400	\$2,299,400
412 Aeronautics Commission				
Anemometer Tower Database			\$0	\$4,500
Agency Total	\$0	\$0	\$0	\$4,500
471 Bank of North Dakota				
Western Area Water Supply Loan				\$25,000,000
Agency Total	\$0	\$0	\$0	\$25,000,000
504 Highway Patrol				
Law Enforcement Training Academy Project	\$3,558,300		\$3,558,300	
Radio Equipment Replacement	1,076,000		1,076,000	\$1,076,000
Agency Total	\$4,634,300	\$0	\$4,634,300	\$1,076,000
530 DOCR				
Capital Projects	\$617,968		\$617,968	\$617,968
Equipment Over \$5,000	462,800		462,800	304,600
Extraordinary Repairs	984,740		984,740	741,490
Agency Total	\$2,065,508	\$0	\$2,065,508	\$1,664,058
540 Adjutant General				
Central Electronics Bank Dispatch System	\$1,100,000		\$1,100,000	\$1,100,000
Message Switch Upgrades	235,000		235,000	235,000
Military Service Center East One-Time	72,700		72,700	72,700
State Building Extraordinary Repairs	385,381		385,381	325,381
Armory Grants				60,000
State Radio Tower Package	2,100,000		2,100,000	1,500,000
Technology Projects				100,000

One-Time Expenditures for 2011-13

	Executive Budget			Legislative Budget
	Gen. Fund	Perm. Oil	Agency Total	Gen. Fund
Statewide Seamless Base Map	400,000		400,000	400,000
Motorola Lease Payment / Equipment	1,577,347		1,577,347	1,525,347
Agency Total	\$5,870,428	\$0	\$5,870,428	\$5,318,428
601 Commerce				
American Indian Business Office	\$100,000		\$100,000	\$50,000
Centers of Research Excellence	13,000,000		13,000,000	12,000,000
Centers of Workforce Excellence	2,000,000		2,000,000	
Workforce Enhancement Fund				375,000
Childcare Facility Grants and Loans	920,338		920,338	
Electronic Portfolio Project				150,000
2020 and Beyond Project				50,000
Education Commission - Childcare Development Grants	150,000		150,000	
WorkKeys	125,000		125,000	
Agency Total	\$16,295,338	\$0	\$16,295,338	\$12,625,000
628 Branch Research Centers				
Dickinson Research Center Operating Pool				\$800,000
Agency Total	\$0	\$0	\$0	\$800,000
640 Main Research Center				
Capital Projects	\$6,991,650		\$6,991,650	\$6,991,650
Agency Total	\$6,991,650	\$0	\$6,991,650	6,991,650
701 Historical Society				
Extraordinary Repairs	\$125,000		\$125,000	\$125,000
Database Migration	30,900		30,900	30,900
Enhanced Marketing	75,000		75,000	75,000
Ft. Abercrombie Bank Stabilization	350,000		350,000	350,000
Historic Sites Exhibits	90,000		90,000	90,000
ITD Business Analysis	145,410		145,410	10,000
State's 125th Celebration Planning	50,000		50,000	50,000
ND Studies - Eighth Grade Curriculum				125,000
Temporary Staff for Expansion	59,800		59,800	59,800
Agency Total	\$926,110	\$0	\$926,110	\$915,700
709 Council on the Arts				
Culture Pulse Web Marketing Initiative	\$15,000		\$15,000	
Agency Total	\$15,000	\$0	\$15,000	\$0
750 Parks & Recreation				
Equipment	\$58,000		\$58,000	\$58,000
Capital Projects	4,299,210		4,299,210	4,299,210
Little Missouri Park Trail Leases	85,000		85,000	85,000
SCORP Plan	40,000		40,000	40,000
IPG Projects and Deferred Maintenance				267,000
Agency Total	\$4,482,210	\$0	\$4,482,210	\$4,749,210
801 DOT				
Devils Lake Highway Project	\$5,850,000		\$5,850,000	\$5,850,000
Extraordinary State Highway Maintenance		\$228,600,000	228,600,000	228,600,000
County & Township Road Reconstruction		142,000,000	142,000,000	142,000,000
Agency Total	\$5,850,000	\$370,600,000	\$376,450,000	\$376,450,000
Total	\$109,920,017	\$372,920,000	\$482,840,017	\$533,958,760

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	Notes	2007-2009 Legislatively Authorized FTE	2009-2011 Legislatively Authorized FTE	2011-13 Executive Recommendation	2011-13 Legislatively Authorized FTE	Change from 2009-2011 to 2011-2013
General Government						
<i>Executive Branch</i>						
101 Office of the Governor		18.00	18.00	18.00	18.00	0.00
108 Office of the Secretary of State		27.00	28.00	28.00	28.00	0.00
110 Office of Management and Budget		132.50	132.50	131.50	131.50	(1.00)
112 Information Technology Department		305.70	328.20	328.20	326.30	(1.90)
117 Office of the State Auditor		54.80	51.80	50.80	50.80	(1.00)
120 Office of the State Treasurer		7.00	7.00	7.00	7.00	0.00
125 Office of the Attorney General		188.50	202.50	202.50	204.00	1.50
127 Office of the State Tax Commissioner		133.00	133.00	133.00	134.00	1.00
140 Office of Administrative Hearings		8.00	5.00	5.00	5.00	0.00
188 Commission on Legal Counsel of Indigents		29.00	30.00	30.00	30.00	0.00
190 Retirement and Investment Office		17.00	17.00	18.00	18.00	1.00
192 Public Employees Retirement System		33.00	33.00	33.00	33.00	0.00
Total Executive Branch		953.50	986.00	985.00	985.60	(0.40)
<i>Legislative and Judicial Branches</i>						
150 Legislative Assembly		0.00	0.00	0.00	0.00	0.00
160 Legislative Council		33.00	34.00	34.00	34.00	0.00
180 Judicial Branch		338.00	342.00	346.00	344.00	2.00
Total Legislative and Judicial Branches		371.00	376.00	380.00	378.00	2.00
Education						
<i>Elementary, Secondary, and Other Education</i>						
201 Department of Public Instruction		94.75	99.75	99.75	99.75	0.00
226 State Land Department		18.75	21.75	24.75	24.75	3.00
250 State Library		29.75	29.75	29.75	29.75	0.00
252 School for the Deaf		43.94	43.94	43.94	43.94	0.00
253 ND Vision Services/School for the Blind		28.00	29.50	29.50	29.50	0.00
270 Dept. of Career and Technical Education		27.50	28.50	28.50	27.50	(1.00)
Total Elementary, Secondary and Other Education		242.69	253.19	256.19	255.19	2.00
<i>Higher Education</i>						
215 North Dakota University System Office		20.00	23.30	23.30	23.30	0.00
227 Bismarck State College		105.38	111.51	111.51	111.51	0.00
228 Lake Region State College		30.49	37.50	37.50	37.50	0.00
229 Williston State College		39.80	43.42	43.42	43.42	0.00
230 University of North Dakota		637.24	651.91	651.91	651.91	0.00
232 UND Medical School		157.74	137.43	137.43	137.43	0.00
235 ND State University		498.12	584.88	584.88	584.88	0.00
238 ND State College of Science		156.77	164.87	164.87	164.87	0.00
239 Dickinson State University		121.60	92.96	92.96	92.96	0.00

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	Notes	2007-2009	2009-2011	2011-13	2011-13	Change from 2009-2011 to 2011-2013
		Legislatively Authorized FTE	Legislatively Authorized FTE	Executive Recommendation	Legislatively Authorized FTE	
240 Mayville State University		55.89	58.72	58.72	58.72	0.00
241 Minot State University		184.83	187.83	187.83	187.83	0.00
242 Valley City State University		78.15	90.37	90.37	90.37	0.00
243 Dakota College at Bottineau		31.11	34.81	34.81	34.81	0.00
244 ND Forest Service		19.47	26.00	26.00	26.00	0.00
Total Higher Education		2,136.59	2,245.51	2,245.51	2,245.51	0.00
Health and Human Services						
301 ND Department of Health		331.50	343.50	343.50	344.00	0.50
305 Tobacco Prevention and Control Committee		0.00	4.00	4.00	5.00	1.00
313 Veterans' Home		92.37	120.72	120.72	120.72	0.00
316 Indian Affairs Commission		4.00	4.00	4.00	4.00	0.00
321 Department of Veterans Affairs		7.00	7.00	7.00	7.00	0.00
325 Department of Human Services		2,223.38	2,216.88	2,196.35	2,189.35	(27.53)
360 Protection and Advocacy Project		27.50	28.50	28.50	28.50	0.00
380 Job Service North Dakota		308.00	284.05	261.76	261.76	(22.29)
Total Health and Human Services		2,993.75	3,008.65	2,965.83	2,960.33	(48.32)
Regulatory						
401 Office of the Insurance Commissioner		46.50	45.50	50.50	45.50	0.00
405 Industrial Commission	1	55.37	61.06	73.06	74.06	13.00
406 Office of the Labor Commissioner		11.00	12.00	12.00	12.00	0.00
408 Public Service Commission		41.00	43.00	43.00	43.00	0.00
412 Aeronautics Commission		6.00	6.00	6.00	6.00	0.00
413 Dept of Banking and Financial Institutions		27.00	29.00	29.00	29.00	0.00
414 Securities Department		9.00	9.00	9.00	9.00	0.00
471 Bank of North Dakota		176.50	176.50	176.50	176.50	0.00
473 North Dakota Housing Finance Agency		43.00	46.00	46.00	46.00	0.00
475 North Dakota Mill and Elevator Association		131.00	131.00	135.00	131.00	0.00
485 Workforce Safety and Insurance		237.14	247.14	247.14	247.14	0.00
Total Regulatory		783.51	806.20	827.20	819.20	13.00
Public Safety						
504 Highway Patrol		193.00	194.00	197.00	194.00	0.00
530 Department of Corrections and Rehabilitation		711.29	735.29	802.29	794.29	59.00
540 Office of the Adjutant General		232.00	232.00	242.00	242.00	10.00
Total Public Safety		1,136.29	1,161.29	1,241.29	1,230.29	69.00
Agriculture and Economic Development						
601 Department of Commerce		66.00	68.00	70.25	68.25	0.25
602 North Dakota Department of Agriculture		67.50	74.50	74.50	77.00	2.50
616 State Seed Department		30.00	30.00	30.00	30.00	0.00

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	Notes	2007-2009	2009-2011	2011-13	2011-13	Change from 2009-2011 to 2011-2013
		Legislatively Authorized FTE	Legislatively Authorized FTE	Executive Recommendation	Legislatively Authorized FTE	
627 Upper Great Plains Transportation Institute		51.95	52.30	52.30	52.30	0.00
628 Branch Research Centers		95.56	95.49	95.49	97.49	2.00
630 NDSU Extension Service		266.33	255.75	255.75	256.75	1.00
638 Northern Crops Institute		10.20	11.00	11.00	11.00	0.00
640 NDSU Main Research Station		347.39	329.26	329.26	333.26	4.00
649 Agronomy Seed Farm		3.00	3.00	3.00	3.00	0.00
665 ND State Fair		0.00	0.00	0.00	0.00	0.00
670 ND Racing Commission		2.00	2.00	2.00	2.00	0.00
Total Agriculture and Economic Development		939.93	921.30	923.55	931.05	9.75
Natural Resources						
701 State Historical Society		60.00	62.00	63.00	63.00	1.00
709 Council on the Arts		5.00	5.00	5.00	5.00	0.00
720 Game and Fish Department		155.00	157.00	157.00	157.00	0.00
750 Department of Parks and Recreation		50.50	53.00	54.00	54.00	1.00
770 State Water Commission		84.00	86.00	87.00	87.00	1.00
Total Natural Resources		354.50	363.00	366.00	366.00	3.00
Transportation						
801 Department of Transportation		1,052.50	1,054.50	1,066.50	1,063.50	9.00
Grand Total FTE		10,964.26	11,175.64	11,257.07	11,234.67	59.03

NOTES:

1 Does not include 4.00 additional FTE that may be hired, subject to Emergency Commission approval, pursuant to Section 8 of HB 1014.

EMPLOYEE COMPENSATION

The compensation package for state employees was recommended and approved at a 3.0 percent average salary increase per month effective July 1, 2011 and another 3.0 percent average salary increase per month effective July 1, 2012. Salary increases must be based on merit and equity, and are not to be given across the board. Employees whose documented performance levels do not meet standards are not eligible for any salary increase.

The compensation package continues full health insurance coverage for state employees and their families. The total cost for health insurance is \$886.62 per month per employee. This is a \$60.96, or a 7.4 percent, increase over last biennium.

The executive recommendation funded the retirement contributions bill endorsed by the interim Employee Benefits Committee. The bill proposed an increase in contributions to the retirement system of 2.0 percent on January 1, 2012 and another 2.0 percent increase on January 1, 2013. Employees will pay 1.0 percent of the increased contribution and the employer, the State of North Dakota, will pay 1.0 percent of the contribution increase. This legislation was passed by the 2011 Legislature.

In addition to the compensation package noted above, the budget recommended salary equity increases in four agencies. The legislature did not approve increases in one of the agencies, decreased the amount in two of the agencies, and increased the amount in one agency:

- A recommended amount of \$70,000 from the general fund, primarily for air quality and environmental engineers, in the Department of Health was not funded by the legislature.
- The equity increase recommended for the Office of the Attorney General was \$192,293 from the general fund primarily for forensic scientists in the Crime Lab. The legislature approved \$125,000.
- A total of \$1.1 million from special funds was recommended primarily for heavy equipment operators in the Department of Transportation. The legislature approved \$600,000.
- The equity increase of \$255,819 from the general fund, primarily for geologists and petroleum engineers in the Mineral Resources Division of the Industrial Commission, was increased by the legislature to a total of \$502,832.

2009 – 2011 SUPPLEMENTAL APPROPRIATIONS

Supplemental appropriations were recommended and approved for agencies as follows:

- The Office of the Tax Commissioner to cover shortfalls of \$1,349,000 for the Homestead Tax Credit and \$461,000 for the Disabled Veteran's Credit. These supplemental appropriations are funded from the general fund.
- The Department of Public Instruction (DPI) to cover a shortfall of \$4,233,000 for the mill levy reduction grant program based on school district property valuations. This amount will be transferred from the permanent oil tax trust fund to the property tax sustainability fund. This supplemental appropriation is funded from the property tax sustainability fund.
- Valley City State University to cover the state share of costs and FEMA ineligible costs for the 2009 flood totaling \$58,904. This supplemental appropriation is funded from the general fund.

In addition to supplemental appropriations recommended by the Governor, the legislature approved the following supplemental appropriations:

- The Office of the State Treasurer for supplemental transportation funding distributions of \$35.0 million from the general fund.
- The Industrial Commission for additional salaries and related operating expenses for 4.00 FTE of \$150,000 from the general fund.
- The Department of Public Instruction for an additional shortfall in the mill levy reduction program of \$211,264 from the general fund.
- The Agriculture Department for a shortfall in the Wildlife Services program of \$200,000 from Game and Fish funds.
- Office of the Adjutant General for emergency snow-removal grants to political subdivisions of \$9.0 million from the disaster relief fund.

BASIS OF BUDGET AND ACCOUNTING

North Dakota's budget for general government operations is prepared on a modified accrual basis. Revenues are recorded when available and measurable and expenditures are recorded when the services or goods are received and the related liabilities are incurred.

The state's comprehensive annual financial report (CAFR) is also reported using the modified accrual basis of accounting for governmental funds. Governmental funds comprise the majority of the funds included in the state budget and legislative appropriation.

Proprietary funds use full accrual accounting. For the most part, proprietary funds are non-appropriated and therefore not part of the budget document. However, certain proprietary funds, such as the Bank of North Dakota, Housing Finance Agency, and Workforce Safety and Insurance, include agency administrative costs that are part of the state budget and consequently part of the legislative appropriation. The portion of these funds that is non-appropriated is not part of the state budget.

Regardless of the basis of accounting, the accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with generally accepted accounting principles (GAAP).

The CAFR includes a detailed reconciliation of the differences between budgetary revenues and expenses and actual revenues and expenses included in the CAFR in accordance with GAAP. Major differences are related to the following:

Revenue:

- The period of availability for revenue recognition for budget purposes differs from the GAAP basis.
- Certain amounts due from other funds are recorded under GAAP, but not for budget purposes.

Expenditures:

- Estimated liabilities are recorded as expenditures for GAAP, but not for budget purposes.
- New loans issued are expenditures for budget, but not for GAAP.
- GAAP expenditures are reduced for year-end inventory balances, budget expenditures are not.
- New capital leases are recorded as capital expenditures for GAAP, but not for budget.
- Non-appropriated transfers are expenditures for GAAP, but not for budget.
- Certain amounts due to other funds are recorded under GAAP, but not for budget purposes.
- Expenditures of non-appropriated funds are recorded under GAAP, but because of their non-appropriated status, are not budgeted.

REVENUE HIGHLIGHTS

General Fund

2009-11

The 2009-11 biennium began with a general fund balance of \$361.8 million. Throughout the biennium, revenues consistently exceeded projections as North Dakota's economy remained strong in the midst of a prolonged national recession. Through May 31, 2011, actual collections exceeded the original 2009 legislative forecast by nearly \$236.0 million, or 8.4 percent. Leading this growth were sales and individual income tax collections, which exceeded the legislative forecast by \$138.7 million and \$67.6 million, respectively. Motor vehicle excise tax collections exceeded the legislative forecast by over \$35.0 million.

A significant change to 2009-11 biennium revenues resulting from the 2011 session was the elimination of the permanent oil tax trust fund and the transfer of any remaining balance to the general fund (House Bill 1451). Based on actual permanent oil tax trust fund revenues through May and estimated receipts for the remainder of the biennium, the transfer is currently estimated to be approximately \$677.0 million.

Total general fund expenditures are estimated to be \$3.276 billion, including \$37.2 million in supplemental appropriations authorized by the 2011 legislature and \$20.1 million in estimated unspent appropriation authority to be returned to the general fund at the end of the biennium. Based on current estimates for revenues and expenditures, the June 30, 2011, ending general fund balance, before transfers to the budget stabilization fund, is projected to be nearly \$950.0 million. Pursuant to NDCC 54-27.2-01 as amended by the 2011 legislature, the budget stabilization fund is limited to 9.5 percent of appropriations. Based on the 2011-13 appropriated budget, a transfer of \$61.4 million will be required to bring the budget

stabilization fund to its maximum allowed balance. After allowing for the required transfer to the budget stabilization fund, the remaining balance in the general fund is estimated to be \$888.5 million.

2011-13

Comparing revenues between bienniums is often difficult due to significant variations in transfers and tax rates. For example, the 2011 legislature eliminated the permanent oil tax trust fund and provided for the transfer of all remaining revenues to the general fund, which will provide a one-time transfer during the 2009-11 biennium. In addition, significant individual and corporate income tax reductions have been approved during both the 2009 and 2011 legislative sessions, lowering tax rates and making biennium to biennium comparisons difficult.

Comparing the 2009-11 biennium revised forecast to the 2011-13 legislative forecast:

- **Sales tax** collections, the state's largest tax source, are expected to grow by \$160.4 million, or 13.1 percent.
- **Motor vehicle excise tax** collections are expected to grow by \$61.6 million, or 50.7 percent. However, this comparison only considers the general fund portion of motor vehicle collections. For the 2009-11 biennium, 2009 Senate Bill 2012 provides for 25.0 percent of all motor vehicle excise tax collections to be transferred to the highway fund and only 75.0 percent retained in the general fund. For the 2011-13 biennium, 100.0 percent of motor vehicle excise tax collections will be deposited in the general fund. Taking into account this change in allocation, total motor vehicle excise taxes are anticipated to grow by 13.0 percent.
- **Individual income tax** collections are expected to decline by \$74.1 million. However, the 2011 legislature approved House Bill 1047, which provides for a \$120.0 million reduction in individual income taxes during the 2011-13 biennium.

- **Corporate income tax** collections are anticipated to decline by \$57.0 million, or 31.1 percent. This reduction is related to the impacts of the lingering national recession, federal tax law changes which allow the reduction of taxable income through accelerated depreciation, and corporate income tax reductions approved by the 2011 legislature (HB1047).
- **Oil and gas taxes** deposited in the general fund will increase from \$71.0 million to \$300.0 million, pursuant to 2011 House Bill 1451.
- The transfer from the **lands and minerals trust fund** is anticipated to be \$35.0 million during the 2009-11 biennium. The 2011 legislature eliminated this fund and created in its place the **strategic investment and improvements fund**. This fund will receive all revenues previously deposited into the lands and minerals trust fund, as well a portion of oil and gas taxes. A \$305.0 million transfer from the strategic investment and improvements fund to the general fund is authorized for the 2011-13 biennium.
- Pursuant to 2011 House Bill 1451, the **permanent oil tax trust fund** will cease to exist after June 30, 2011. The 2009 legislature authorized a transfer of \$435.0 million from the permanent oil tax trust fund to the general fund during the 2009-11 biennium -- \$295.0 million for property tax relief and \$140.0 million to supplement general fund revenues. The 2011 legislature eliminated the fund and provided for the transfer of any remaining balance to the general fund. At the close of the 2011 session, the estimated transfer was \$615.1 million. Due to higher than anticipated oil tax revenues, the transfer is currently estimated to be \$676.7 million.
- The **property tax relief sustainability fund** was created by the 2009 legislature to set aside funding for the continuation of the mill levy reduction grant program. The 2009 legislature transferred \$295.0 million from the permanent oil tax trust fund to the

property tax relief sustainability fund during the 2009-11 biennium. In order to fund the program for the 2011-13 biennium those moneys are transferred to the general fund and used, along with an additional \$46.8 million from the general fund, to fund property tax relief during the 2011-13 biennium.

Based on the April 2011 legislative revenue forecast and legislative appropriations, the June 30, 2013, general fund ending balance was originally projected to be \$51.1 million. However, actual 2009-11 biennium revenues through May 31, 2011, have been higher than projected in the legislative forecast. As a result, the general fund will begin the 2011-13 biennium with a higher balance than initially thought. Because the 2011-13 legislative revenue forecast and appropriations are unchanged, the higher beginning balance results in a higher projected ending balance. Consequently, the June 30, 2013, general fund balance is currently estimated to be \$279.4 million, \$228.3 million higher than estimated at the close of the 2011 legislative session.

Other Funds

Unlike agency budget requests and the executive budget, the legislative appropriation does not distinguish between state special funds and federal funds – both are included in the category of “other” funds appropriated to agencies. However, OMB requires agencies to identify anticipated special and federal fund components of their other funds appropriations. Although these amounts are subject to change as the biennium progresses, as of the date of this publication, agencies have indicated that the \$5.858 billion other funds appropriation includes the following:

Federal funds	\$3.298 billion
Special funds	<u>2.560</u> billion
Total other funds.	\$5.858 billion

Federal funds represent 33.2 percent of the legislative budget. Estimated federal funds increased significantly for 2009-11 due to passage of the federal American Recovery and Reinvestment Act (ARRA). Agencies receiving significant federal funds include the Department of Transportation, Department of Human Services, Department of Public Instruction, Job Service North Dakota, and the Agricultural Research Centers throughout the state.

Congress sets the amount of federal funds received by states in annual appropriation sessions. The amount indicated above is the total of agencies' estimates of what they may receive during the biennium. If anticipated federal funds are not forthcoming, the agencies cannot use all their appropriation authority. If actual federal funds received exceed budget estimates, the agency can request from the Emergency Commission authority to accept and expend additional funds.

Special funds represent 25.8 percent of the legislative budget. Special funds are best described as dedicated funds usually earmarked for specific purposes. One example is the state gas tax, earmarked for Department of Transportation functions.

Agencies with significant amounts of dedicated funds include the Retirement and Investment Office, Public Employees Retirement System, and the State Land Department, which operate on interest from investments. The Bank of North Dakota and the North Dakota Mill and Elevator Association operate on their own profits. Agencies like the Information Technology Department and the Central Services division of the Office of Management and Budget charge agencies for services provided. The Game and Fish Department has other funds from hunting and fishing licenses.

These special, dedicated funds are estimates provided by state agencies and are included as part of the legislatively authorized "other" funds appropriation.

Oil and Gas Taxes

2009-11 Biennium

High oil prices and the success of drilling operations in western North Dakota continue to increase oil exploration activities and production. The result has been significant growth in oil and gas extraction and production tax collections. In effect for the 2009-11 biennium, NDCC Section 57-51.1-07.2 provides that once the state's share of oil tax collections exceeds \$71.0 million, all additional state collections are deposited in the permanent oil tax trust fund, rather than the general fund. Through May 31, 2011, the state has collected \$825.2 million for deposit into the permanent oil tax trust fund. Deposits into the permanent oil tax trust fund are anticipated to total \$968.8 million during the 2009-11 biennium, compared to \$484.3 million during the previous biennium.

The April 2011 legislative forecast assumes a much lower crude oil price than the current market. The legislative forecast assumes a fiscal year 2011 price of \$67 per barrel, whereas the current average price per barrel is nearly \$100 per barrel. However, actual production is slightly lower than predicted. The forecast assumes production of 390,000 barrels per day by the close of state fiscal year 2011. Actual production is less than 360,000 barrels per day.

Based on actual collections through May 31, 2011, the state share of oil extraction and gross production tax allocations are projected to total \$1.505 billion during the 2009-11 biennium, allocated as follows:

- \$158.4 million to cities, counties, school districts, and townships in oil producing counties.
- \$8.0 million to the oil and gas impact grant fund.
- \$71.0 million to the general fund.
- \$4.0 million to the oil and gas research fund.
- \$147.6 million to the resources trust fund.
- \$73.8 million to the common schools trust fund.

- \$73.8 million to the foundation aid stabilization fund.
- \$968.8 million to the permanent oil tax trust fund.

2011-13 Biennium

Oil prices are anticipated to remain stable, rising from \$67 per barrel at the start of the biennium to \$75 by June 30, 2013. Production is anticipated to increase, from 390,000 barrels per day in July 2011, to 425,000 barrels per day by June 30, 2013.

The allocation of oil and gas taxes for the 2011-13 biennium will be significantly different than in past bienniums. In November 2010, the voters of North Dakota approved Measure No. 1, which established the legacy fund to receive 30.0 percent of the state share of oil and gas taxes. Moneys deposited in the fund may not be spent until after June 30, 2017. Expenditures after that time are limited to no more than 15.0 percent of the principal each biennium. Any expenditure will require the approval of at least two-thirds of the members of each legislative chamber.

Through the passage of 2011 House Bill 1451, the legislature implemented additional changes in the allocation of oil and gas taxes. The general fund share is increased from \$71.0 million to \$300.0 million per biennium. The lands and minerals trust fund, which receives oil lease and royalty revenue on certain state-owned minerals, is eliminated and replaced with the strategic investment and improvements fund, which will now receive a share of oil and gas taxes as well. The state disaster relief fund, established by the 2009 legislature, is allocated up to \$22.0 million of oil and gas taxes. The property tax relief

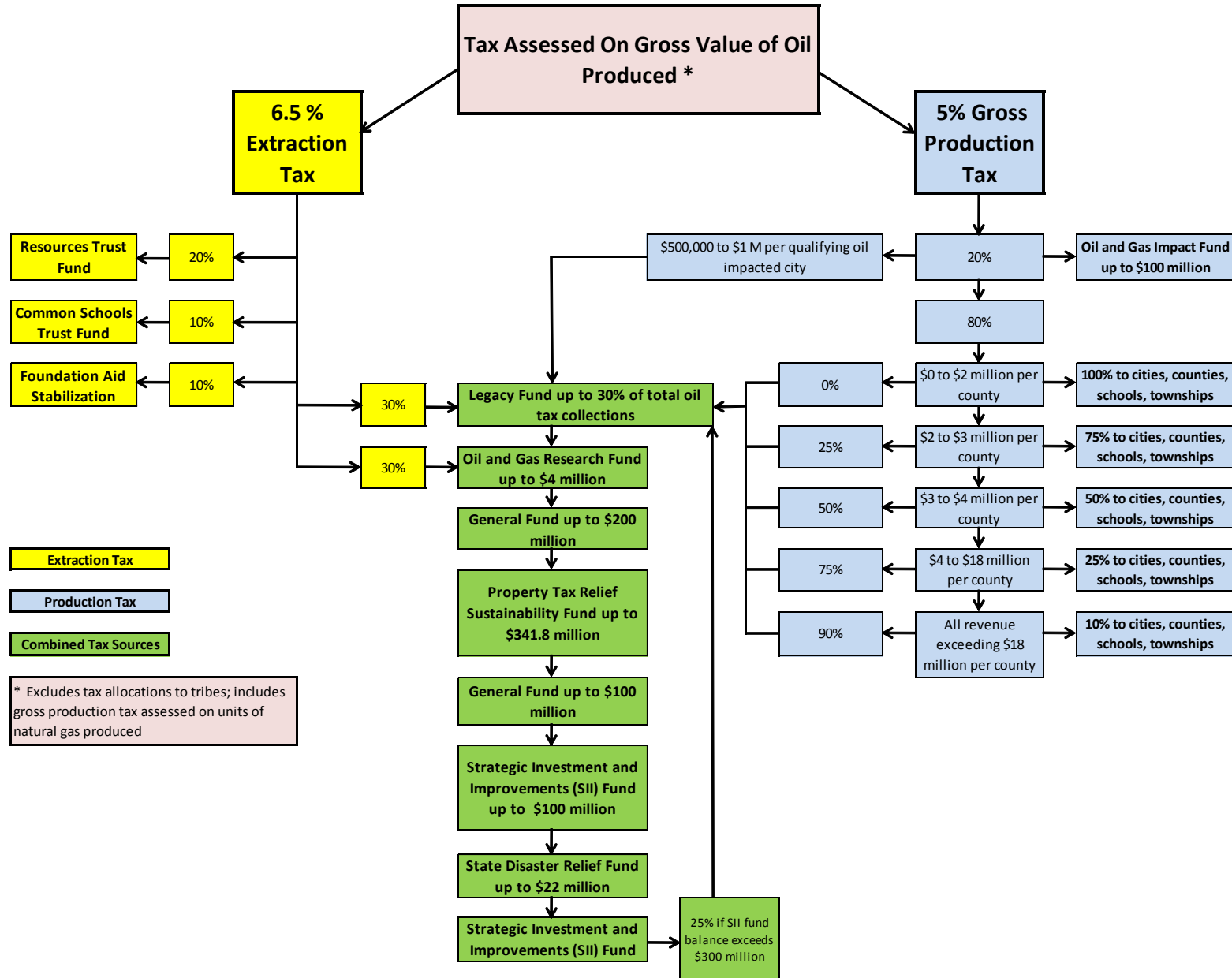
sustainability fund is authorized to receive up to \$341.8 million of oil and gas taxes. The permanent oil tax trust fund is eliminated, effective June 30, 2011.

Through passage of House Bill 1013, the legislature increased the allocation of gross production taxes to the oil and gas impact fund from \$8.0 million per biennium to \$100.0 million per biennium to provide additional assistance to cities, counties, and other political subdivisions negatively impacted by oil development. The flow chart on the following page depicts the allocation process enacted by the 2011 legislature for the 2011-13 biennium.

Oil extraction and gross production tax collections are projected to total \$2.042 billion during the 2011-13 biennium, allocated as follows:

- \$247.2 million to cities, counties, school districts, and townships in oil producing counties.
- \$100.0 million to the oil and gas impact grant fund.
- \$300.0 million to the general fund.
- \$4.0 million to the oil and gas research fund.
- \$199.8 million to the resources trust fund.
- \$99.9 million to the common schools trust fund.
- \$99.9 million to the foundation aid stabilization fund.
- \$612.5 million to the newly created legacy fund.
- \$341.8 million to the property tax relief sustainability fund.
- \$36.5 million to the strategic investment and improvements fund.

OIL EXTRACTION AND PRODUCTION TAX ALLOCATIONS - 2011-13 BIENNIUM



**General Fund
Status Statement**

	2007-09 Actual ¹¹	2011 Legislative Projection ¹²		Current Estimate ¹³	
		2009-11 Projected	2011-13 Appropriated	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$295,541,176	\$361,843,514 ¹⁴	\$660,231,525	\$361,843,514 ¹⁴	\$888,536,810
Revenues:					
One-time transfers - POTTF closeout		\$615,112,998		\$676,723,993 ¹⁵	
One-time transfers - Other		115,000,000	\$94,790,000	115,000,000	\$94,790,000
Ongoing revenues	\$2,715,263,379	2,906,182,224	3,362,956,225	3,072,876,514 ¹⁶	3,362,956,225
Total revenues	\$2,715,263,379	\$3,636,295,222	\$3,457,746,225	\$3,864,600,507	\$3,457,746,225
Expenditures:					
Original appropriations - One time	(\$139,526,649)	(\$278,984,727)	(\$533,958,760)	(\$278,984,727)	(\$533,958,760)
Contingent appropriations - One time	(5,000,000)	(10,000,000)		(10,000,000)	
Original appropriations - Ongoing	(2,317,447,307)	(2,970,380,754)	(3,532,895,032)	(2,970,380,754)	(3,532,895,032)
Supplemental appropriations	(127,156,319)	(37,230,168)		(37,230,168)	
Estimated unspent authority	70,949,621	20,103,000		20,103,000	
Total expenditures	(\$2,518,180,654)	(\$3,276,492,649)	(\$4,066,853,792)	(\$3,276,492,649)	(\$4,066,853,792)
Ending balance before transfers	\$492,623,901	\$721,646,087	\$51,123,958	\$949,951,372	\$279,429,243
Transfers and adjustments:					
Adjustments and cash certifications	(\$5,843,839)				
Transfer to budget stabilization fund	(124,936,548)	(\$61,414,562) ¹⁷		(\$61,414,562) ¹⁷	
Total transfers and adjustments	(\$130,780,387)	(\$61,414,562)	\$0	(\$61,414,562)	\$0
Ending Balance	\$361,843,514	\$660,231,525	\$51,123,958	\$888,536,810	\$279,429,243

¹¹ Final revenues and expenditures per state accounting system reports.

¹² Legislative projections are based on forecasts adopted by the 2011 legislature.

¹³ Current estimates based on actual revenues through May 31, 2011.

¹⁴ Actual July 1, 2009 balance.

¹⁵ Based on actual revenues through May 31, 2011, and estimated revenues for the month of June 2011. Revenue estimates assume June and July (which is credited to the month of June) oil tax collections continue at the May level.

¹⁶ Based on actual revenues through May 31, 2011, and estimated revenues for the remainder of the biennium. Estimated revenues are based on the April 2011 legislative forecast.

¹⁷ Transfer based on 2011-13 biennium general fund appropriations and the statutory cap of 9.5 percent of appropriations (NDCC Section 54-27.2-01, as amended by 2011 HB1451).

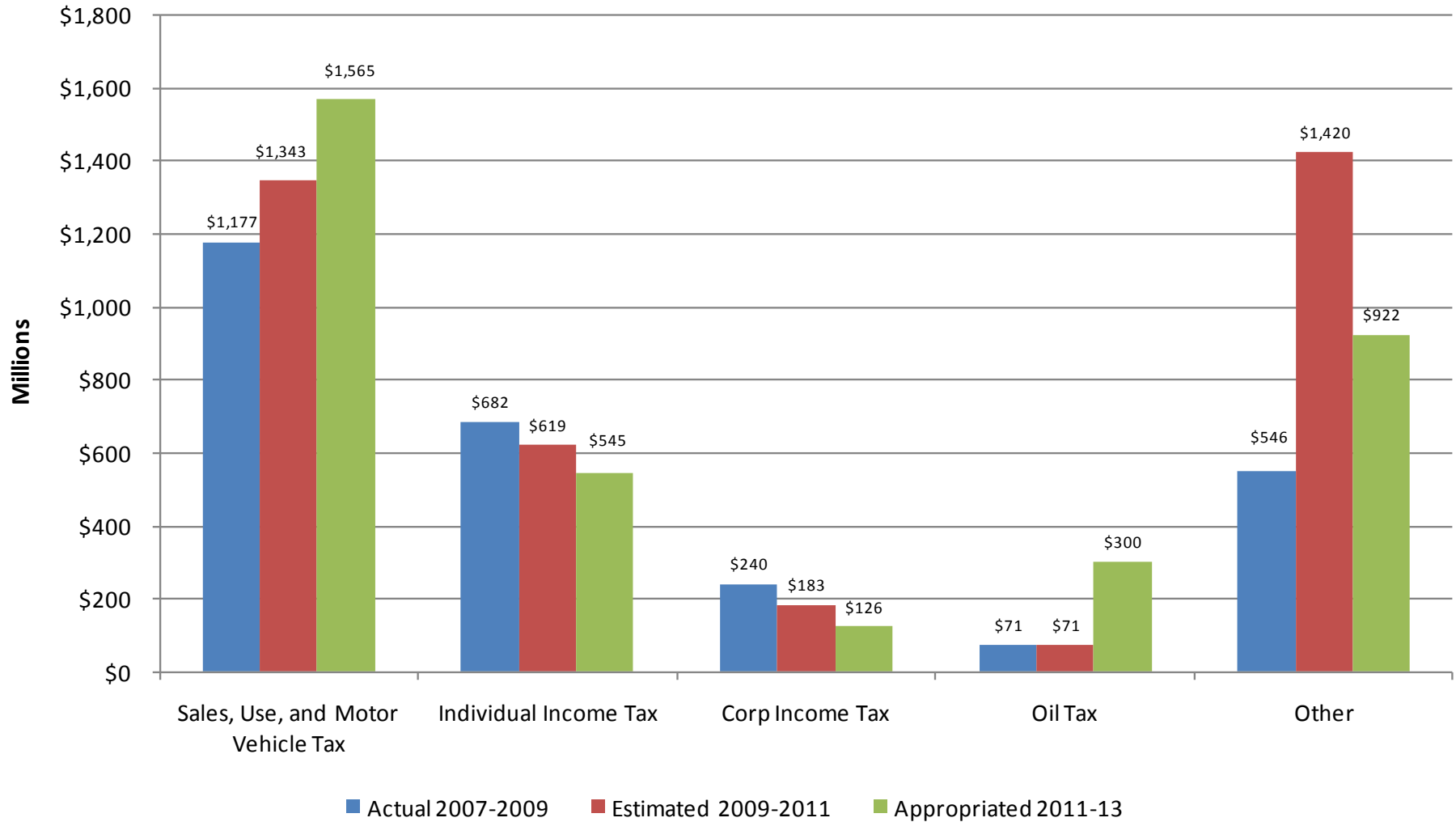
**STATE OF NORTH DAKOTA
COMPARISON OF GENERAL FUND REVENUE BY MAJOR SOURCE
2003-2005 THROUGH 2011-2013**

REVENUE SOURCE	ACTUAL 2003-2005	ACTUAL 2005-2007	ACTUAL 2007-2009	REVISED FORECAST 2009-2011	LEGISLATIVE FORECAST 2011-2013
Tax Revenue:					
Sales and Use Taxes	\$717,758,293	\$841,930,866	\$1,046,485,684	\$1,221,799,026	\$1,382,234,660
Motor Vehicle Excise Tax	128,010,103	125,722,268	130,151,534	121,435,899	183,039,167
Individual Income Tax	452,547,326	587,659,377	681,703,888	618,774,335	544,665,667
Corporate Income Tax	102,926,972	232,294,310	239,695,937	183,256,592	126,243,667
Insurance Premium Tax	56,284,535	52,873,010	64,388,601	64,152,315	70,560,000
Financial Institutions Tax	4,958,673	9,702,362	10,486,495	6,330,665	5,041,666
Oil and Gas Production Tax	45,534,044	45,970,447	39,309,315	32,718,333	133,834,000
Oil Extraction Tax	25,465,956	25,029,553	31,690,685	38,281,667	166,166,000
Gaming Tax	20,850,911	17,986,019	20,042,392	16,165,195	9,241,952
Cigarette and Tobacco Tax	39,476,712	44,683,370	45,230,771	44,881,315	43,902,000
Wholesale Liquor Tax	11,889,465	12,787,869	14,076,919	14,884,872	14,934,000
Coal Conversion Tax	47,196,831	49,217,864	49,438,952	38,774,869	35,764,000
Mineral Leasing Fees	11,024,583	13,960,279	25,306,589	16,533,904	17,000,000
Departmental Collections	61,004,537	53,781,397	62,143,185	66,999,654	63,284,446
Interest Income	6,935,015	36,507,217	49,506,190	42,200,448	42,700,000
Total Tax Revenue	<u>\$1,731,863,956</u>	<u>\$2,150,106,208</u>	<u>\$2,509,657,137</u>	<u>\$2,527,189,089</u>	<u>\$2,838,611,225</u>
Transfers:					
Federal Fiscal Relief Payments	\$56,456,581				
Bank of North Dakota Profits Transfer	60,000,000	\$60,000,000	\$60,000,000	\$1,000,000	
Student Loan Trust Fund Interest Transfer	26,258,969	9,000,000	3,100,000		
State Mill Profits Transfer	5,000,000	5,000,000		9,585,457	\$6,650,000
Gas Tax Administration Transfer	1,396,200	1,400,000	1,274,056	1,288,000	1,485,000
Lottery	7,269,005	12,600,000	11,055,000	11,000,000	11,000,000
Other Transfers*	65,153,319	79,310,132	130,177,187	1,086,232,676	600,000,000
Total Transfers	<u>\$221,534,074</u>	<u>\$167,310,132</u>	<u>\$205,606,243</u>	<u>\$1,109,106,133</u>	<u>\$619,135,000</u>
TOTAL REVENUE	<u>\$1,953,398,030</u>	<u>\$2,317,416,340</u>	<u>\$2,715,263,380</u>	<u>\$3,636,295,222</u>	<u>\$3,457,746,225</u>

**STATE OF NORTH DAKOTA
COMPARISON OF GENERAL FUND REVENUE BY MAJOR SOURCE
2003-2005 THROUGH 2011-2013**

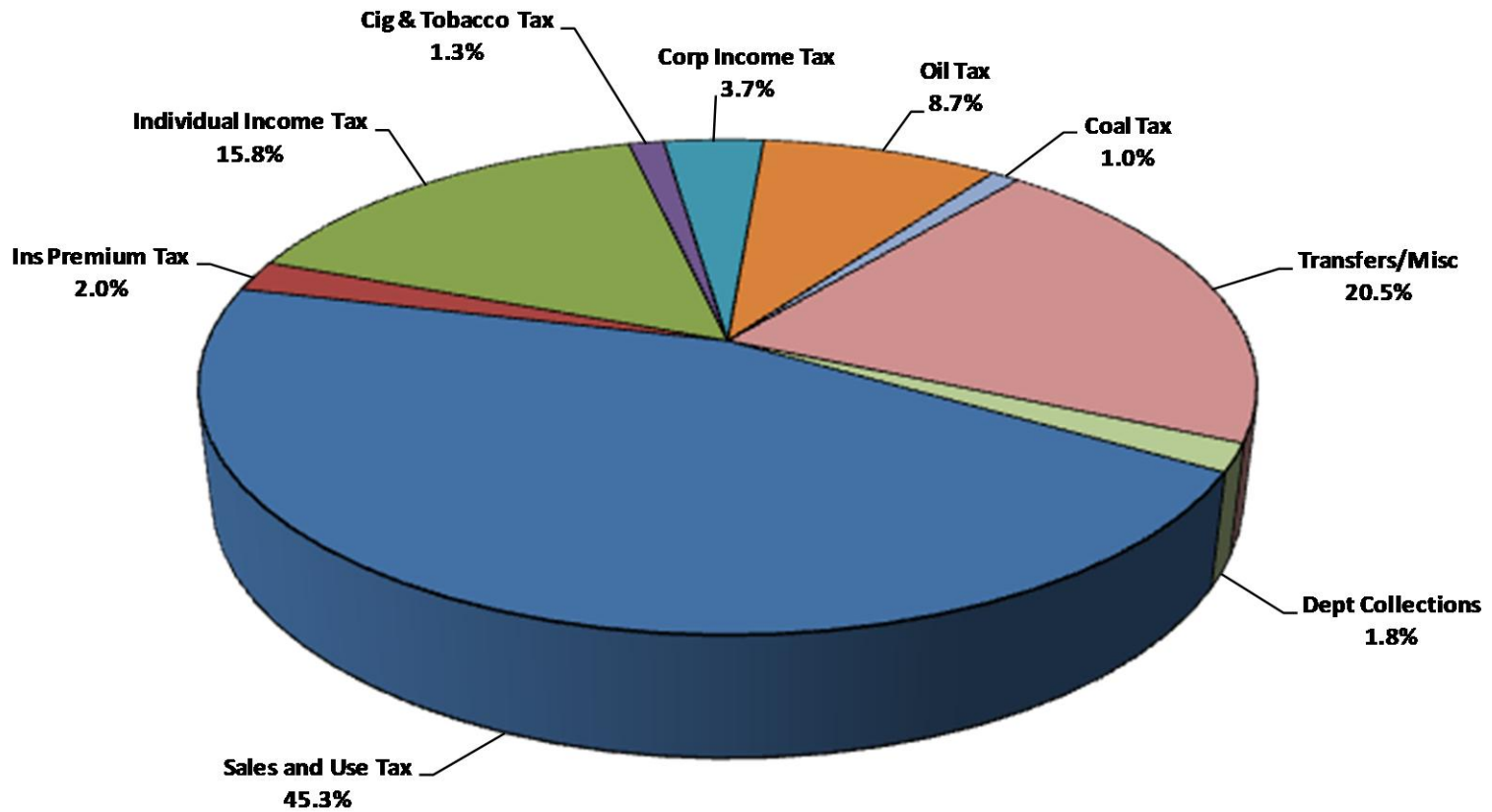
* OTHER TRANSFERS INCLUDE:	ACTUAL 2003-2005	ACTUAL 2005-2007	ACTUAL 2007-2009	REVISED FORECAST 2009-2011	LEGISLATIVE FORECAST 2011-2013
Lands & Minerals Trust Fund	\$2,000,000	\$6,800,000	\$15,000,000	\$35,000,000	
Strategic Investment and Improvements Fund					\$305,000,000
Water Development Trust Fund	10,070,373				
Permanent Oil Tax Trust Fund	11,910,000	55,300,000	115,000,000	1,050,112,998	
Property Tax Relief Fund					295,000,000
Bonding Fund	2,800,000				
Health Care Trust Fund	35,911,035	16,900,000			
Miscellaneous Transfers	2,461,911	310,132	177,187	1,119,678	
	<u>\$65,153,319</u>	<u>\$79,310,132</u>	<u>\$130,177,187</u>	<u>\$1,086,232,676</u>	<u>\$600,000,000</u>

**Comparison of General Fund Revenue by Major Source
2007-2009 Through 2011-2013**



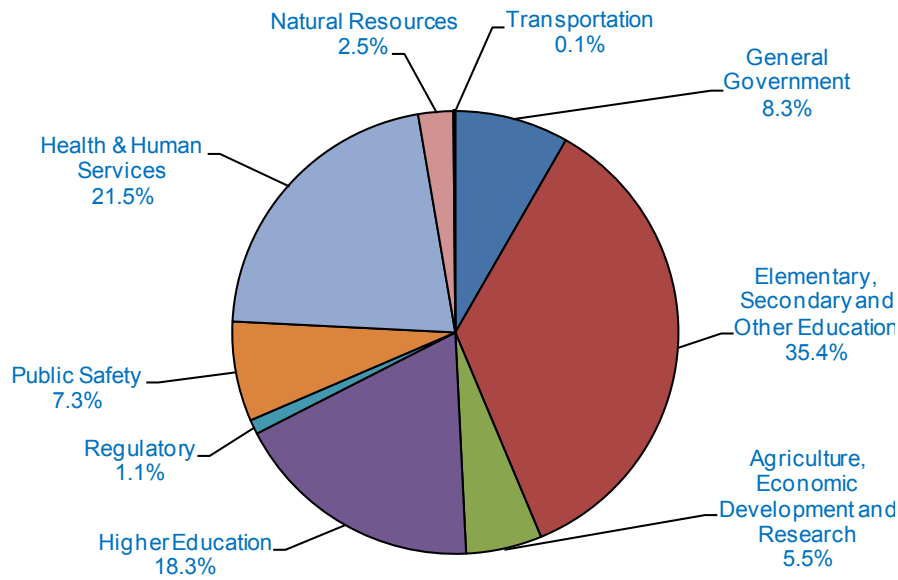
General Fund Revenue by Major Source
2011-2013

\$3.458 Billion

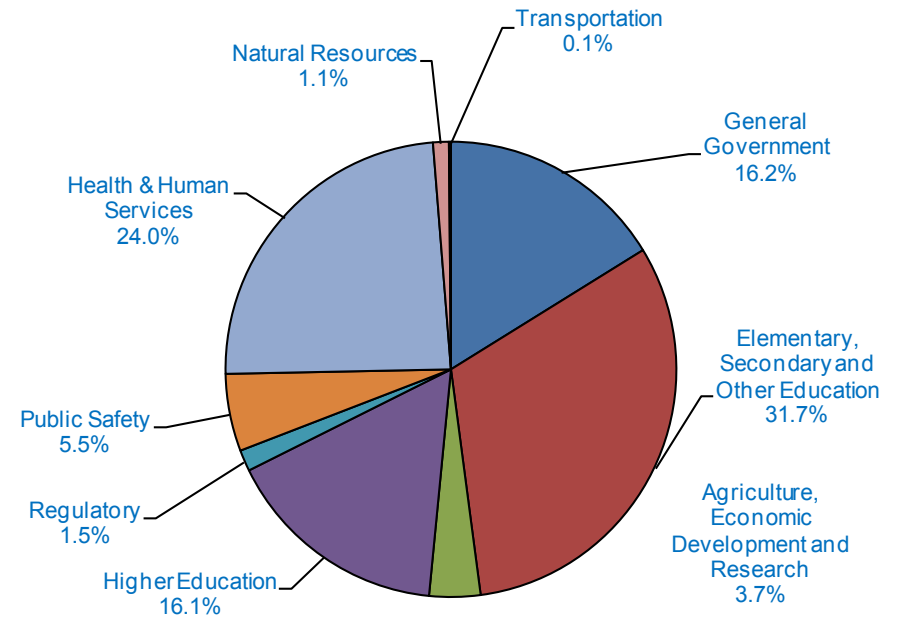


General Fund Budget 2009-2011 and 2011-2013

2009-2011
Legislative Appropriation
\$3,249,365,481

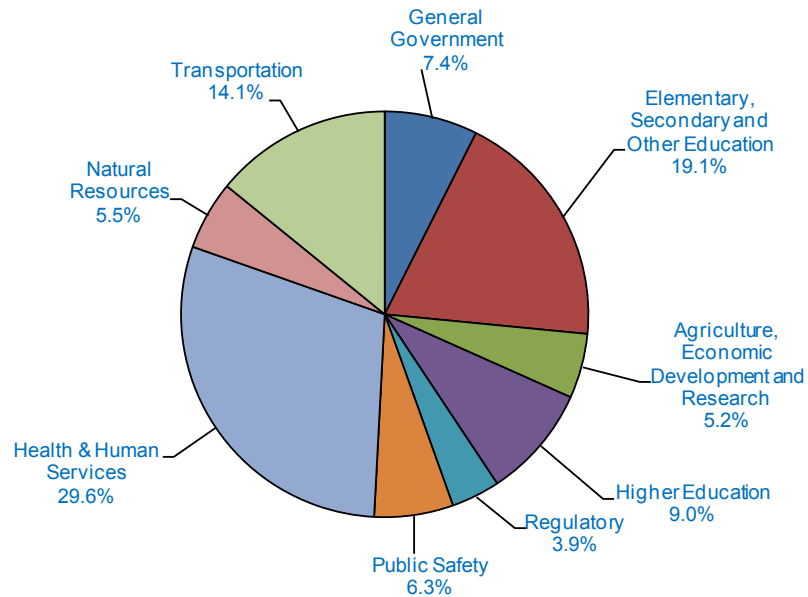


2011-2013
Legislative Appropriation
\$4,066,853,792

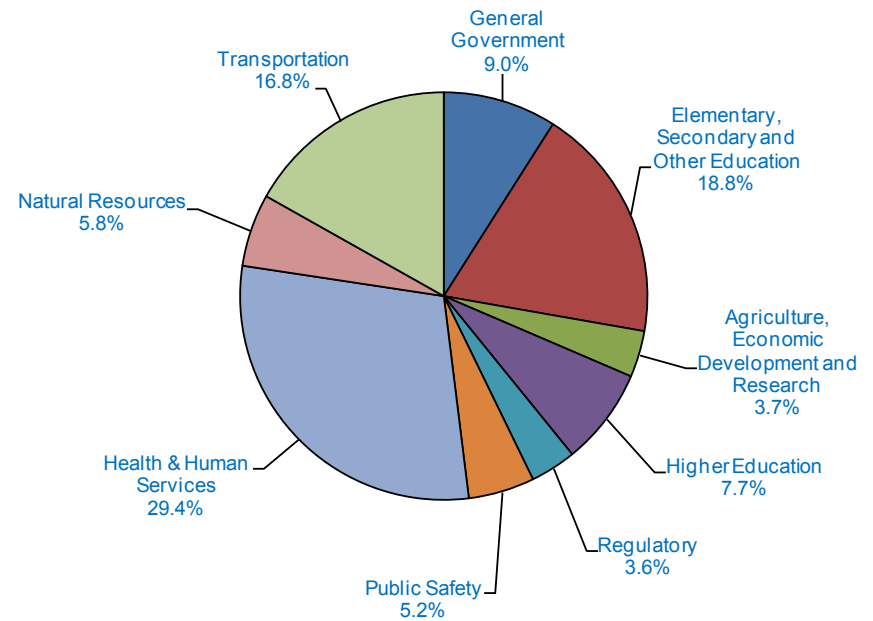


Total Funds Budget 2009-2011 and 2011-2013

**2009-2011
Legislative Appropriation
\$8,848,274,865**



**2011-2013
Legislative Appropriations
\$9,924,481,379**



**Bonding Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$2,302,806	\$2,515,054 ¹¹	\$2,829,535
Revenue:			
Premiums	\$0 ¹²	\$0 ¹²	\$0 ¹²
Investment revenue	(476,318)	300,000 ¹³	400,000 ¹³
Transfer from insurance regulatory trust	500,000 ¹⁴		
Claims restitution	103,569	123,000	50,000
Game & Fish and other revenue	6,580	7,000	7,000
Total Revenues	\$133,831	\$430,000	\$457,000
Expenditures:			
Claims expenditures	\$139,998 ¹⁵	(\$50,000)	(\$125,000)
Claims related expenses	(3,274) ¹⁶	(15,000) ¹⁶	(20,000) ¹⁶
Investment expense	(23,401)	(9,000)	(10,000)
Administration	(34,906)	(41,519) ¹⁷	(46,769) ¹⁷
Total Expenditures	\$78,417	(\$115,519)	(\$201,769)
Ending Balance	\$2,515,054 ¹¹	\$2,829,535	\$3,084,766

- ¹¹ From June 30, 2009, Comprehensive Annual Financial Report (CAFR).
- ¹² There have been no premiums assessed or payments received in this fund since 1953. Pursuant to NDCC Section 26.1-21-09, premiums must be assessed if the fund balance falls below \$2.0 million.
- ¹³ Investment revenue is based on Insurance Department projections.
- ¹⁴ Section 2 of 2009 House Bill No. 1010 provided for a transfer of \$500,000 from the insurance regulatory trust fund to the bonding fund. The transfer was authorized by the 2009 legislature to ensure that the balance in the bonding fund did not fall below the statutorily required \$2.0 million.
- ¹⁵ Claims expenditures reflect recorded liabilities for filed claims. Actual liability is determined after a review and audit of the loss. Adjustments are made to reflect claim liabilities written off and no longer carried as a potential liability. During the 2007-09 biennium, the write-off of a significant claim resulted in offsetting all new claims expenses and a net addition to the fund.
- ¹⁶ Claims related expenses include adjusting fees and all expenses directly related to specific claims.
- ¹⁷ Amounts reflect estimated administrative costs for the 2009-11 biennium and appropriated amounts for the 2011-13 biennium.

Notes:

The bonding fund was created in 1915 and is maintained for bond coverage of public employees. The bonding fund is managed by the Insurance Commissioner. The amount of coverage provided to each state agency, department and institution is determined by the commissioner, based upon the amount of money and property handled, and the opportunity for default. Section 26.1-21-09 provides that premiums for bond coverage are to be determined by the Insurance Commissioner, but can be waived if the bonding fund balance is in excess of \$2.0 million.

**Budget Stabilization Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$200,000,000	\$324,936,548 ²	\$386,351,110
Revenue:			
Transfer from general fund	124,936,548	61,414,562 ³	0
Transfers:			
Transfers to general fund ⁴	\$0	\$0 ⁴	\$0 ⁴
Ending Balance	\$324,936,548	\$386,351,110	\$386,351,110

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009, balance.

³ Estimated transfer from the general fund based on appropriations authorized by the 2011 legislature for the 2011-13 biennium and the provisions of NDCC Section 54-27.2-01 requiring a transfer sufficient to bring the balance of the fund to 9.5 percent of appropriations. HB 1451 (2011) amended 54-27.2-01 to reduce the budget stabilization cap from 10.0 percent of appropriations to 9.5 percent.

⁴ No transfers from the budget stabilization fund to the general fund are anticipated during the 2009-11 or 2011-13 bienniums. Transfers will only take place if actual general fund collections fall short of revenue projections, as provided in Section 54-27.2-03.

Notes:

The budget stabilization fund is a statutory fund created in 1987. Section 54-27.2-02 provides that any end of biennium balance in the general fund in excess of \$65.0 million must be transferred to the budget stabilization fund, subject to the provisions of Section 54-27.2-01.

Pursuant to Section 54-27.2-01, the fund is limited to no more than 9.5 percent of current biennium appropriations. Any deposits or interest that would otherwise be deposited or retained in the fund must instead be deposited in the general fund, once the maximum balance is reached.

Section 54-27.2-03 provides that if general fund revenues are projected to be at least 2.5 percent less than included in the legislative revenue forecast, the Governor may order a transfer from the budget stabilization fund to the general fund.

**Community Health Trust Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$2,392,943 ¹¹	\$1,299,379 ¹¹	\$0
Revenue:			
Transfers from the tobacco settlement trust	\$6,149,540	\$4,055,296 ¹²	\$3,947,220
Refund of expenditures		28,974 ¹³	
Contingency transfer from general fund		884,256 ¹⁴	
Total Revenues	\$6,149,540	\$4,968,526	\$3,947,220
Expenditures:			
Dental loan program	(\$356,896)	(\$448,448)	(\$260,000)
Dental new practice grant		(10,000)	(10,000)
Medical loan repayment program	(39,570)	(105,000)	(75,000)
Veterinarian loan repayment program		(242,776)	(310,000)
Colorectal cancer screening	(111,767)	(338,233)	
EMS training grants	(300,000)	(300,000)	
Tobacco coordinator and operating expenses	(119,833)	(139,397) ¹⁵	
Tobacco Quit Line	(1,090,097)	(1,069,000) ¹⁵	
Tobacco prevention and control		(2,302,098) ¹⁵	(3,510,495) ¹⁵
Advisory committee	(66,302)		
City/county & state employee cessation	(173,142)		
Local health & tobacco programs	(4,671,731)		
Women's Way Program		(304,332)	(400,500)
Heart disease and stroke		(472,700)	
DHS breast & cervical cancer	(213,904)	(535,921)	
Governor's Prevention and Advisory Council	(99,862)		
State stroke registry			
Total Expenditures	(\$7,243,104)	(\$6,267,905) ¹⁶	(\$4,565,995)
Ending Balance	\$1,299,379	\$0	(\$618,775)

- \1 Beginning balances are actuals for July 1, 2007 and July 1, 2009.
- \2 Actual revenues received through May 2011. No additional revenue is anticipated in the 2009-2011 biennium.
- \3 Refund from a Medical Loan Repayment Program recipient \$22,500; and Refund from Governor's Prevention and Advisory Council for unexpended funds of \$6,473.
- \4 SB 2004 provided a contingent appropriation to transfer up to \$2,405,371 from the general fund to the Community Health Trust fund, in the event revenue is not sufficient to fund the appropriated programs.
- \5 Approved by voters in 2008, Measure #3 provides that 80 percent of the tobacco settlement revenue allocated to the Community Health Trust fund must be spent on tobacco related programs.
 - 80 percent of the projected revenue for 2009-11 equals \$3,244,237.
 - 80 percent of the projected revenue for 2011-13 equals \$3,157,776.
- \6 Estimated expenditures for the 2009-11 biennium projected by the Health Department.

Notes:

The community health trust fund originated in 1999. The purpose of the fund is to provide for public health programs, including those emphasizing prevention or reduction of tobacco usage in this state. The revenue source for the community health trust fund is the tobacco settlement trust fund (North Dakota Century Code Section 54-27-25). All tobacco settlement monies received by the state are to be deposited in the tobacco settlement trust fund. Monies in the fund must be transferred as follows, within 30 days of

- 10 percent to the community health trust fund.
- 45 percent to the common schools trust fund.
- 45 percent to the water development trust fund.

In November 2008, voters approved Measure No. 3, which creates a tobacco prevention and control trust fund that will receive all tobacco settlement strategic contribution fund payments to the state. The strategic contribution fund payment received by the state in April 2011 was \$11.2 million. After 2017, no additional strategic contribution fund payments are anticipated.

The community health trust fund is administered by the Department of Health which may use monies in the fund subject to legislative appropriation.

**Disaster Relief Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$623,216 ¹²	\$35,514,480
Revenue:			
Transfer from the general fund (2009 SB2012)	\$6,000,000	\$37,000,000	
Transfer from permanent oil tax trust fund (SB2369)		22,000,000	
Interest earnings		207,000	\$250,000
National Guard reimbursements		134,932	
Federal reimbursements		609,852	
Total Revenues	\$6,000,000	\$59,951,784	\$250,000
Expenditures:			
2009 Emergency snow removal grants	(\$5,376,784)		
State match for disasters prior to 2009		(\$800,834)	(\$860,000)
2009 Flood disaster		(5,266,228)	(6,900,000)
January 2010 winter storm		(1,506,693)	(270,000)
2010 Flood disaster		(3,122,119)	(1,600,000)
April 2010 ice storm		(2,847,775)	(940,000)
2011 Blizzard		(16,871)	
Disaster response coordination (SB2016)			(400,000)
2011 Emergency snow removal grants (SB2369 & SB2016)		(9,000,000)	
2011 Flood and winter storm disasters		(2,500,000)	(15,000,000) ¹³
Flood mitigation in incorporated cities (SB2369)			(3,200,000) ¹³
Road grade raising projects and political subdivision matching grants (SB2369)			(4,800,000) ¹³
Total Expenditures	(\$5,376,784)	(\$25,060,520) ¹⁴	(\$33,970,000) ¹⁴
Ending Balance	\$623,216	\$35,514,480	\$1,794,480

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009 balance.

³ The 2011 Legislative Assembly appropriated \$25.5 million (\$22.0 million in SB2369 and \$3.5 million in SB2016) from the state disaster relief fund for flood-related costs, road grade raising projects, matching grants to political subdivisions, and expenses associated with presidential-declared disasters. Of this amount, \$3.2 million is available for funding specific city flood mitigation projects. As of June 2011, the agency estimates 2011-13 expenses of \$15.0 million for flood disasters, \$3.2 million for the mitigation project, and \$4.8 million for road grade raising and matching grants to political subdivisions.

⁴ Expenditure estimates for legislatively-authorized disasters and grant programs as provided by the Office of the Adjutant General in June 2011.

Notes:

North Dakota Century Code Section 37-17.1-27 establishes the state disaster relief fund. Money is available pursuant to legislative appropriation to defray expenses of state disasters, including providing funds required to match federal funds for expenses associated with presidential-declared disasters in the state. Expenditures from the fund also require approval by the Emergency Commission and Budget Section. Interest and other fund earnings must be deposited in the fund.

**Fire and Tornado Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$28,222,236	\$21,504,828 ^{\1}	\$24,080,536
Revenue:			
Premium revenue	\$6,544,857 ^{\2}	\$9,682,269 ^{\2}	\$6,600,000 ^{\2}
Investment revenue (loss)	(3,564,114)	7,100,000 ^{\3}	10,000,000 ^{\3}
Claims recovery	7,879,970 ^{\4}	139,184 ^{\4}	100,000 ^{\4}
Boiler inspection fee	354,376	385,000 ^{\2}	370,000 ^{\2}
Anhydrous ammonia inspection revenue	97,079	100,000 ^{\5}	0 ^{\6}
Total Revenues	\$11,312,168	\$17,406,453	\$17,070,000
Expenditures:			
Insurance claims	(\$12,292,420)	(\$7,100,000) ^{\7}	(\$12,000,000) ^{\7}
Claims related payments	(3,860,820) ^{\8}	(5,524,478) ^{\8}	(5,513,660) ^{\8}
Administration/investment expenses	(1,444,220)	(1,726,267) ^{\9}	(1,441,575) ^{\9}
Fire Marshal inspection fees	(262,116)	(310,000) ^{\9}	(310,000) ^{\10}
ND Firefighter's Association	(170,000)	(170,000) ^{\9}	(170,000) ^{\9}
Total Expenditures	(\$18,029,576)	(\$14,830,745)	(\$19,435,235)
Ending Balance	\$21,504,828 ^{\1}	\$24,080,536	\$21,715,301

- ^{\1} From June 30, 2009, Comprehensive Annual Financial Report (CAFR).
- ^{\2} 2009-11 revenue based on actual amounts received through May 31, 2011; 2011-13 estimates provided by Insurance Department.
- ^{\3} Estimated revenue based on historical average returns, as provided by Insurance Department.
- ^{\4} Claims recovery reflects amounts recovered through re-insurance purchased to cover claims that exceed a specific amount per incident.
- ^{\5} Based on actual funds available from ND Department of Agriculture anhydrous ammonia storage facility inspection fund.
- ^{\6} HB1321 (2011) transfers the anhydrous ammonia risk management program, along with related tank inspection duties, from the Insurance Department to the Agriculture Commissioner, effective July 1, 2011.
- ^{\7} Insurance claims expense is based on historical data, open claims reports, and actuarial reports.
- ^{\8} Claims related payments include claim adjusting fees and premium payments for re-insurance.
- ^{\9} Appropriated amounts.
- ^{\10} Pursuant to section 5 of 2011 SB2003, Fire Marshal inspection fees are not limited to a specified amount subject to legislative approval. Consequently, actual reimbursements may differ from the amount shown.

Notes:

The state fire and tornado fund originated in 1919. The fund is maintained to insure the state and its political subdivisions against loss to public buildings and fixtures. North Dakota Century Code Section 16.1-22-14 requires that if the fire and tornado fund balance is less than \$12.0 million, the Insurance Commissioner must increase assessments.

**Foundation Aid Stabilization Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$29,009,838	\$65,750,547 ²	\$139,570,659
Revenue:			
Oil extraction tax allocations	36,740,709	73,820,112 ³	99,906,000 ⁴
Transfers:			
Transfer to state school aid program	0	0	0
Ending Balance	\$65,750,547	\$139,570,659	\$239,476,659

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009 balance.

³ Based on actual revenues through May 31, 2011, and estimated revenues for the final month of the 2009-11 biennium. Revenue estimate assumes oil tax allocations for June and July (which is allocated to June prior to the close of the biennium) will equal actual May revenues of \$4.9 million.

⁴ Revenue estimates based on the April 2011 legislative revenue forecast.

Notes:

The foundation aid stabilization fund was created in 1994 upon voter approval of Article X, Section 24 of the Constitution of North Dakota. Section 24 provides that 20 percent of oil extraction taxes are to be allocated as:

50 percent to the common schools trust fund.

50 percent to the foundation aid stabilization fund.

Section 24 also provides that interest from the foundation aid stabilization fund must be transferred to the general fund; the principal can only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that in the case of an allotment, all agencies that receive monies from a fund must be allotted on a uniform basis. The exception is that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

**Health Care Trust Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$2,821,191	\$3,484,946 ¹	\$438,644
Revenue:			
Investment earnings	\$136,644	\$28,944	\$7,498
Principal and interest repayments	1,131,466	1,099,260	1,107,884
Total Revenues	\$1,268,110	\$1,128,204	\$1,115,382
Expenditures:			
Transfer to state general fund			
Provider inflationary increase - 0.65% (DHS)			
DD provider increase (DHS)			
Nursing home inflationary increases (DHS)	(\$525,597)		
Health care trust funding for nursing homes		(\$3,800,000)	
Nursing facility bed limit		(324,506)	
Assisted living and basic care remodel grants		0 ²	
Grant for Dunseith nursing facility			(\$200,000)
Grant for McVile hospital			(200,000)
Bed layaway program - DHS (HB 1325)			(546,786) ³
Trauma system evaluation (Health Dept.)	(73,758)		
Quick response unit pilot project (Health Dept.)	(5,000)	(50,000)	
Nurse aid registry - Health Dept. (HB 1041)			(155,000) ⁴
Total Expenditures	(\$604,355)	(\$4,174,506)	(\$1,101,786)
Ending Balance	\$3,484,946	\$438,644	\$452,240

¹ Actual July 1, 2009 balance.

² 2009 - HB 1327 provided grant funding to a nursing facility for remodeling costs incurred with the transition to an assisted living facility. The grant also requires that a pilot rent subsidy project be implemented. \$200,000 was appropriated however, was not expended.

³ 2011 - HB 1325 provides funding to nursing facilities to layaway beds which allows the facility time to make decisions about future operations; the layaway allows the facility to reduce their licensed beds which ensures the facility will not be penalized by the 90% occupancy rule for the layaway period.

⁴ 2011 - HB 1041 provides funding to establish and administer a nurse aid registry.

Notes:

The health care trust fund was established by the 1999 legislative assembly to provide grants and loans to nursing facilities. Additional uses of moneys have been approved in subsequent bienniums. Revenue for the fund was originally generated through nursing facilities funding pool payments to government nursing facilities based on the difference between Medicare and Medicaid rates for nursing care. This funding stream was known as the Intergovernmental Transfer Program (IGT). The federal government passed regulations phasing out the IGT program and the final pool payment was made to the state in July 2004. Current revenues to the fund consist of loan repayments and investment earnings.

**Highway Tax Distribution Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected ²	2011-13 Appropriated ³
Beginning Balance	\$0	\$0	\$0
Revenue:			
Motor vehicle fuel tax	\$152,094,710	\$170,822,135	\$170,125,762
Special fuel taxes	118,947,197	139,475,642	127,000,000
Motor vehicle registration fees	110,460,000	148,751,092	130,300,000
Total Revenues	<u>\$381,501,907</u>	<u>\$459,048,869</u>	<u>\$427,425,762</u>
Transfers:			
State highway fund allocation	(\$235,100,887)	(\$272,437,964)	(\$253,000,000)
Counties allocation	(85,838,447)	(95,553,283)	(90,800,000)
Cities allocation	(52,205,240)	(57,776,403)	(51,500,000)
Townships allocation		(11,999,715)	(11,100,000)
Transit allocation		(6,666,508)	(6,200,000)
Highway Patrol	(4,234,214)	(4,550,725)	(5,025,762)
Motorboat safety account	(223,068)	(233,388)	(200,000)
State snowmobile fund	(168,158)	(168,933)	(200,000)
Administrative assistance to transferees		(5,500,000)	(5,500,000)
Ethanol production incentive	(3,731,893)	(4,161,950)	(3,900,000)
Total Transfers	<u>(\$381,501,907)</u>	<u>(\$459,048,869)</u>	<u>(\$427,425,762)</u>
Ending Balance	\$0	\$0	\$0

¹ Final revenues and expenditures per Department of Transportation.

² Revenues and expenditures based on actual collections through April 30, 2011, and estimates for the remaining months of the 2009-11 biennium.

³ Revenue and expenditure notes:

- Motor fuel tax amounts are net of amounts withheld for the refund reserve and the motor fuels operating fund. Motor fuel tax amounts include amounts collected for penalties and interest, and license and permit fees (57-43.1-28).
- Special fuel taxes include amounts collected for penalties and interest, and license and permit fees (57-43.2-19).

- Motor vehicle registrations are net of amounts withheld to pay fuel tax refunds for the International Fuel Tax Agreement (IFTA) member states, and the motor vehicle operating fund. Motor vehicle registrations exclude the fees collected by the Motor Vehicle Division but paid to other funds, such as the motor vehicle excise tax and the state aid distribution, the motorcycle safety education fund (39-28-05), abandoned motor vehicle disposal fund (39-26-12), veterans' cemetery maintenance fund (39-04-10.10), all-terrain vehicle fund (39-29-01.1), the employment of people with disabilities fund (39-01-15), and the unsatisfied judgement fund (39-24-03).
- The revenues shown for the 2011-13 biennium are based on estimates prepared in late 2010 and presented to the 2011 legislative assembly. Due to the continuing economic growth in North Dakota and the related revenues from increased fuel consumption, the actual revenues realized in the 2011-2013 biennium could be greater than the estimates as presented in this schedule.
- On July first of each year, the State Treasurer transfers from the highway tax distribution fund to the motorboat program and safety account an amount equal to \$2.50 multiplied by the number of motorboats licensed with the Game and Fish Department (20.1-02-16.6).
- Annually, an amount equal to the tax collected on 30 gallons of motor vehicle fuel multiplied by the number of snowmobiles registered must be transferred from the highway distribution fund to the state snowmobile fund (39-24-05).
- The State Treasurer transfers annually from the highway tax distribution fund to the ethanol incentive fund an amount equal to 40 percent of all sums collected for the registration of farm vehicles (39-04-39).

Notes:

The highway tax distribution fund is a statutory fund established by NDCC Section 54-27-19. The fund receives moneys from motor vehicle registrations and fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes. The first \$5.5 million deposited in the fund is transferred to the highway fund to provide administrative assistance to transferees. Appropriations for the Highway Patrol, ethanol production incentives, motorboat safety, and state snowmobile fund are deducted before remaining moneys are allocated pursuant to the the following formula:

- 61.3 percent to the highway fund for use by the state DOT.
- 2.7 percent to township highway fund for allocation to townships pursuant to Section 54-27-19.1.
- 1.5 percent to the public transportation fund to be allocated pursuant to Section 39-04.2-04.
- 34.5 percent to cities and counties, allocated pursuant to the distribution formula provided in Section 54-27-19.

**Lands and Minerals Trust Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$14,056,683	\$32,586,643 ²	\$243,500,000
Revenue:			
Mineral royalties	\$23,017,314	\$45,513,107	
Mineral rents	382,874	704,742	
Mineral bonus	10,915,471	199,709,732	
Human Services DD loan repayments	953,784	464,174	
Investment income	1,416,649	1,863,500	
Total Revenue	\$36,686,092	\$248,255,255 ³	\$0
Expenditures:			
Transfer to common schools for DD loan	(\$1,417,504)	(\$697,344)	
Transfer to general fund	(15,000,000)	(35,000,000)	
Appropriation to Industrial Commission	(248,186)	(314,242) ⁴	
Appropriation to OMB for planning and design of Heritage Center expansion	(1,000,164)	(499,836)	
Appropriation to Historical Society for purchase of Cold War missile site	(250,000)		
Administrative expenses	(240,278)	(830,476)	
Transfer to strategic investment and improvements fund			(243,500,000) ⁵
Total Expenditures and Transfers	(\$18,156,132)	(\$37,341,898)	\$0
Ending Balance	\$32,586,643	\$243,500,000	\$0

¹ Final revenues and expenditures per Land Department.

² Actual July 1, 2009 balance.

³ Based on actual revenues received through May 31, 2011, and estimated receipts for the remainder of the biennium, as determined by the Land Department.

⁴ SB2014 (2009) provides a contingent appropriation of \$515,207 from the lands and minerals trust fund to the Industrial Commission for 2.00 FTE relating to oil and gas activity (\$319,041) and 1.00 FTE relating to potash and uranium mining (\$196,166). The \$319,041 appropriation has been approved by the Emergency Commission; however, the Industrial Commission anticipates using only \$314,242. No action is expected to make the \$196,166 appropriation effective for the 2009-11 biennium.

⁵ HB1451 (2011) eliminates the lands and minerals trust fund and replaces it with the strategic investment and improvements fund. Pursuant to Section 21 of that bill, as soon as feasible after Jun 30, 2011, the State Treasurer shall close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund.

Notes:

The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interests in real property belonging to or managed by the Bank of North Dakota. Upon sale of the real property, the state retained the mineral interests. All income from the sale, lease, and management of these lands and mineral interests is deposited in the lands and minerals trust fund (NDCC Section 15-08.1-08). The principal and interest of the trust fund may be expended upon approval by the Legislative Assembly. Pursuant to HB 1451 (2011), the lands and minerals trust fund is eliminated effective June 30, 2011 and is replaced with the strategic investment and improvements fund.

**Legacy Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$0 ^{\1}	\$0
Revenue:			
Transfers from oil and gas taxes			\$612,468,000 ^{\2}
Interest on investment			6,090,000
Total Revenues	\$0	\$0	\$618,558,000
Expenditures:			
Legislative appropriations	\$0	\$0	\$0 ^{\3}
Ending Balance	\$0	\$0	\$618,558,000

^{\1} Actual July 1, 2009, balance. The fund was created pursuant to voter approval of Measure No. 1 on the November 2010 ballot.

^{\2} Revenue estimate based on the April 2011 legislative revenue forecast for oil price and production, resulting in \$2.042 billion in oil tax collections, 30.0 percent of which are allocated to the legacy fund.

^{\3} Based on the provisions of 2009 HCR 3054, no expenditures of principal or interest may be made from the fund until after June 30, 2017. Expenditures require approval of two-thirds of the members of both houses of the Legislative Assembly.

Notes:

House Concurrent Resolution No. 3054 (2009) was adopted by the 2009 legislature and approved by the voters in November 2010. This measure establishes the North Dakota legacy fund as a constitutional trust fund. Thirty percent of all revenue collected by the state from oil and gas production and extraction taxes will be transferred to the fund beginning July 1, 2011. Interest and investment earnings will be retained in the fund until June 30, 2017, after which time they will be transferred to the general fund once each biennium.

**Permanent Oil Tax Trust Fund
Status Statement**

	2007-09 Actual ¹	2011 Legislative Projection		Current Estimate	
		2009-11 Projected	2011-13 Appropriated	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$143,270,662	\$489,727,017 ²	\$0	\$489,727,017 ²	\$0
Revenue:					
Oil taxes in excess of general fund limit	\$484,256,596	\$907,220,239	\$0	\$968,831,234 ³	\$0
Expenditures:					
Appropriation for IPG Music Camp					
Appropriation for Centers of Excellence	(\$8,379,459)	(\$6,620,541)		(\$6,620,541)	
Department of Human Services MMIS	(55,834)	(1,130,027)		(1,130,027)	
Higher education	(5,916,167)	(12,691,145)		(12,691,145)	
Grants to tribal colleges	(700,000)	(700,000)		(700,000)	
Veterans Home facility	(6,483,226)				
Water project grants	(265,555)	(2,526,445)		(2,526,445)	
Prairie Public Broadcasting		(1,008,100)		(1,008,100)	
Agricultural research and extension	(750,000)	(925,000)		(925,000)	
Livestock disaster assistance	(250,000)				
Transfer to state disaster relief fund		(22,000,000)		(22,000,000)	
Property tax relief - 2009-11		(299,233,000)		(299,233,000)	
Property tax relief - Sustainability fund		(295,000,000)		(295,000,000)	
Transfer to the general fund (2009 session)		(140,000,000)		(140,000,000)	
Transfer to general fund - Closeout of fund balance	(115,000,000)	(615,112,998) ⁴		(676,723,993) ⁴	
Total Expenditures and Transfers	<u>(\$137,800,241)</u>	<u>(\$1,396,947,256)</u>	<u>\$0</u>	<u>(\$1,458,558,251)</u>	<u>\$0</u>
Ending Balance	\$489,727,017	\$0	\$0	\$0	\$0

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009 balance.

³ Based on actual revenues through May 31, 2011 and estimated receipts for the remainder of the 2009-11 biennium. Revenue estimate assumes oil tax allocations for June and July (which is allocated to June before the close of the fiscal year) will equal actual May allocations of \$71.8 million.

⁴ Pursuant to 2011 HB1451, any remaining balance in the permanent oil tax trust fund after June 30, 2011, is to be transferred to the general fund.

Notes:

North Dakota Century Code Section 57-51.1-07.2 established the permanent oil tax trust fund. This section provides that all oil extraction and production taxes collected and deposited in the general fund in excess of \$71.0 million must be transferred to the permanent oil tax trust fund. The State Treasurer shall transfer interest earnings of the trust fund to the general fund at the end of each fiscal year. The principal may only be spent upon approval of two-thirds of the members of each house of the Legislative Assembly. The 2011 legislature passed HB1451, which eliminates the permanent oil tax trust fund as of June 30, 2011, and transfers any remaining balance to the general fund.

**Property Tax Relief Sustainability Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$0	\$295,000,000
Revenue:			
Transfers from permanent oil tax trust fund	\$0	\$299,233,000 ^{\1}	
Allocation of oil and gas taxes			\$341,790,000 ^{\3}
Total Revenues	\$0	\$299,233,000	\$341,790,000
Expenditures:			
Transfer to general fund for mill levy reduction program			(\$295,000,000) ^{\4}
Supplemental appropriations for mill levy reduction		(\$4,233,000) ^{\2}	
Total Expenditures	\$0	(\$4,233,000)	(\$295,000,000)
Ending Balance	\$0	\$295,000,000	\$341,790,000

^{\1} Transfers consist of \$295.0 million transferred from the permanent oil tax trust fund on July 1, 2010, pursuant to 2009 SB2199, and an additional \$4.2 million transferred by the 2011 legislature for a supplemental appropriation required for the 2009-11 biennium.

^{\2} A supplemental appropriation of \$4.2 million was authorized in 2011 SB2023.

^{\3} Beginning with the 2011-13 biennium, HB1451 designates up to \$341.79 million of oil tax revenue for deposit into the property tax relief sustainability fund.

^{\4} Transfer authorized by 2011 HB1047.

Notes:

The property tax relief sustainability fund was created by the 2009 Legislative Assembly to set aside funding for the continuation of the mill levy reduction grant program enacted during the 2009 legislative session.

**Resources Trust Fund
Status Statement**

	2007-09 Actual ¹	2011 Legislative Projection		Current Estimate	
		2009-11 Projected	2011-13 Appropriated	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$32,655,609	\$87,378,167 ¹²	\$128,447,646	\$87,378,167 ¹²	\$145,939,198
Revenue:					
Repayments and reimbursements	\$3,549,610	\$3,504,000	\$3,509,000	\$3,305,319	\$3,509,000
Oil extraction tax collections	73,481,417	129,947,875	199,812,353	147,640,224	199,812,353 ¹⁵
Interest	2,791,531	2,217,604	1,101,820	2,215,488	1,302,433
Total Revenues	\$79,822,558	\$135,669,479	\$204,423,173	\$153,161,031 ¹³	\$204,623,786
Expenditures:					
Water Commission expenditures	(\$25,100,000)	(\$94,600,000)	(\$332,400,000)	(\$94,600,000) ¹⁴	(\$333,131,899)
Bank of North Dakota					(10,000,000) ¹⁶
Total Expenditures	(\$25,100,000)	(\$94,600,000)	(\$332,400,000)	(\$94,600,000)	(\$343,131,899)
Ending Balance	\$87,378,167	\$128,447,646	\$470,819	\$145,939,198	\$7,431,085

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009 balance.

³ Based on actual revenues through May 31, 2011 and estimated revenues for the remainder of the biennium.

⁴ Based on actual expenditures through May 31, 2011 and agency estimates for the remainder of the biennium.

⁵ Based on the April 2011 legislative revenue forecast, which assumes average price of \$72 per barrel and an average of 395,500 barrels of oil per day (BOPD) for FY 2012; and average price of \$75 per barrel and an average of 413,750 BOPD for FY 2013.

⁶ House Bill No. 1206, approved by the 2011 Legislative Assembly, appropriated \$10 million to the Bank of North Dakota for a five percent loan to the Western Area Water Supply Authority.

Notes:

The resources trust fund was created pursuant to passage of Measure No. 6 in the November 1980 general election. Measure No. 6 established a 6.5 percent oil extraction tax, 10 percent of which was distributed to the resources trust fund. Measure No.2, a constitutional amendment approved in the June 1990 primary election, establishes the resources trust fund as a constitutional trust fund and provides that the principal and income of the fund may be spent pursuant to legislative appropriations for constructing water related projects, including rural water systems, and funding energy conservation programs.

North Dakota Century Code Section 57-51.1-07 provides that the resources trust fund is available for legislative appropriation to the State Water Commission for planning and constructing water-related projects and to the Industrial Commission for energy conservation and waste products utilization programs and studies. The 1995 Legislative Assembly amended Section 57-51.1-07 to provide that 20 percent of oil extraction tax collections will be deposited in the resources trust fund.

**State Aid Distribution Fund
Status Statement**

	2007-09 Actual ^{\1}	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$0 ^{\2}	\$0
Revenue:			
Sales tax revenue	\$90,993,437	\$108,670,191	\$120,194,318
Motor vehicle excise tax revenue	12,550,381	14,201,606	15,916,449
Total Revenues	<u>\$103,543,818</u>	<u>\$122,871,797</u> ^{\3}	<u>\$136,110,767</u>
Expenditures:			
Distributions to cities and counties	<u>(\$103,543,818)</u>	<u>(\$122,871,797)</u>	<u>(\$136,110,767)</u>
Ending Balance	\$0	\$0	\$0

\1 Final revenues and expenditures per state accounting system reports.

\2 Actual July 1, 2009 balance.

\3 Based on actual revenues through May 31, 2011, plus estimated receipts for the remaining month of the biennium. Estimated revenues are based on the April 2011 legislative forecast.

Notes:

North Dakota Century Code Section 57-39.2-26.1 provides for the deposit of a portion of sales, use, and motor vehicle excise tax collections into the state aid distribution fund. The amount deposited into the state aid distribution fund is equal to 40 percent of an amount determined by multiplying 1 percent, divided by the general sales tax rate that was in effect when the sales taxes were collected, times the net sales, use, and motor vehicle excise tax collections. The calculation results in 8 percent of all sales and motor vehicle excise taxes being distributed through the state aid distribution fund to cities and counties.

Revenues deposited in the state aid distribution fund are provided as a standing and continuing appropriation and are allocated to political subdivisions pursuant to the formula provided in Section 57-39.2-26.1.

**Strategic Investment and Improvements Fund
Status Statement**

	2007-09 Actual	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$0	\$0
Revenue:			
Transfer from land and minerals trust fund			\$243,500,000 ^{\1}
Mineral royalties			71,832,000
Mineral rents			694,412
Mineral bonus			32,000,000
Oil and gas taxes			36,481,039 ^{\2}
Investment income			2,906,500
Total Revenue	\$0	\$0	\$387,413,951
Expenditures:			
Transfer to general fund			(\$305,000,000)
Administrative expenses			(800,000)
Total Expenditures and Transfers	\$0	\$0	(\$305,800,000)
Ending Balance	\$0	\$0	\$81,613,951
Less Designated Fund Balance			(80,684,840) ^{\3}
Ending Balance	\$0	\$0	\$929,111

^{\1} Pursuant to HB1451 (2011), the unobligated balance of the lands and minerals trust fund will be transferred to the strategic investment and improvements fund. The amount shown is the estimated balance based on actual revenues and expenses through May 31, 2011, and estimated amounts for the remainder of the biennium, as determined by the Land Department.

^{\2} Pursuant to HB1451 (2011), a portion of oil and gas tax revenues may be allocated to the strategic investment and improvements fund. Up to \$100.0 million could be deposited into the fund from the state share of oil and gas taxes, but only after the first \$200.0 million is deposited into the general fund, the next \$341.7 million is deposited into the property tax relief sustainability fund, and the next \$100.0 million is deposited into the general fund. Based on the most current forecast for oil and gas taxes, only \$36.5 million is anticipated to be deposited into the strategic investment and improvements fund during the 2011-13 biennium.

^{\3} The designated fund balance includes \$74.4 million relating to potential mineral ownership disputes and \$6.3 million relating to the bio-fuels loan guarantee program (2011 SB2306). Pursuant to action of the Board of University and School Lands, a portion of the fund balance is designated to be held in reserve pending the settlement of mineral ownership title disputes on certain riverbed tracts.

Notes:

The strategic investment and improvements fund was created by the 2011 legislature to replace the lands and minerals trust fund. In addition to income from the sale, lease, and management of certain state owned lands and mineral interests previously allocated to the lands and minerals trust fund, the strategic investment and improvements fund will receive a portion of state oil and gas taxes.

Tobacco Prevention and Control Trust Fund
Status Statement

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$14,107,486 ²	\$29,501,819
Revenue:			
Fiscal year 1 payments		\$12,274,394	\$11,186,238
Fiscal year 2 payments	\$14,138,011	11,186,238	11,186,238
Investment Income	8,290	102,000	629,000
Total Revenues	<u>\$14,146,301</u>	<u>\$23,562,632</u> ³	<u>\$23,001,476</u> ⁵
Expenditures:			
Appropriated expenditures	(\$38,815)	(\$8,168,299) ⁴	(\$12,922,614)
Total Expenditures and Transfers	<u>(\$38,815)</u>	<u>(\$8,168,299)</u>	<u>(\$12,922,614)</u>
Ending Balance	\$14,107,486	\$29,501,819	\$39,580,681

¹ Final revenue and expenditures per state accounting system reports dated June 30, 2009.

² Actual July 1, 2009 beginning balance.

³ Actual revenue received through May 31, 2011. No additional revenue is expected to be received during the 2011-13 biennium.

⁴ 2009-11 expenditures are projections as provided by the Tobacco and Prevention Control Committee.

⁵ Revenue estimate assumes that Master Settlement Agreement strategic contribution fund payments continue in fiscal years 2012 and 2013 at the 2011 level.

Notes:

In November 2008, voters approved Measure No. 3, which created a tobacco prevention and control trust fund. All tobacco settlement strategic contribution fund payments received by the state will be deposited in the fund. The strategic contribution fund payment received by the state in April 2011 was \$11.2 million. After 2017, no additional strategic contribution fund payments are anticipated.

2009 House Bill 1015, based on the intent of Measure No. 3, creates the Tobacco Prevention and Control Committee as a state agency. Section 39 changed language in the measure concerning the ability to spend funding from the water development trust fund. The legislature required that water development trust fund moneys may only be spent pursuant to legislative appropriation.

**Tobacco Settlement Trust Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$0	\$0 ²	\$0
Revenue:			
Fiscal year 1 payments	\$36,481,077	\$20,816,865	\$19,736,099
Fiscal year 2 payments	25,014,321	19,736,099	19,736,099
Total Revenues	\$61,495,398	\$40,552,964 ³	\$39,472,198 ⁴
Transfers:			
Transfer to community health trust fund	(\$6,149,540)	(\$4,055,296)	(\$3,947,220)
Transfer to water development trust fund	(27,672,929)	(18,248,834)	(17,762,489)
Transfer to common schools trust fund	(27,672,929)	(18,248,834)	(17,762,489)
Total Expenditures and Transfers	(\$61,495,398)	(\$40,552,964)	(\$39,472,198)
Ending Balance	\$0	\$0	\$0

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009 balance.

³ Actual revenues received through May 31, 2011. No additional revenue is expected to be received during the 2011-13 biennium.

⁴ Revenue estimate assumes that Master Settlement Agreement payments continue in fiscal years 2012 and 2013 at the 2011 level.

Notes:

North Dakota Century Code Section 54-27-25, enacted in 1999, establishes the tobacco settlement trust fund to be used for the deposit of tobacco settlement dollars obtained by the state under the master settlement agreement and consent agreement adopted by the east central judicial district court. All moneys received by the state pursuant to the judgment and all moneys received by the state for enforcement of the judgment, except for moneys relating to the strategic contribution fund, must be deposited in the fund. The principal of the tobacco settlement trust fund must be allocated as follows:

10 percent to the community health trust fund.

45 percent to the common schools trust fund.

45 percent to the water development trust fund.

All transfers out of the fund must be made within 30 days of receipt of the tobacco settlement moneys.

In November 2008, voters approved Measure No. 3, which created a tobacco prevention and control trust fund. All tobacco settlement strategic contribution fund payments received by the state will be deposited in the fund. The strategic contribution fund payment received by the state in April 2011 was \$11.2 million. After 2017, no additional strategic contribution fund payments are anticipated to be received.

**Tuition Apportionment Fund
Status Statement**

	2007-09 Actual ^{\1}	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$1,133,040	\$1,149,701 ^{\2}	\$829,342
Revenue:			
Fines for violation of state laws	\$9,144,167	\$9,124,000 ^{\3}	\$9,124,000
Transfers from common schools	66,800,000	77,178,000 ^{\4}	92,514,000 ^{\4}
Total Revenues	<u>\$75,944,167</u>	<u>\$86,302,000</u>	<u>\$101,638,000</u>
Expenditures:			
Tuition apportionment payments to schools	<u>(\$75,927,506)</u>	<u>(\$86,622,359) ^{\5}</u>	<u>(\$101,638,000)</u>
Ending Balance	\$1,149,701	\$829,342	\$829,342

\1 Final revenues and expenditures per state accounting system reports.

\2 Actual July 1, 2009 balance.

\3 Estimated revenues based on actual collections through May 31, 2011.

\4 Common schools trust fund distribution estimates provided by Land Department.

\5 Original appropriation authority of \$86.3 million plus additional authority of \$322,359 provided pursuant to section 9 of 2009 HB1013 to allow the expenditure of all available moneys in the state tuition fund at the time of the final fiscal year 2011 state school aid payment.

Notes:

The common schools trust fund is a constitutional trust fund established in 1889. Article IX, Section 2, of the Constitution of North Dakota provides that state distributions to schools shall include the interest and income of the common schools trust fund, as well as all fines for violation of state laws. These amounts are deposited in the state tuition fund, pursuant to North Dakota Century Code Section 15.1-28-01. Beginning with the 2007-2009 biennium, tuition apportionment payments are included in state school aid distributions to school districts.

**Water Development Trust Fund
Status Statement**

	2007-09 Actual ¹	2009-11 Projected	2011-13 Appropriated
Beginning Balance	\$8,989,953	\$21,010,583 ²	\$25,209,356
Revenue:			
Transfers from the tobacco settlement trust	27,672,929	18,248,834 ³	17,762,489 ⁵
Expenditures:			
Water Commission expenditures	(15,652,299)	(14,050,061) ⁴	(37,189,734) ⁶
Ending Balance	\$21,010,583	\$25,209,356	\$5,782,111

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2009 balance.

³ Actual revenues received through May 31, 2011 and estimated receipts for the remainder of the biennium, as projected by the Office of Management and Budget.

⁴ Actual expenditures through May 31, 2011 plus estimated expenses through June 30, 2011.

⁵ Revenue estimate assumes Master Settlement Agreement payments continue in fiscal years 2012 and 2013 at the 2011 level.

⁶ 2011-13 appropriated expenditures include \$16,871,750 for bond payments with \$20,317,984 available for water projects. Administrative expenses will not be paid from the water development trust fund.

Notes:

The water development trust fund was established by the Legislative Assembly in 1999, upon enactment of North Dakota Century Code Section 54-27-25. North Dakota Century Code Section 54-27-25 establishes the tobacco settlement trust fund, in which is deposited state proceeds received pursuant to the tobacco master settlement agreement. Monies in the tobacco settlement trust fund are allocated 45 percent to the water development trust fund, 45 percent to the common schools trust fund, and 10 percent to the community health trust fund. Monies in the water development trust fund are to be used for the long-term water development and management needs of the state.

In November 2008, voters approved Measure No. 3, which created a tobacco prevention and control trust fund to receive all tobacco settlement strategic contribution fund moneys received by the state. Provisions of the measure were in effect prior to receipt of the 2009 strategic contribution fund payment in April 2009, resulting in a reduction of water development trust fund revenue for the 2007-09 and subsequent bienniums. Amounts deposited in the tobacco prevention and control trust fund would otherwise have been deposited in the water development trust fund, prior to approval of Measure No. 3.

The initiated measure also established that if the tobacco prevention and control trust fund does not have adequate money to fund a comprehensive statewide tobacco prevention and control program, money will be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee. The 2009 Legislative Assembly clarified that any money deposited in the water development trust fund may only be spent if legislatively appropriated.

**Combined Funds
Status Statement
(Amounts in Millions)**

	2007-09 Actual				2009-11 Projected		2011-13 Appropriated			
	Beginning Balance	Revenues ¹²	Expenditures ¹²	Ending Balance ¹³	Revenues ¹²	Expenditures ¹²	Beginning Balance	Revenues ¹⁴	Expenditures ¹⁴	Ending Balance
General fund	\$295.5	\$2,715.3	(\$2,649.0)	\$361.8	\$3,636.3	(\$3,337.9)	\$660.2	\$3,457.7	(\$4,066.9)	\$51.0
Major special funds ¹¹ :										
Bonding fund	\$2.3	\$0.1	\$0.1	\$2.5	\$0.4	(\$0.1)	\$2.8	\$0.5	(\$0.2)	\$3.1
Budget stabilization fund	200.0	124.9	-	324.9	61.4	-	386.3	-	-	386.3
Community health trust fund	2.4	6.1	(7.2)	1.3	5.0	(6.3)	-	4.0	(4.6)	(0.6)
Disaster relief fund	-	6.0	(5.4)	0.6	60.0	(25.1)	35.5	0.3	(34.0)	1.8
Fire and tornado fund	28.2	11.3	(18.0)	21.5	17.4	(14.8)	24.1	17.1	(19.4)	21.8
Foundation aid stabilization fund	29.0	36.7	-	65.7	73.8	-	139.5	99.9	-	239.4
Health care trust fund	2.8	1.3	(0.6)	3.5	1.1	(4.2)	0.4	1.1	(1.1)	0.4
Highway tax distribution fund	-	381.5	(381.5)	-	459.0	(459.0)	-	427.4	(427.4)	-
Lands and minerals trust fund	14.1	36.7	(18.2)	32.6	248.2	(37.3)	243.5	-	(243.5)	-
Legacy fund	-	-	-	-	-	-	-	618.6	-	618.6
Permanent oil tax trust fund	143.3	484.3	(137.8)	489.8	907.2	(1,397.0)	-	-	-	-
Property tax relief sustainability fund	-	-	-	-	299.2	(4.2)	295.0	341.8	(295.0)	341.8
Resources trust fund	32.7	79.8	(25.1)	87.4	135.6	(94.6)	128.4	204.4	(332.4)	0.4
State aid distribution fund	-	103.5	(103.5)	-	122.9	(122.9)	-	136.1	(136.1)	-
Strategic investment and improvements fund	-	-	-	-	-	-	-	387.4	(386.5)	0.9
Tobacco prevention and control trust fund	-	14.1	0.0	14.1	23.5	(8.2)	29.4	23.0	(12.9)	39.5
Tobacco settlement trust fund	-	61.5	(61.5)	-	40.6	(40.6)	-	39.5	(39.5)	-
Tuition apportionment fund	1.1	75.9	(75.9)	1.1	86.3	(86.6)	0.8	101.6	(101.6)	0.8
Water development trust fund	9.0	27.7	(15.7)	21.0	18.2	(14.0)	25.2	17.8	(37.2)	5.8
Non-major special funds	209.7	1,274.3	(1,162.5)	321.5	1,399.1	(1,318.8)	401.8	1,899.4	(1,952.0)	349.2
Federal funds ¹⁵	-	2,282.0	(2,282.0)	-	3,177.6	(3,177.6)	-	3,298.0	(3,298.0)	-
Total	\$970.1	\$7,723.0	(\$6,943.7)	\$1,749.4	\$10,772.8	(\$10,149.2)	\$2,373.0	\$11,075.6	(\$11,388.3)	\$2,060.3

¹¹ Major special funds are those which have been depicted individually on status statements in this publication. Figures may vary due to rounding.

¹² Revenues and expenditures are from the state accounting system.

¹³ For the major and non-major special funds included on this schedule, the ending balance amounts for the 2007-09 biennium reflect the actual balances, as recorded in the Internet Budget Analysis and Reporting System (IBARS). Special fund balances may not match fund balance amounts recorded on the state accounting system due to timing and other adjustments made by agency fiscal staff and OMB for budgeting purposes.

Expenditure totals on this schedule do not match total appropriations due to the fact that certain major transfers, which are not included in the legislative appropriation, are included on this schedule for various major special funds.

¹⁴ Revenues and expenditures are based on executive recommendation amounts in IBARS, adjusted to reflect legislative changes.

¹⁵ For the purpose of this analysis, all federal funds are considered spent in the biennium for which they are appropriated and are not included in the beginning and ending balances.

Notes:

This analysis includes all special funds subject to the legislative budget and appropriation process. However, the following types of state special funds are excluded:

- Investment, trust, and fiduciary funds (other than budgeted and appropriated amounts used for administrative purposes)
- Insurance funds
- Enterprise funds
- Research funds
- Higher education funds
- Lottery fund
- Certain non-appropriated funds

Certain non-major special funds used solely for distributions or reallocation to political subdivisions or state agencies are excluded from this statement. Also excluded from this schedule are state funds for which a continuing appropriation exists. Examples of excluded funds are agriculture commodity groups, various agency funds with statutory continuing appropriation authority, and local funds collected by institutions of higher education.

Numbers presented on this schedule are estimates for informational purposes only. Only certain special and federal funds are included on this schedule and it is not intended to encompass all funds received and spent by state government.

GENERAL GOVERNMENT***Secretary of State***

The Office of the Secretary of State is the office of record for certain legal documents generated by the executive and legislative branches of government; the office of record for public records and notices relating to business entities; and the agency charged with a wide range of licensing, regulatory, registration, and administrative functions. The office is headed by the Secretary of State, an elected official, who also serves as the state's chief election officer.

The Legislative Assembly adopted the executive recommendation to provide a total appropriation of \$16.1 million, of which \$9.3 million is from the general fund. Included in the budget is \$3.5 million of one-time funding from the general fund to complete a database and processing platform migration project. Once completed, the new system will enhance services to customers by offering online access to submit and obtain a variety of documents as well as providing online payment of fees.

Office of Management and Budget

The Office of Management and Budget (OMB) provides services and support to agencies through the Fiscal Management, Human Resource Management Services, Central Services, Facility Management and Risk Management divisions. In order to carry out the mission of the agency, the Governor recommended \$43.0 million including \$32.1 million from the general fund.

The legislature approved a budget of \$414.4 million for the Office of Management and Budget. The approved budget

includes \$32.6 million from the general fund and \$10.5 million from other funds for OMB operations and grants. The general fund appropriation includes \$4,000 as a grant to the State Board of Integrative Health for costs associated with establishing the board and \$375,000 in grants to North Dakota community corrections association regions for community service supervision. Other funds authority includes \$2.6 million from the capitol building trust fund for projects approved by the Capitol Grounds Planning Commission. Approved projects include restoration of the legislative chamber brass and wood, remodeling of the capitol's south entrance and remodeling of the cafeteria corridor.

The total appropriation to OMB was increased to include transfers from the general fund to various other funds:

- \$100,000 to the public transportation fund.
- \$300,000 to the game and fish fund to be provided to the agriculture commissioner for the state board of animal health and the wildlife services program.
- \$370.6 million to the highway fund for infrastructure needs throughout the state.

Information Technology Department

The Information Technology Department is responsible for providing services to state agencies, higher education, counties, cities and school districts. The legislature approved \$164.3 million total funding with \$19.3 million from the general fund. Included in the budget is \$4.8 million as recommended by the Governor's Commission on Education Improvement: \$3.4 million for the State Longitudinal Data System (SLDS) and \$1.4 million for the Center for Distance Education for a tuition subsidy to North Dakota students taking online courses. Funding was continued for the Health Information Exchange in order to continue to implement a statewide infrastructure

system. An additional \$5.0 million was provided through the Bank of North Dakota for loans to healthcare providers to assist with conversion to electronic health records to improve healthcare quality, patient safety and overall efficiency of healthcare.

Office of State Treasurer

The State Treasurer serves as the custodian of all state funds. The agency is responsible for the cash management of the general fund as well as the investment services of special funds. The 2011-13 budget of \$26.7 million includes one-time funding of \$25.0 million for transportation funding distributions to non-oil producing counties and cities and \$266,588 for development costs to update the tax distribution system.

Office of Attorney General

The Attorney General is the chief legal counsel and advisor to state government. In addition to fiscal, technology and general administration divisions, the Attorney General's budget includes the divisions of Civil Litigation, Bureau of Criminal Investigation, Consumer Protection and Antitrust, Crime Laboratory, Criminal and Regulatory, Fire Marshal, Gaming, Natural Resources and Indian Affairs, State and Local Government and the Lottery.

The Governor's recommended budget for the Office of Attorney General in SB 2003 was \$58.5 million, including \$31.6 million from the general fund and \$26.8 million of federal and special funds. The Legislative Assembly approved, in SB 2003 and HB 1269, a total budget of \$59.0 million with \$31.5 million from the general fund and \$27.5 million of federal and special funds. The federal funds include \$2.3 million of remaining available funding from the American Recovery and Reinvestment Act (ARRA).

The 2011 Legislative Assembly appropriated \$585,859 in federal funds and 1.50 FTE to implement and manage a system for North Dakota courts to disclose information regarding civil commitment proceedings to the Bureau of Criminal Investigation to verify if an individual is eligible to purchase or possess weapons as required in HB 1269.

Other significant items in the budget include:

- \$2.3 million of ARRA funding and 7.00 related FTE, including: \$1.7 million and 4.00 FTE from the Justice Assistance Grant (JAG); \$200,007 and 1.00 FTE from the Internet Crimes Against Children (ICAC) grant program; and \$318,766 and 2.00 FTE from the Rural Law Enforcement Assistance Act (RLEA) grant. In addition, \$106,804 in special funds is included to fully fund the 2.00 FTE intelligence analyst positions partially funded with the RLEA grant.
- \$112,140 of federal Midwest High Intensity Drug Trafficking funding for 1.00 FTE intelligence analyst position. This position was previously funded with ARRA dollars.
- \$900,000 of special fund authority to update various law enforcement computer applications.
- \$486,300, of which \$450,000 is from special funds and \$36,300 is from the general fund, for project planning for a major upgrade to the criminal history information technology system.
- \$125,000 from the general fund for salary increases for Crime Lab forensic staff upon attainment of professional certification.
- \$190,501 from the general fund to provide salary increases for 14 identification technician positions due to grade changes.

- \$312,400 of one-time general fund authority for Bureau of Criminal Investigation vehicles and Crime Lab equipment.

Office of State Tax Commissioner

The Office of the Tax Commissioner is the state agency responsible for the administration and collection of state taxes. For the 2011-13 biennium, the legislature approved a budget of \$39.2 million from the general fund. The legislature authorized a contingent 1.00 FTE compliance officer position that was not included in the executive budget. The position will become effective upon Emergency Commission approval, if the department can demonstrate the effectiveness of a separate compliance position to be reclassified to that capacity beginning July 1, 2011.

Technology plays an increasingly important role in tax collection and administration. The state has made a significant investment in the department's GenTax software application, which has proven to be a valuable tool for the department. The 2011 legislature approved the Governor's recommendation to provide \$3.2 million for the upgrade, maintenance, and support of this critical application.

The 2011 legislature adopted the Governor's recommendation to increase funding for the homestead tax credit and disabled veterans' property tax credit programs. The 2011-13 appropriation includes \$8.8 million for the homestead tax credit program, an increase of \$2.8 million or 47.4 percent. In addition, a \$1.8 million supplemental appropriation was approved to fully fund the program for the 2009-11 biennium. The 2011-13 appropriation also includes \$4.2 million, an increase of \$1.2 million or 41.5 percent, for the disabled veterans' credit program.

Judicial Branch

The North Dakota judicial system is comprised of the Supreme Court, District Courts, Municipal Courts and the Intermediate Court of Appeals, when convened. The Juvenile Court is a division of the District Court. The budget is submitted according to the functions of the Supreme Court, District Courts, and the Judicial Conduct Commission and Disciplinary Board.

As a separate branch of government, the judicial branch budget is included in the executive budget at the level it is submitted. The total judicial request, including compensation increases, was \$86.7 million, of which \$84.5 million was from the general fund, representing an increase of \$2.0 million. The Legislative Assembly approved a total budget of \$85.7 million, of which \$83.5 is from the general fund.

The judicial branch budget request included the addition of 4.00 FTE including 1.00 FTE law clerk, 1.00 FTE deputy clerk of court, and 2.00 FTE juvenile court officers. The Legislative Assembly approved the law clerk position and one of the juvenile court officer positions. The request also included salary increases of 5.0 percent for each year of the biennium for Supreme Court justices and District Court judges. The Legislative Assembly reduced those increases to 3.0 percent for each year of the biennium, which is the same increase as executive branch agencies.

Public Employees Retirement System

State employee benefit plans are administered by the Public Employees Retirement System (PERS). Numerous political subdivisions also participate in the state system. Benefit plans offered include retirement, deferred compensation, health insurance, life insurance, employee assistance, pretax benefits

along with dental, vision and long term care plans. The 2011-13 appropriation to PERS is \$6.9 million from special funds. Additionally, the legislature approved HB 1364 which provides for implementation of an alternate high-deductible health plan with a health savings account.

EDUCATION*Higher Education***North Dakota University System (NDUS)**

North Dakota's high-quality institutions of higher learning are preparing youth for tomorrow's workforce and serve as an economic engine for the state. The NDUS budget is comprised of the NDUS System Office, Forest Service, two doctoral universities, two master's degree-granting universities, two universities that offer bachelor's degrees in addition to selected graduate level coursework, and five community colleges that offer associate and trade/technical degrees. Each institution is unique in its mission to serve the people of North Dakota.

The 2011-13 NDUS appropriation is \$764.6 million, of which \$655.8 million is from the general fund. Ongoing costs make up \$606.5 million of the general fund appropriation and represent a 13.4 percent increase over the 2009-11 ongoing appropriation. The remaining general fund budget consists of capital construction projects and other one-time initiatives totaling \$49.3 million.

Major general fund budget components included:

System Operations

- \$35.0 million for system parity, which will fund faculty and staff salary increases averaging three percent annually, full health insurance premiums, enhanced retirement contributions, and utility increases for existing and new buildings.
- \$15.2 million to address campus equity and college affordability issues. The legislature directed that the 2011-13 budget request may not contain separate components for equity and affordability.

- \$5.8 million to enhance healthcare education programs to meet the medical workforce needs of the state. Funds will be used to:
 - Increase enrollment at the UND School of Medicine and Health Sciences (SOMHS).
 - Initiate a new Master's in Public Health degree jointly between the University of North Dakota (UND) and North Dakota State University (NDSU).
 - Enhance the statewide nursing consortium.
 - Develop a geriatrics training program.
- \$4.2 million to maintain and enhance the information technology systems supporting the entire university system.
- Base (on-going) general fund dollars of \$1.8 million were also appropriated for the following:
 - \$1.1 million to replace declining revenues in the student loan trust fund that are used to support the Kansas State University veterinary medicine program and ConnectND positions
 - \$491,000 for repayment of system-wide capital construction bonds.
 - \$150,000 for educational leadership programs at UND and NDSU. (SB2015)
 - \$100,000 to Williston State College for campus security.
- General fund budget reductions made by the Legislative Assembly include:
 - \$500,000 from the system governance appropriation line within the NDUS system office budget.
 - \$500,000 from the science, technology, engineering, and mathematics (STEM) teacher education programs at NDSU and UND.
 - \$300,000 from the appropriation for professional liability insurance.

STATE OF NORTH DAKOTA

EXPENDITURE HIGHLIGHTS

- \$332,000 from 2009-11 carryover dollars for the system office operations and System Information Technology System (SITS) pool budgets.
- One-time general fund appropriations totaling \$1.0 million were provided for the following campus operations:
 - \$750,000 for the Theodore Roosevelt Center digitization project at Dickinson State University (DSU).
 - \$150,000 to replace declining mineral royalty revenues utilized for general operations at DSU;
 - \$100,000 for a space utilization study at the UND SOMHS.
 - \$55,000 for Mayville State University to study campus water drainage issues.

Campus Extraordinary Repairs

- \$11.2 million for large repairs of existing facilities and infrastructure, a \$4.4 million, or 66.0 percent, increase over current base funding levels.
- \$819,000 to cover the 2011-13 special assessment installment payments for all campuses.

Campus Capital Projects

- \$152.2 million for 29 major capital projects system-wide with over \$47.1 million from the general fund and \$105.1 million from federal grants, revenue bonds, and other special revenue sources.

State Student Financial Aid Programs

- \$10.0 million, an increase of \$7.0 million, to sustain the career and technical education and academic scholarship program established in 2009. The program provides grants of \$1,500 per year, up to \$6,000 in total,

to resident students who attend a ND institution and meet the statutory qualifications. (SB2013)

- \$1.0 million, an increase of \$300,000, for non-beneficiary students on tribally controlled community colleges.
- \$574,267 for the ND Indian Scholarship Program, an increase of \$193,000, to provide \$1,200 grant awards to approximately 240 students in 2011-13 biennium. The 2009-11 appropriation allows for \$800 grants to the same number of students.
- Cut \$1.2 million from 2009-11 carryover dollars for the scholars program, professional student exchange program, education incentive program, ND Indian Scholarship Program, and student financial assistance grants.

Forest Service

- \$175,510 for program enhancements to address critical natural resource issues identified in the recently completed statewide assessment.
- \$250,000 for a one-time grant program to assist communities with removal and replacement of trees destroyed by the emerald ash borer, based on a 1:1 community match.
- \$6,000 increased special fund authority for the State Nursery in Towner greenhouse construction project.

Elementary, Secondary, and Other Education

Department of Public Instruction

The Department of Public Instruction (DPI) administers state laws relating to the education and accreditation of public elementary and secondary schools, distributes state and federal funds to support public education, and is charged with

supervision of the State Library, School for the Deaf, and ND Vision Services.

The Governor's recommendation for elementary and secondary education funding continued the groundbreaking work of the Governor's Commission on Education Improvement. The Commission was created by the Governor in January 2006 and has received national recognition for its collaborative work to improve elementary and secondary education funding equity and adequacy in North Dakota. Commission recommendations have received broad support and were adopted with little change in the 2007 and 2009 legislative sessions. For the 2011-13 biennium, the Governor's budget incorporated the recommendations of the Governor's Commission on Education Improvement and, once again, those recommendations were adopted by the legislature with little change.

For the 2011-13 biennium, the legislative appropriation is \$1.700 billion, of which \$1.244 billion is from the general fund. Compared to the 2009-11 biennium, this is a general fund increase of \$134.4 million. The legislative appropriation includes \$1.340 billion for state school aid, mill levy reduction, and other grants to schools. The majority of that funding is dedicated to state school aid, providing funding for the state's elementary and secondary schools. For the 2011-13 biennium, state school aid totals \$918.5 million, an increase of \$93.3 million. In addition, 2011-13 biennium school aid payments are increased by up to \$9.0 million authorized to be carried over from the 2009-11 biennium. Payments are distributed to schools on the basis of the number of students, weighted to adjust for school size and program costs. The base per student payment rate is increased by \$131 the first year of the biennium, from \$3,779 to \$3,910, and by an additional \$70 the second year of the biennium, from \$3,910 to \$3,980. Included in the Governor's recommendation for state school aid was

\$7.5 million for a supplemental teacher compensation pilot project to develop a performance-based compensation system for teachers. The 2011 legislature did not approve this proposal and utilized the majority of this funding to increase school aid payments.

The property tax relief program enacted by the 2009 legislature provides for mill levy reduction grants to school districts. The program was funded for the 2009-11 biennium with a \$295.0 million appropriation from the permanent oil tax trust fund. The 2011 legislature provided the following:

- A supplemental appropriation of \$4.2 million from the property tax relief sustainability fund to fully fund the program for the 2009-11 biennium.
- An appropriation of \$341.8 million from the general fund for the mill levy reduction grant program for the 2011-13 biennium.
- A transfer of \$295.0 million from the property tax relief sustainability fund to the general fund to partially offset the general fund cost of the program for the 2011-13 biennium.
- The allocation of \$341.8 million of 2011-13 oil tax revenues to the property tax relief sustainability fund to be used to partially fund the program during the 2013-15 biennium.

The 2011 legislature adopted the Governor's recommendation to authorize federal spending authority of \$21.5 million for the Education Jobs Fund program awarded to the state. An emergency clause is included to allow funding to be distributed to school districts during the 2010-11 school year, as required by federal regulations.

The following chart summarizes the major state funded grant programs administered by the Department of Public Instruction:

**DPI School Aid, Major Grants, and Other Grants
General Fund and State Special Funds
2011-13 Recommendation and Legislative Appropriation**

	2009-11 Appropriation	2011-13 Recommendation	2011-13 Appropriation	Appropriation Change From 2009-11
School aid	\$825,165,879	\$919,459,478	\$918,459,478	\$93,293,599
Major grants				
Transportation	43,500,000	48,500,000	48,500,000	5,000,000
Special education	15,500,000	16,000,000	16,000,000	500,000
Mill levy reduction (HB1047)	295,000,000	341,790,000	341,790,000	46,790,000
Subtotal	\$354,000,000	\$406,290,000	\$406,290,000	\$52,290,000
Other grants				
Rapid enrollment growth grants (SB2150)			5,000,000	5,000,000
Continuing education grants	100,000	100,000	100,000	
Mentoring program	2,300,000	2,300,000	2,300,000	
Continuing ed grants for pre-school		150,000	150,000	150,000
Curriculum alignment grants		100,000	100,000	100,000
Grants for pre-kindergarten space		125,000	125,000	125,000
Principal mentoring grants		461,500		
Middle school alternative education			300,000	300,000
Adult basic education	1,850,000	1,850,000	3,110,411	1,260,411
ESPB national board certification program	102,500	185,000	185,000	82,500
Displaced homemaker program	250,000	250,000	250,000	
Atlantik-Brucke program	75,000	75,000	105,000	30,000
School food and nutrition	1,380,000	1,380,000	1,380,000	
LEAD	260,000	260,000	260,000	
Teacher center network	360,000	360,000	360,000	
ND Museum of Art	345,000	360,000	380,000	35,000
NCCST	445,000	445,000	485,000	40,000
North Dakota Governor's School	410,000	410,000	460,000	50,000
Geographic Alliance	226,000			(226,000)
Transportation efficiency grants	30,000	30,000	30,000	
ESPB national board certification fund	500,000			(500,000)
Red River Valley Writing Project	70,000	70,000	75,000	5,000
Northern Plains Writing Project	83,000	83,000	83,000	
We the People program	18,000	22,000	22,000	4,000
Young entrepreneur education program	100,000	110,000	120,000	20,000
Subtotal	\$8,904,500	\$9,126,500	\$15,380,411	\$6,475,911
Total general and state special fund grants	\$1,188,070,379	\$1,334,875,978	\$1,340,129,889	\$152,059,510

State Land Department

The Land Department manages surface and mineral acres owned by the state, manages the state's unclaimed property division, invests state assets held for the benefit of trust beneficiaries, and distributes oil impact grants to political subdivisions. For the 2011-13 biennium, the Governor recommended, and the legislature approved, a budget of \$105.5 million from special funds.

The oil and gas impact grant program provides competitive grants to political subdivisions negatively impacted by oil and gas development. In order to more adequately address these impacts in western North Dakota, the oil and gas impact program is expanded from the current level of \$8.0 million per biennium to \$100.0 million per biennium.

The increasing volume of oil activity has resulted in a significant increase in the workload for the agency. In order to continue to effectively manage state assets and meet its statutory and constitutional obligations, additional staffing is required. Three new FTE positions are authorized for the department: 1.00 FTE to assist in the administration of the expanded energy development impact grant program, 1.00 FTE accounting and budget specialist, and 1.00 FTE minerals royalty auditor.

School for the Deaf

The School for the Deaf is the state's educational institution for children with severe to profound hearing loss. The 2011 legislature did not change the executive recommendation to provide a budget of \$8.8 million, of which \$6.7 million is from the general fund. The 2011 legislature followed the executive recommendation and appropriated \$200,000 from the general fund to continue the higher education interpreter grant program

authorized by the 2009 legislature. The legislature also agreed to appropriate nearly \$1.0 million for critical fire suppression, air handling, electrical service, and other safety/health improvements to the school building, kitchen/dining building, and dormitory. The improvements are partially funded with \$835,000 originally appropriated by the 2009 legislature for remodeling of the Trades Building. The 2011 legislature authorized the transfer of the unspent \$835,000 appropriation to the School for the Deaf fund for appropriation for the 2011-13 biennium.

Department of Career and Technical Education

The Department of Career and Technical Education (CTE) provides leadership, technical assistance, and fiscal support for career and technical education programs in public school districts, state colleges and universities, state institutions, and tribal colleges.

The 2011-13 biennium budget is \$38.7 million, of which \$28.0 million is from the general fund. This is a general fund increase of \$2.0 million compared to the agency's adjusted 2009-11 appropriation.

The 2011-13 appropriation for CTE increases general fund grants by \$1.8 million to provide nearly \$20.0 million for grants to support CTE programs. Included in this increase is an additional \$400,000 to increase CTE program reimbursements and an additional \$350,000 to expand CTE course offerings. Grant funding is increased by \$1.0 million to provide support for the establishment of one new virtual CTE center to expand course offerings for students. Workforce training grants are continued at \$3.0 million for the 2011-13 biennium.

HEALTH AND HUMAN SERVICES*Department of Health*

The Department of Health promotes healthy behaviors throughout the state, including safeguarding the quality of air, land, and water resources. Additionally, the department oversees medical emergency preparedness, regulates food and lodging and healthcare facilities and provides state forensic examination services.

The Governor included \$28.1 million from the general fund for a total recommendation of \$186.5 million. Legislative changes resulted in a total budget of \$195.0 million with \$34.0 million from the general fund.

The Governor included and the legislature approved \$1.7 million in domestic violence grants, and \$1.0 million for suicide prevention programming and outreach to at-risk-youth, young adults, Veterans and American Indians. Due to the reduction of tobacco settlement revenue to the Health Department's community health trust fund, general funding was provided to supplement several important programs such as dental and medical loan repayment, state stroke registry, heart disease and stroke and Women's Way.

The Governor and legislature provided funding to assist with litigation costs involving the Environmental Protection Agency. Contingent funding is \$500,000 from the general fund and a \$500,000 line of credit from the Bank of North Dakota.

Funding of \$275,000 for the regionalization of a public health network was not approved by the legislature. Also omitted from the budget was \$70,000, recommended for salary equity adjustments for environmental and air quality engineers.

Several federal grant programs were not approved, including \$200,000 for a public health infrastructure program, \$182,100 for abstinence programs, and \$1.4 million for home visitations.

Additions to the Department of Health budget include \$600,000 of increased grants to local public health units, for a total appropriation of \$3.0 million; \$425,000 for the Safe Haven supervised visitation program; \$600,000 for matching funds for an ST-elevated myocardial infarction (STEMI) response program; and \$180,000 for a public water system operator certification and training program.

A nurse aid registry is established in HB 1041 with \$285,000 from special funds, including \$155,000 from the healthcare trust fund. Through passage of SB 2276, local public health units received \$1.5 million to administer universal vaccines. Ambulance and emergency management services received an additional \$3.0 million in grants from the general fund in HB 1044. HB 1266 provides \$100,000 for a trauma director, training, and site visits for emergency medical services.

Veterans Home

The North Dakota Veterans Home is a skilled and basic care facility for veterans and their spouses. The skilled unit provides around-the-clock nursing care for residents who need ongoing nursing supervision and/or assistance with activities of daily living. The basic care unit provides care to veterans as long as they are ambulatory and able to care for their own personal needs.

The Governor recommended and the legislature approved a budget of \$20.9 million, providing the funding to complete the new 150 bed nursing facility. Residents began moving into the \$36.0 million facility at the end of May as the final touches such

as landscaping and moving the gazebo continue to be completed.

Department of Veterans Affairs

The North Dakota Department of Veterans Affairs is responsible for informing veterans of the benefits to which they are entitled as well as assisting them in receiving those benefits. The Governor's recommendation of \$1.1 million was increased by the legislature to \$1.4 million, an increase of \$376,382 from the 2009-11 biennium. Included in the approved budget is \$30,000 to arrange for training of county veterans service officers on emerging issues including post traumatic stress disorder (PTSD) and traumatic brain injury (TBI); funding of \$20,000 for stand down events providing services and support to veterans; and one-time funding of \$260,000 to use for grants to veterans in place of the post war trust fund earnings for the 2011-13 biennium.

Department of Human Services

The Department of Human Services is under the direction of a cabinet-level official appointed by the Governor. Major program areas include:

- Economic Assistance Policy - Including TANF, Food Stamps, Low Income Heating Assistance Program, Child Care Assistance
- Medical Services - Including Nursing Homes, DD grant payments, all Medicaid waiver services along with Home and Community Based Services
- Child Support Enforcement
- Aging Services - Older Americans Act programs
- Children and Family Services
- Mental Health/Substance Abuse

- Disability Services Policy
- Vocational Rehabilitation - Including Disability Determination Services

Field services provided by the Department of Human Services are comprised of:

- Eight Human Service Centers located in each of the Governor's designated planning regions, providing a comprehensive array of outpatient clinical and community services including vocational rehabilitation, mental health services, developmental disabilities services, social services, addiction counseling, and emergency and outreach services.
- The State Hospital located in Jamestown, providing treatment for mental illness and substance abuse.
- The Developmental Center at Westwood Park located in Grafton, providing an educational and training facility for persons with developmental disabilities.

The Governor's recommendation for the Department of Human Services included \$2.624 billion of which \$927.4 million was from the general fund and \$12.8 million was from anticipated carryover. The legislature adopted a \$2.605 billion budget with \$932.0 million from the general fund.

The general fund increase of \$281.4 million from the 2009-11 legislative appropriation is attributable to several factors. The most notable increase is a result of the reduction in Federal Medical Assistance Percentages (FMAP) and the need to replace ARRA federal stimulus funding with \$171.4 million from the general fund. FMAP rates are determined based on per capita income. The increased per capita income in North Dakota compared to the rest of the nation has resulted in a decreased FMAP reimbursement rate of 55.4 percent. Additional increases included \$3.4 million to reimburse

hospitals for uncompensated care when serving clients with mental health and addiction issues and nearly \$1.0 million to increase the number of long-term residential beds for those in the Fargo area who suffer with chemical dependency. Due to increasing meal costs, \$300,000 was included to assist with the costs of providing meals to the elderly. Grants of \$3.1 million were provided for distribution to childcare service providers for workforce development, quality improvement, technical assistance and capacity building.

The executive recommendation included, and the legislature approved, a 3.0 percent inflationary increase each year of the biennium for providers such as dentists, hospitals, nursing facilities, child welfare and developmental disabilities. The total cost of inflationary increase is \$49.6 million, including \$23.4 million from the general fund.

The executive recommendation also included \$4.7 million, \$2.1 million general funding, for a 3.0 percent inflationary increase

each year of the biennium for physicians. This increase was not approved by the legislature due to the rebasing increase received in the 2007-2009 biennium.

Other items not approved by the legislature include \$1.4 million for additional beds in a crisis stabilization unit for the seriously mental ill and \$309,128 to expand the residential adult crisis bed capacity. Funding for additional staff at the Cooper House in Fargo was reduced by \$350,400. Projected caseload/utilization rates were reduced by \$15.2 million, including \$6.7 million from the general fund, for long-term care and \$6.2 million, with \$2.7 million general funding, for medical services. Reductions of \$1.8 million for salaries and operating were enacted by the legislature, with nearly \$950,000 from operating and \$840,000 from salaries.

REGULATORY***Insurance Department***

The Insurance Department is the state's insurance regulatory agency, headed by the Insurance Commissioner, an elected official. The Governor recommended and the legislature approved, a budget of \$18.4 million from federal and special funds for the 2011-13 biennium.

The 2011 legislature adopted the executive recommendation to continue grants from the insurance tax distribution fund to fire districts at \$6.2 million. The legislature also adopted the Governor's recommendation to continue grants from the insurance tax distribution fund to the North Dakota Firefighters Association at \$790,000, \$620,000 and \$170,000 from the fire and tornado fund. In addition, the legislature provided an appropriation of \$50,000 from the insurance regulatory trust fund for an additional grant to the North Dakota Firefighters Association for automobile extrication training for firefighters.

Faced with uncertain demands and regulatory requirements to comply with federal health care reform legislation, the Insurance Department was provided approximately \$2.0 million in federal fund authority for the 2011-13 biennium. However, the legislature did not approve an additional \$1.0 million in federal authority, along with 5.00 FTE positions, included in the executive budget for complying with the requirements of federal health care reform.

Industrial Commission

The Industrial Commission budget is comprised of three divisions including the Administrative Office, the Public Finance Authority, and the Department of Mineral Resources, which

consists of the Oil and Gas and Geological Survey divisions. The Industrial Commission budget also includes the North Dakota Transmission Authority, North Dakota Pipeline Authority, North Dakota Oil and Gas Research Program and provides funds for renewable energy development, lignite research, marketing, transmission and environmental studies.

The executive recommendation for the Industrial Commission was \$63.6 million, of which \$16.9 was from the general fund. The Legislative Assembly approved a \$63.8 million budget, of which \$17.1 million is from the general fund. The legislature made various changes to the executive recommendation including:

- Added a \$532,000 general fund appropriation to the carbon dioxide storage administrative fund and authorized 1.00 FTE for up to three years until fee income is sufficient to provide funding for the administration of the provisions of chapter 38-22, which relates to the underground storage of carbon dioxide.
- Increased funding by \$247,013 from the general fund for retention of Department of Mineral Resources staff. The Governor's budget included and the legislature approved \$255,819 from the general fund for salary market adjustments targeted for recruitment and retention of geologists and petroleum engineers.
- Added \$90,000 from the general fund for temporary employees in the Core Library. Due to record oil and gas activity in the state, the Core Library is quickly filling up with cores and samples. The temporary employees will re-box old and damaged core and sample boxes to create additional space in the current facility to postpone the need for acquiring additional facilities.
- Added a \$743,972 contingent general fund appropriation and authorized 4.00 FTE in anticipation of continued increase in oil and gas activity. Authorization

for 1.00 FTE and \$192,393 will be triggered if the drilling rig count exceeds 180 for at least thirty consecutive days. Authorization for an additional 1.00 FTE and \$192,393 will be triggered if the drilling rig count exceeds 190 for at least thirty consecutive days. If the total number of wells in the state exceeds 9,300, the Department of Mineral Resources may spend up to \$359,186 and hire an additional 2.00 FTE.

The Governor recommended and the Legislative Assembly approved 12.00 new FTE positions:

- 2.00 FTE contingently funded from the land and minerals trust fund during the 2009-11 biennium are continued with funding from the general fund.
- 1.00 FTE petroleum engineer position to perform field inspections of drilling rigs and facilities
- 6.00 FTE engineering technicians to perform routine inspections of producing wells, injection wells, and facilities.
- 1.00 FTE engineering technician measurement specialist position to ensure that oil and gas produced in North Dakota is measured according to proper standards.
- 1.00 FTE production analyst position to ensure that oil and gas production is accurately and timely reported.
- 1.00 FTE geologist to supervise the subsurface minerals program, which includes all minerals other than coal, oil, and gas.

Special one-time appropriations contained in the executive recommendation and approved by the Legislative Assembly include:

- \$1.5 million transfer to the renewable energy fund for research, development, marketing and educational projects or activities to foster development of renewable

energy. Governor Dalrymple had recommended a transfer of \$3.0 million.

- \$50,000 from the general fund to study sand deposits to determine the feasibility of the domestic production of proppants used in the fracturing process of oil and gas wells.
- \$25,000 from the general fund for a study to identify potential areas for drilling economically feasible, shallow natural gas wells.
- \$40,000 from the general fund to perform analysis of oil-bearing rocks to provide data to be used in the exploration of oil and gas.
- \$62,400 from the general fund to prepare fossil specimens to be transferred into the new lab in the expanded Heritage Center.

As recommended by the Governor and approved by the Legislative Assembly, no new general fund bonding projects are included within the 2011-13 state budget. Authority for the \$25.4 million of payments due on existing bond issues is included within the Industrial Commission appropriation.

Bank of North Dakota

The Bank of North Dakota (BND) is located in Bismarck, ND and is the only state-owned bank in the nation. Its mission, established by legislative action in 1919, is to serve as the development bank for agriculture, commerce and industry in North Dakota. In this role, BND acts as a funding resource in partnership with other financial institutions, economic development groups and guarantee agencies.

The Governor's recommended budget for the BND and its related economic development programs was \$56.3 million, of which \$9.4 million was from the general fund, \$43.8 from bank profits, and \$3.0 million from the federal College Access Grant

program. The Legislative Assembly, through HB 1206, increased the BND budget by \$35.0 million for the Western Area Water Supply project. HB 1206 provides a total of \$110.0 million for the water supply project in western North Dakota. The \$110 million is comprised of a \$50.0 million dollar loan from the BND, which is from the normal bank operations and therefore does not need appropriation authority; \$25.0 million appropriated to the BND from the general fund for the purpose of providing a loan for the project; and \$10.0 million appropriated to the BND from the resources trust fund for the purpose of providing a loan for the project. The remaining \$25.0 million will be made available from the State Water Commission from funding appropriated to the Commission for the 2011-13 biennium as a zero interest loan.

General fund loan programs proposed by the Governor and approved by the Legislative Assembly include:

- \$6.0 million for Partnership in Assisting Community Expansion (PACE).
- \$1.0 million for Biofuels PACE.
- \$1.0 million for Agriculture PACE.
- \$1.4 million enhancement to the Beginning Farmer program.

The Governor proposed a \$60.0 million transfer to the general fund from BND profits for the 2011-13 biennium. However, the Legislative Assembly eliminated the transfer.

State Mill and Elevator

The State Mill and Elevator, located in Grand Forks, North Dakota, is the largest single-site wheat flour mill and the 11th largest wheat milling company in the United States.

The executive recommendation for the State Mill and Elevator was a budget of \$46.7 million funded entirely from Mill profits. The Legislative Assembly approved a total budget of \$47.1 million and made the following changes to the Governor's recommendation:

- Added a \$60,000 grant to Rural Leadership North Dakota from Mill profits.
- Increased operating expenses by \$564,064 for projected increase in energy costs.
- Removed 4.00 new FTE and \$493,608 included in the executive recommendation and replaced it with \$200,000 to be used for temporary employees.

PUBLIC SAFETY*Highway Patrol*

The Highway Patrol is responsible for law enforcement efforts relating to the safety and protection of the motoring public, including traffic safety enforcement, truck weight enforcement, drug interdiction efforts, and security of our international border. In addition, the Highway Patrol provides security for the State Capitol and the Legislative Assembly.

The Governor's recommended budget for the Highway Patrol was \$50.4 million, of which \$38.3 was from the general fund and the remaining \$12.1 million from special and federal funds. The final legislative appropriation totaled \$46.0 million, including \$34.4 million from the general fund and \$11.6 from special and federal funds. Included in the Governor's recommendation and approved by the Legislative Assembly is \$1.2 in one-time funding to replace out-dated analog radio equipment with digital repeaters for patrol vehicles.

The legislature made various changes to the executive recommendation including:

- Removed \$733,688 and 3.00 FTE new trooper positions included in the executive recommendation. Instead, the legislature appropriated \$400,000 to fund existing vacant FTE's to hire two additional troopers to enforce truck weight regulations and other traffic laws in western North Dakota.
- Removed one-time funding of \$4.1 million, of which \$3.6 million was from the general fund and the remaining from special funds, for the construction of an emergency vehicle operations course and an indoor weapons training range for the Law Enforcement Training Academy. However, the Legislative Assembly

added a section to the bill to conduct a study during the 2011-12 interim to determine the feasibility and desirability of relocating the Law Enforcement Training Academy, including options for relocating the emergency vehicle operations course and constructing an indoor weapons training range.

Office of the Adjutant General

The Office of the Adjutant General consists of two divisions, each serving critical missions. The first division, the North Dakota National Guard, is a community-based defense force made up of citizens, trained and available to protect the vital interests of our state and nation. The second division, the Department of Emergency Services, provides the organizational base for emergency response operations for the state including 53 local and four tribal emergency management organizations.

Governor Dalrymple recommended a budget of \$233.9 million for 2011-13, with \$29.7 million coming from the general fund and the remaining \$204.2 million from federal and other funds. As a result of the 2011 flood and snow disasters, the final legislative appropriation totaled \$282.0 million, an increase of \$48.1 million above the Governor's recommendation. Funding sources for the increased expenditures are comprised of \$22.5 million in federal funds and \$25.9 million from the state disaster relief fund, while the general fund recommendation was reduced by \$300,000.

The state disaster relief fund was established by the 2009 legislature to defray expenses of state disasters. Initial funding of \$43.0 million has been utilized for costs related to the 2009 and 2010 floods, 2010 winter and ice storms, 2009 emergency snow removal grants, and state match for disasters prior to

2009. In addition to the ongoing expenditures for these events, the 2011 legislature authorized the following expenditures:

- SB2369 directed that before June 30, 2011, \$22.0 million will be transferred from the permanent oil tax trust fund to the state disaster relief fund to be used for:
 - State costs associated with presidentially-declared flood disasters during the spring of 2011.
 - Up to \$3.2 million for flood disaster relief or disaster mitigation projects in incorporated cities that are in imminent threat of being flooded.
 - Grants to political subdivisions for a portion of the local share required to match federal funds on road grade raising projects near Devils Lake.
 - Grants to political subdivisions for up to 50.0 percent of the local match for disasters occurring between January and June 2011.
 - State expenses related to presidentially-declared disasters.
- \$400,000 for contracted disaster response coordination between state and political subdivisions. Services can include all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.
- \$9.0 million for emergency snow removal grants to cities, counties, and townships to be made prior to June 30, 2011.

Public safety is of utmost importance to the Governor. As such, the Governor's budget included a \$2.3 million investment to purchase equipment needed to close state radio tower communication gaps throughout the state. The legislature appropriated \$1.7 million for these initiatives. Additional investments were recommended and approved to upgrade and maintain critical State Radio electronic equipment and systems, including:

- \$1.1 million to upgrade the State Radio Central Electronics Bank (CEB) that controls dispatchers' access to the radio towers.
- \$900,000, of which \$400,000 is from the general fund, to complete the statewide seamless base map project. The remaining \$500,000 is federal fund authority.
- \$356,000 to maintain the computer aided dispatch (CAD) system implemented in 2010.
- \$235,000 to upgrade the state message switch hardware that has reached its maximum processing capability.
- A budget of \$150,000 was recommended and approved to establish a Military Service Center in eastern North Dakota. The center will provide military members, veterans and their families with a single location to receive a variety of services, including post traumatic stress disorder and suicide prevention.

Initiatives to support the core operations of the Office of the Adjutant General, recommended by the Governor and unchanged by the legislature, include:

- \$265,000 to provide a total budget of \$905,000 for maintenance and repair of the 41 state-supported National Guard facilities throughout the state.
- \$166,000 for insurance and utility costs for the Regional Training Institute, Camp Grafton Readiness Center addition, and the new Operations Center East.
- \$307,282, of which \$76,822 is from the general fund, and 1.00 FTE to enhance the maintenance of the Regional Training Institute (RTI) at Camp Grafton in Devils Lake.
- 5.00 FTE for 100.0 percent federally-funded firefighters at Hector Field necessary to provide adequate safety and readiness coverage for all shifts.

- 4.00 FTE and \$596,875, of which \$149,218 is from the general fund, for regional emergency management coordinators currently filled by temporary positions.

Other changes or additions to the proposed budget include the following:

- \$325,381 for one-time extraordinary repairs of state supported buildings, which is \$60,000 less than recommended by the Governor.
- \$100,000 proposed by the Governor for state radio tower equipment was redirected towards technology projects related to the unmanned aerial systems initiative.
- \$60,000 for one-time grants to the 18 municipally-owned armories around the state.
- \$194,430 for defraying the expenses of providing mobile data terminal services.

Department of Corrections and Rehabilitation

The Department of Corrections and Rehabilitation manages three correctional institutions for adult male inmates, a juvenile

facility, a contract for housing adult female offenders, the state's parole and probation program, and numerous transition programs. The department ensures public safety while providing educational, addiction treatment, and other programming for offenders. The legislature approved a budget of \$191.2 million, of which \$159.6 million is from the general fund, for the 2011-13 biennium.

The prison expansion project, authorized by the 2009 legislature, is expected to be completed by December 2012. The legislative appropriation includes 59.0 new FTE positions to staff the new facility, 8.00 FTE fewer than recommended by the Governor. The positions will be filled in October 2012 to allow adequate training prior to offenders occupying the new facility. The appropriation includes over \$30.0 million to continue contracted services with county and regional jails and numerous private entities. The budget is based on a diminished need to contract for inmate housing beginning in December 2012 as additional beds become available in the new facility.

AGRICULTURE / ECONOMIC DEVELOPMENT

Department of Commerce

The North Dakota Department of Commerce includes six major programs: Community Services; Economic Development and Finance; Commerce Administration; North Dakota Tourism; Office of Innovation and Entrepreneurship; and Workforce Development. An international trade office and the Office of Renewable Energy and Energy Efficiency also reside within the agency.

The Governor recommended a \$134.7 million budget for the Department of Commerce comprised of \$46.1 from the state general fund, \$79.9 million in federal funds, and \$8.8 million from special funds. Legislative changes cut \$4.3 million from the Governor's general fund proposal. The resulting legislative appropriation totals \$130.4 million, of which \$41.8 million is from the general fund and the remaining \$85.7 million from other funds.

Office of Innovation and Entrepreneurship

Governor Dalrymple recommended investing \$20.0 million in a restructured Centers of Excellence (COE) program including Centers of Entrepreneurship Excellence, Centers of Research Excellence, and Centers of Workforce Excellence. The funding proposal utilized \$15.0 million from the state general fund and \$5.0 million budgeted but not expended in 2009-11 for the Great Plains Applied Energy Research Center (GPAERC) project.

While the legislative assembly did not approve the proposed restructuring, a total of \$15.5 million was appropriated for Centers of Research Excellence (CORE) grants and other similar programs, including:

- \$12.0 million for CORE grants which were further allocated as follows:
 - \$4.0 million for NDSU.
 - \$4.0 million to UND, of which up to \$3.0 million may be used for base realignment grants, with the remainder spent on CORE grants.
 - \$4.0 million for the COE Limited Deployment-Cooperative Airspace Project grant, with \$2.7 million going to UND and \$1.3 million to NDSU.
- \$1.5 million for workforce enhancement grants.
- \$1.0 million to sustain the existing technology-based entrepreneurship grant program.
- \$1.0 million for the newly created Small Business Technology Investment program.

North Dakota Trade Office

The Governor's budget included, and the legislative assembly approved, a \$490,000 increase to acquire services in shipping logistics for all North Dakota exporters and to begin supplying services to entrepreneurs seeking assistance in capital formation. Additionally, the legislature added \$60,400 for lease rental payments, bringing the total appropriation to \$2.6 million. The office may expend up to 70.0 percent of the funds without requiring matching funds; however, the remaining amount requires a \$1 to \$1 matching by private or public sources.

Economic Development and Finance

The legislature agreed with the Governor's recommendation to provide \$2.7 million from the general fund for the Agricultural Products Utilization Commission to provide grants to aid in the development of new and expanded uses of North Dakota's agricultural products.

Additionally, the Legislative Assembly established a new small business technology investment program within the ND

Development fund. A \$1.0 million transfer into the fund will be used to provide matching investments to startup technology-based businesses.

North Dakota Division of Tourism

The legislature provided authority to establish a one-time \$750,000 tourism infrastructure grant program aimed at expanding tourism opportunities within the state. Commerce also received the authority to continue the promotion and marketing of the U.S.S. North Dakota submarine utilizing unexpended funds from the 2009-11 biennium.

Workforce Development

A transfer of \$1.5 million (\$375,000 general fund and \$1.125 million special funds) to the workforce enhancement fund was authorized for grants to public two-year colleges to create or enhance training programs. This is \$500,000 less than was recommended by the Governor for this program.

The legislature established a \$150,000 electronic portfolio pilot project with Valley City State University and the North Dakota State College of Science to showcase education and career information for workforce development purposes.

The following general fund workforce development proposals were recommended by the Governor but eliminated by the Legislative Assembly:

- \$150,000 for grants to individuals who obtain a child development associate credential.
- \$520,338 to continue the childcare facility grant program.
- \$125,000 to develop a statewide marketing effort surrounding the Work Keys program.
- \$100,000 to continue support of the existing Jobs for America's Graduates (JAG) programs.

Community Services

As recommended by the Governor, the Legislative Assembly reinstated the biofuels blender pump program for the remainder of the 2009-11 biennium and authorized its continuation into 2011-13. Also provided was \$24.5 million federal authority for completion of ARRA stimulus grant programs.

Administration

The Governor recommended an increase of \$100,000 for the American Indian Business Office to enhance services available to Native American owned businesses; however, the legislature reduced the increase by \$50,000.

Remaining unexpended funds from the GPAERC project were authorized for the following one-time initiatives:

- \$600,000 for acquisition of the antiballistic missile site in Nekoma.
- \$325,000 for Minot Air Force Base realignment grants.
- \$300,000 grant to the I.D.E.A. Center in Bismarck.

Additionally, the legislature appropriated \$50,000 for the North Dakota Economic Development Foundation to conduct a 2020 and Beyond initiative to assess the State's current assets and resources as well as emerging opportunities and trends within the state.

Office of the Commissioner of Agriculture

The Agriculture Commissioner's office is comprised of six divisions: Administration; Plant Protection; Business Development; State Veterinarian; Livestock Services; and Pesticides, Feed and Fertilizer. Multiple agriculture-related programs are administered by the agency, including: Pride of Dakota, Board of Animal Health, Crop Harmonization Board,

STATE OF NORTH DAKOTA

EXPENDITURE HIGHLIGHTS

wildlife services, state meat inspection, noxious weeds management, agriculture in the classroom, and Project Safe Send.

The Governor recommended a total appropriation of \$22.0 million of which \$8.4 million is from the general fund and \$13.6 million from federal and special funds. The legislature approved a total budget of \$23.0 million with \$8.2 million from the general fund and \$14.8 million from special and federal funds.

Governor Dalrymple's recommended budget included additional general fund support for the Board of Animal Health and reserve corps veterinarian program; \$67,000 to fund an existing 0.50 FTE Pride of Dakota specialist to increase business development and marketing services to the member companies; \$27,000 for a part-time seasonal employee to assist with complaint investigation and colony inspections related to colony collapse disorder; and \$26,000 to support the emerald ash borer and nursery inspection programs.

In addition to approving these proposals, the legislature made various additions and changes to the budget recommendation, including:

Board of Animal Health

- Appropriated \$200,000 from the general fund for the testing and control of Johne's disease.

Wildlife Services

- Approved \$1.4 million for Wildlife Services, or \$350,000 more than the Governor's recommended level. The budget is comprised of \$868,800 from Game and Fish funds, \$250,000 from the State Water Commission, and \$298,600 from the general fund.

- Provided a \$200,000 deficiency appropriation from Game and Fish funds to cover a shortfall in the 2009-11 biennium.

Environmental and Rangeland Protection Fund (ERP)

- Authorized statutory changes to deposit fertilizer distribution registration, licensing, and inspection fees into the ERP fund rather than the general fund. As a result, 2011-13 general fund revenues are estimated to decrease by \$886,000.
- Shifted expenditures for agency rent (\$100,000) and the Dairy Coalition grant (\$250,000) from the general fund to the ERP fund.
- Enhanced funding for the Crop Harmonization Board by \$25,000, for a biennial total of \$75,000.
- Provided a \$200,000 transfer from ERP into the minor use pesticide fund.

Anhydrous Ammonia Inspection

- Transferred the anhydrous ammonia inspection duties from the Insurance Department to the Agriculture Commissioner (HB1321).
- Authorized 2.00 FTE and \$410,000 from the ERP fund for anhydrous ammonia inspectors.

Plant Protection

- Appropriated \$75,000 from the general fund for research grants focusing on honeybee colony health.

Administration

- Added 1.00 FTE and \$151,000 (\$131,000 general fund and \$20,000 ERP fund) for a new research analyst position to study federal laws, regulations, and policies impacting North Dakota agriculture producers.

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EXPENDITURE HIGHLIGHTS

- Provided 0.50 FTE and \$96,000 from the general fund for a Pride of Dakota marketing specialist.

Upper Great Plains Transportation Institute, Northern Crops Institute, Extension Service and Research Stations

The Legislative Assembly approved a \$205.7 million appropriation for the Upper Great Plains Transportation Institute (UGPTI,) Northern Crops Institute (NCI,) the Extension Service and the Research Centers. State general fund dollars comprise \$97.9 million of the biennial budget and are \$5.5 million less than the previous biennium.

In total, the Legislative Assembly added \$1.4 million to the Governor's recommended 2011-13 budget. Special fund dollars represented \$630,000 of the increase, while \$812,402 was from the general fund.

Governor Dalrymple recommended and the Legislature approved \$9.5 million for construction of the third and final phase of the \$34.9 million research greenhouse complex at NDSU. Total state investment in the project is \$27.4 million. The state-of-the-art greenhouse is a farsighted investment in North Dakota's agricultural sector. It will attract the world's leading ag researchers and keep North Dakota farmers globally competitive far into the future.

In addition to funding ongoing research and extension operations, the Governor's recommended budget provided \$4.9 million from the general fund to support the top research priorities of the State Board for Agricultural Research and Education. Major general fund components of the executive budget that were approved by the legislature include:

- \$2.1 million for research and education targeted at enhancing soil health and productivity, as well as improving land management practices.
- \$250,000 aimed at improving livestock stewardship and animal productivity for increased profitability in the North Dakota livestock industry. The legislature raised this amount to \$490,000;
- \$1.0 million to support the operations of the main research station as well as extension service technicians;
- \$720,000 for graduate research stipends;
- \$410,000 to provide research scientists with operating funds of \$10,000 per scientist year;
- \$200,000 to increase the main station and branch research center equipment funds to \$450,000 and \$500,000, respectively; and
- \$50,000 to enhance technical assistance grants to soil conservation districts. This was increased to \$150,000 by the legislature.

The Legislative Assembly increased the Governor's recommendation by \$1.6 million for the following initiatives:

- \$800,000 as one-time funding for the Dickinson Research Center to replace decreasing oil revenues.
- \$490,000, of which \$210,000 is from the general fund, to enhance canola crop development efforts.
- \$210,000 to support the director position at the Williston Research Center, if the existing funding source is no longer available.
- \$82,402 for the 2011-13 Main Research Center special assessment installment payments.

NATURAL RESOURCES / TRANSPORTATION***Historical Society***

The mission of the Historical Society is to preserve and interpret North Dakota's history. For the 2011-13 biennium, the Governor recommended, and the legislature approved, a budget of \$16.6 million, of which \$13.0 million is from the general fund.

The 2009 legislature provided an appropriation of \$51.7 million, of which \$39.7 million was from the general fund, for construction of an addition to the Heritage Center. Construction on the addition has begun and the facility should be completed prior to the end of the 2011-13 biennium. The 2011 legislature adopted the Governor's recommendation to authorize 1.00 new FTE exhibit specialist to assist in managing the expanded exhibit space that will result upon the completion of the Heritage Center expansion project. The budget recommendation also includes \$1.0 million, of which \$650,000 is from federal funds and \$350,000 from the general fund, for a bank stabilization project to protect the Fort Abercrombie State Historic Site. The Fort Abercrombie State Historic Site is located along the Red River and is at risk due to erosion.

Game and Fish Department

The Game and Fish Department manages publicly owned wildlife resources for the State of North Dakota. For the 2011-13 biennium, the legislature approved a budget of \$65.7 million from federal and special funds. This budget is an increase of \$5.2 million, or 8.6 percent over the agency's adjusted 2009-11 appropriation.

A key initiative of the department has been the expansion of public hunting access on private land. The legislative appropriation allows the continued focus on this initiative and authorizes over \$9.0 million for private lands and deer depredation programs and to maintain public hunting access to over 1.0 million acres.

The Game and Fish Department provides grants to support various agencies and programs. The 2011-13 appropriation includes the following:

- Grants to support the federal Wildlife Services agency are authorized at \$868,800, an increase of \$100,000.
- Grants to support the Garrison Dam Fish Hatchery are authorized at \$520,000, an increase of \$80,000.
- Grants to support the Department of Agriculture's Board of Animal Health are continued at \$200,000.
- Grants to support boat ramp operation and maintenance at state parts are continued at \$122,000.
- A grant of \$400,000 is provided to the Parks and Recreation Department to provide a portion of the non-federal cost share of the Grahams Island State Park access road project.

Parks and Recreation Department

The Parks and Recreation Department operates and maintains the state's extensive park and nature preserve system, as well as snowmobile and all-terrain vehicle trails and safety programs. State parks provide valued outdoor recreational opportunities for North Dakotans and visitors to the state. For the 2011-13 biennium, the Governor recommended, and the legislature approved, a budget of \$28.3 million, of which \$15.6 is from the general fund.

To preserve and improve the state's park system, over \$750,000 is provided for major repairs at various parks. Over \$5.2 million is provided for capital projects, including the following:

- \$2.9 million, \$400,000 from the Game and Fish Department and \$2.4 million from the general fund, for the non-federal cost share of the \$14.4 million project to raise the Grahams Island State Park access road.
- \$240,000 to complete the purchase of new docks at the Fort Stevenson State Park marina.
- \$175,000 to provide electricity and water service to a portion of the new docks at Fort Stevenson.
- \$565,000 for road maintenance and repair projects at Lewis and Clark State Park.
- \$700,000, \$350,000 from the general fund and \$350,000 from federal funds, for a campground expansion at Grahams Island State Park.
- \$90,000 to construct a shower facility at Little Missouri State Park.
- \$240,000 to upgrade water and electric service at Lewis and Clark State Park.
- \$275,000, \$55,000 from the general fund and \$220,000 from federal funds, for the development of multi-use trails, primarily in the Pembina Gorge and Turtle Mountain areas.

Included in the appropriation for the Parks and Recreation Department is state support for the International Peace Garden. The legislature adopted the executive recommendation to provide \$773,699 for grants to support the operations of the International Peace Garden. In addition, the legislature provided \$25,000 for a grant to reimburse the Garden for the cost of constructing a September 11 memorial and \$242,000 for half of the cost of constructing an addition to the Garden's conservatory building.

State Water Commission

The State Water Commission (SWC) is the state agency charged with regulating and developing the state's water resources. Regulatory functions include water rights, drainage, floodplain management, and dam safety. The SWC is also responsible for large state water development projects, such as flood control and water supply projects. In addition, the SWC provides cost-share assistance for many local projects including dams, dikes, drains, and water supplies.

The 2011-13 biennium appropriation provides \$459.4 million in total funding, including \$15.0 million from the general fund. The Governor recommended, and the legislature approved, the addition of 1.0 FTE for a new Water Development Division director position to address the increasing demands as a result of significant flood control and water supply issues occurring in the state.

The executive budget recommendation proposed, and the legislature approved, \$235.0 million for water projects funded through the resources trust fund. The funds will be used to construct an east-end outlet and may be used to expand the west-end outlet at Devils Lake; a water control structure at Tolna Coulee; funding for the continued construction of the Southwest Area Pipeline and Northwest Area Water Supply projects and a flood-control project in the Red River Valley. It also includes \$25.0 million, of the total state commitment of \$110.0 million to the newly created Western Area Water Supply Authority, which will support the development of a water supply system to transfer water from the Missouri River to communities and industrial users in western North Dakota. An additional \$16.9 million from the water development trust fund was authorized for bond payments on existing bond issuances. Finally, the Legislative Assembly added legislative intent that

the SWC provide a \$250,000 grant to Wildlife Services for animal control and \$250,000 for flood-related projects in Nelson County to be funded within the 2011-13 resources trust fund appropriation.

Department of Transportation

The Department of Transportation (DOT) oversees the development of surface transportation in the state including highways, rail service, and transit services. Increased oil and gas production in North Dakota has had a significant impact on the state's infrastructure. Oil and gas exploration and production rely heavily on the state's roads to move drilling rigs, supplies, water, and produced oil and gas, which have taken a toll on state, county, and township roads. To address the need to make immediate repairs and improvements to infrastructure at the state and local level, the executive budget recommendation provided \$228.6 million in one-time funding from the permanent oil tax trust fund for extraordinary state highway maintenance needs. An additional \$142.0 million in one-time funding from the permanent oil tax trust fund was proposed for county and township road reconstruction needs to support oil and gas production and distribution in North Dakota. The county and township road reconstruction funding was based on a needs assessment study conducted by the Upper Great Plains Transportation Institute that identified both paved and unpaved roads effected by the increase in oil and gas production. Finally, the executive budget recommended increased funding for state, county, city, and township infrastructure needs, as well as the Transit program, by allocating 25.0 percent of the motor vehicle excise tax to the highway tax distribution fund, an increase of approximately \$46.3 million.

The Legislative Assembly approved both the \$228.6 million for extraordinary state highway maintenance and the \$142.0 million for county and township road reconstruction. However, as a result of eliminating the permanent oil tax trust fund in HB 1451, the funding source was changed to the general fund. The legislature removed the allocation of 25.0 percent of the motor vehicle excise tax to the highway tax distribution fund and instead provided \$35.0 million from the general fund for transportation funding distributions to non-oil-producing counties, cities, and townships for the 2009-11 biennium and an additional \$25.0 million for the 2011-13 biennium.

The Legislative Assembly adopted the following executive proposals:

- Authorized 2.00 FTE new motor vehicle licensing specialists to address the continuous growth in the demand for services.
- Authorized 4.00 FTE new drivers license examiners to address customer service needs, particularly the significant increase in demand for commercial drivers license testing as a result of the increased oil and gas activity in the state.
- \$15.6 million increase for roadway maintenance safety items such as lighting, snow and ice removal, pothole patching, and pavement marking.
- \$5.9 million from the general fund for a roads-acting-as-dams project in the Devils Lake area.
- \$500,000 in one-time special fund authority to conduct a planning study for replacing the driver's license information technology system.
- \$2.5 million in one-time special fund authority for asbestos abatement in the central office headquarters building.
- \$530,886 in one-time special fund authority to convert the agency's entire radio network to digital.

The legislature also:

- Authorized 3.00 FTE new transportation technicians (heavy equipment operators) to address customer service needs and increase roadway safety. The Governor's budget had proposed the addition of 6.00 FTE.
- Added \$120.0 million of authority to borrow from the Bank of North Dakota for emergency relief projects on the state highway system, particularly in the Devils Lake area. Any funding borrowed from the Bank of North Dakota will be repaid from federal emergency relief funds when they become available.
- Reduced market-based salary adjustments for transportation technicians by \$500,000, to provide a total of \$600,000. The executive recommendation had proposed \$1.1 million for market-based salary adjustments to address the market demands for heavy equipment operators due to the increased oil and gas activity in the state.
- Added \$1.4 million in special fund authority for highway-rail grade crossing projects in the state.

CAPITAL ASSETS

The capital budget summarizes the 2011-13 biennium legislative appropriation for state investments in capital assets. The term "capital assets" refers to expenditures for: capital projects, extraordinary repairs, other capital payments, equipment over \$5,000 and information technology (IT) equipment and software over \$5,000. The appropriations for capital assets are summarized on the following pages.

The capital budget is a long-range planning document for the state's capital needs. It assists the executive and legislative branches of government by formalizing capital funding objectives, setting spending priorities, and efficiently allocating limited financial resources.

The capital budget is a financial management tool used to:

- Assist in determining infrastructure and repair needs.
- Provide for orderly replacement of facilities.
- Enhance the ability of decision makers to match resources with needs.
- Permit the organized development of capital infrastructure over an extended period of time.

The capital budget contributes to long-range policy development by:

- Formalizing capital funding objectives and debt policy.
- Providing for efficient allocation of limited financial resources.
- Setting spending priorities for capital assets.

The capital budget positively influences the state's credit rating by:

- Demonstrating that government has identified and prioritized needs and arranged for funding.
- Providing evidence of the development and maintenance of sound infrastructure, which is required for expansion of the state's economic base.
- Demonstrating government's ability to provide for the essential capital needs of its citizens.

The capital budget is a reporting document and communication tool used to:

- Communicate the significance of capital expenditures in the delivery of public services.
- Provide for intergovernmental coordination in timing and location of related projects.

Capital Assets Appropriations by Category – 2011-2013

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
108 Secretary of State	-	-	-	-	\$3,000,000	\$3,000,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	3,000,000	3,000,000
Special Funds	-	-	-	-	-	-
110 Office of Management and Budget	-	\$7,878,000	\$665,143	\$137,000	\$110,000	\$8,790,143
General Fund	-	5,278,000	665,143	67,000	-	6,010,143
Federal Funds	-	-	-	-	-	-
Special Funds	-	2,600,000	-	70,000	110,000	2,780,000
112 Information Technology	-	-	\$5,406,666	\$252,500	\$10,321,500	\$15,980,666
General Fund	-	-	-	-	630,000	630,000
Federal Funds	-	-	-	-	600,000	600,000
Special Funds	-	-	5,406,666	252,500	9,091,500	14,750,666
125 Office of the Attorney General	-	-	\$765,882	\$1,298,301	\$192,000	\$2,256,183
General Fund	-	-	765,882	312,400	-	1,078,282
Federal Funds	-	-	-	807,901	192,000	999,901
Special Funds	-	-	-	178,000	-	178,000
127 Office of State Tax Commissioner	-	-	-	-	\$16,000	\$16,000
General Fund	-	-	-	-	16,000	16,000
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
150 Legislative Assembly	-	-	-	\$500,000	\$800,000	\$1,300,000
General Fund	-	-	-	500,000	800,000	1,300,000
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
160 Legislative Council	-	-	-	\$41,500	-	\$41,500
General Fund	-	-	-	41,500	-	41,500
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
180 Judicial Branch	-	-	-	\$185,000	\$516,480	\$701,480
General Fund	-	-	-	185,000	516,480	701,480
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-

Capital Assets Appropriations by Category – 2011-2013

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
188 Legal Counsel for Indigents	-	-	-	-	\$14,420	\$14,420
General Fund	-	-	-	-	14,420	14,420
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
215 ND University System	-	-	\$12,204,769	-	-	\$12,204,769
General Fund	-	-	11,787,519	-	-	11,787,519
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	417,250	-	-	417,250
226 State Land Department	-	-	-	\$10,000	-	\$10,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	10,000	-	10,000
227 Bismarck State College	\$13,335,000	\$417,673	\$257,933	-	-	\$14,010,606
General Fund	4,800,000	417,673	257,933	-	-	5,475,606
Federal Funds	-	-	-	-	-	-
Special Funds	8,535,000	-	-	-	-	8,535,000
228 Lake Region State College	\$866,000	\$155,367	-	-	-	\$1,021,367
General Fund	866,000	155,367	-	-	-	1,021,367
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
229 Williston State College	\$5,045,000	\$197,801	-	-	-	\$5,242,801
General Fund	2,820,000	197,801	-	-	-	3,017,801
Federal Funds	-	-	-	-	-	-
Special Funds	2,225,000	-	-	-	-	2,225,000
230 University of North Dakota	\$42,950,000	\$4,411,566	\$97,146	-	-	\$47,458,712
General Fund	12,500,000	4,411,566	97,146	-	-	17,008,712
Federal Funds	8,000,000	-	-	-	-	8,000,000
Special Funds	22,450,000	-	-	-	-	22,450,000
235 North Dakota State University	\$36,100,000	\$2,732,244	\$272,683	-	-	\$39,104,927
General Fund	-	2,732,244	272,683	-	-	3,004,927
Federal Funds	-	-	-	-	-	-
Special Funds	36,100,000	-	-	-	-	36,100,000
238 ND State College of Science	\$21,000,000	\$1,012,379	\$58,666	-	-	\$22,071,045
General Fund	10,300,000	1,012,379	58,666	-	-	11,371,045
Federal Funds	-	-	-	-	-	-
Special Funds	10,700,000	-	-	-	-	10,700,000

Capital Assets Appropriations by Category – 2011-2013

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
239 Dickinson State University	-	\$409,078	-	-	-	\$409,078
General Fund	-	409,078	-	-	-	409,078
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
240 Mayville State University	-	\$358,992	\$84,513	-	-	\$443,505
General Fund	-	358,992	84,513	-	-	443,505
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
241 Minot State University	\$20,884,555	\$899,620	-	-	-	\$21,784,175
General Fund	4,850,000	899,620	-	-	-	5,749,620
Federal Funds	-	-	-	-	-	-
Special Funds	16,034,555	-	-	-	-	16,034,555
242 Valley City State University	\$11,315,000	\$408,319	\$48,416	-	-	\$11,771,735
General Fund	10,300,000	408,319	48,416	-	-	10,756,735
Federal Funds	-	-	-	-	-	-
Special Funds	1,015,000	-	-	-	-	1,015,000
243 Dakota College at Bottineau	\$700,000	\$115,507	-	-	-	\$815,507
General Fund	700,000	115,507	-	-	-	815,507
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
244 North Dakota Forest Service	\$6,000	\$41,543	-	\$56,248	-	\$103,791
General Fund	-	41,543	-	56,248	-	97,791
Federal Funds	-	-	-	-	-	-
Special Funds	6,000	-	-	-	-	6,000
252 School for the Deaf	-	\$998,530	-	\$34,700	\$7,000	\$1,040,230
General Fund	-	103,800	-	-	-	103,800
Federal Funds	-	-	-	-	-	-
Special Funds	-	894,730	-	\$34,700	7,000	936,430
253 ND Vision Services	-	\$39,500	-	\$25,500	-	\$65,000
General Fund	-	7,453	-	25,500	-	32,953
Federal Funds	-	-	-	-	-	-
Special Funds	-	32,047	-	-	-	32,047
301 ND Department of Health	-	\$316,329	\$706,983	\$858,761	\$116,000	\$1,998,073
General Fund	-	-	357,220	-	-	357,220
Federal Funds	-	316,329	349,763	750,361	81,000	1,497,453
Special Funds	-	-	-	108,400	35,000	143,400

Capital Assets Appropriations by Category – 2011-2013

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
313 Veterans Home	\$6,000	\$545,500	\$403,000	\$69,400	\$13,600	\$1,037,500
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	6,000	545,500	403,000	69,400	13,600	1,037,500
321 Department of Veterans Affairs	-	-	-	-	\$15,593	\$15,593
General Fund	-	-	-	-	15,593	15,593
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
325 Department of Human Services	\$1,800,000	\$1,348,790	-	\$39,000	\$138,400	\$3,326,190
General Fund	1,800,000	1,348,790	-	34,372	-	3,183,162
Federal Funds	-	-	-	4,628	138,400	143,028
Special Funds	-	-	-	-	-	-
360 Protection and Advocacy	-	-	-	-	\$7,342	\$7,342
General Fund	-	-	-	-	7,342	7,342
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
380 Job Service North Dakota	-	-	\$20,000	-	\$12,400,000	\$12,420,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	20,000	-	12,400,000	12,420,000
Special Funds	-	-	-	-	-	-
401 Insurance Department	-	-	-	-	\$70,000	\$70,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	50,000	50,000
Special Funds	-	-	-	-	20,000	20,000
408 Public Service Commission	-	-	-	-	\$53,000	\$53,000
General Fund	-	-	-	-	53,000	53,000
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
412 Aeronautics Commission	\$230,000	\$100,000	-	\$450,000	-	\$780,000
General Fund	-	-	-	-	-	-
Federal Funds	218,500	95,000	-	-	-	313,500
Special Funds	11,500	5,000	-	450,000	-	466,500
471 Bank of North Dakota	-	-	-	\$132,000	\$1,134,000	\$1,266,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	132,000	1,134,000	1,266,000
485 Workforce Safety and Insurance	\$466,250	-	-	-	-	\$466,250
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	466,250	-	-	-	-	466,250

Capital Assets Appropriations by Category – 2011-2013

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
530 Dept of Corrections and Rehabilitation	\$617,968	\$741,490	\$1,337,752	\$665,100	-	\$3,362,310
General Fund	617,968	741,490	1,337,752	304,600	-	3,001,810
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	360,500	-	360,500
540 Adjutant General	\$21,500,000	\$5,325,381	\$177,371	\$2,319,347	\$2,295,000	\$31,617,099
General Fund	1,500,000	325,381	177,371	1,577,347	1,735,000	5,315,099
Federal Funds	20,000,000	5,000,000	-	742,000	560,000	26,302,000
Special Funds	-	-	-	-	-	-
601 Department of Commerce	-	-	-	\$64,018	\$6,000	\$70,018
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	64,018	6,000	70,018
Special Funds	-	-	-	-	-	-
602 Department of Agriculture	-	-	-	\$17,000	-	\$17,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	17,000	-	17,000
616 State Seed Department	-	\$165,692	-	\$70,000	\$160,000	\$395,692
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	-	165,692	-	70,000	160,000	395,692
628 Branch Research Centers	-	-	\$149,600	\$1,893,572	-	\$2,043,172
General Fund	-	-	149,600	500,000	-	649,600
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	1,393,572	-	1,393,572
638 Northern Crops Institute	-	-	-	\$285,000	-	\$285,000
General Fund	-	-	-	4,111	-	4,111
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	280,889	-	280,889
640 NDSU Main Research Center	\$9,494,581	\$1,340,465	\$504,092	\$3,575,500	-	\$14,914,638
General Fund	6,991,650	1,340,465	504,092	505,000	-	9,341,207
Federal Funds	-	-	-	-	-	-
Special Funds	2,502,931	-	-	3,070,500	-	5,573,431

Capital Assets Appropriations by Category – 2011-2013

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
649 Agronomy Seed Farm	-	-	-	\$301,000	-	\$301,000
General Fund	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	301,000	-	301,000
665 ND State Fair	-	-	\$210,000	-	-	\$210,000
General Fund	-	-	210,000	-	-	210,000
Federal Funds	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
701 Historical Society	-	\$1,396,000	\$1,358,736	\$81,000	-	\$2,835,736
General Fund	-	746,000	1,358,736	81,000	-	2,185,736
Federal Funds	-	650,000	-	-	-	650,000
Special Funds	-	-	-	-	-	-
720 Game and Fish Department	\$200,000	\$1,465,170	\$1,800,000	\$791,000	\$27,000	\$4,283,170
General Fund	-	-	-	-	-	-
Federal Funds	-	815,170	600,000	419,500	-	1,834,670
Special Funds	200,000	650,000	1,200,000	371,500	27,000	2,448,500
750 Parks and Recreation Department	\$5,269,210	\$753,400	\$73,613	\$990,365	-	\$7,086,588
General Fund	4,299,210	753,400	73,613	522,125	-	5,648,348
Federal Funds	570,000	-	-	320,000	-	890,000
Special Funds	400,000	-	-	148,240	-	548,240
770 State Water Commission	-	-	\$105,593,578	\$50,000	\$45,000	\$105,688,578
General Fund	-	-	-	40,000	45,000	85,000
Federal Funds	-	-	7,271,773	-	-	7,271,773
Special Funds	-	-	98,321,805	10,000	-	98,331,805
801 Department of Transportation	\$2,780,600	\$3,380,344	\$1,184,550,065	\$33,837,313	\$301,084	\$1,224,849,406
General Fund	-	-	5,850,000	-	-	5,850,000
Federal Funds	-	-	672,023,323	-	-	672,023,323
Special Funds	2,780,600	3,380,344	506,676,742	33,837,313	301,084	546,976,083
Total All Agencies	\$194,566,164	\$36,954,680	\$1,316,746,607	\$49,030,125	\$31,759,419	\$1,629,056,995
General Fund	62,344,828	21,804,868	24,056,285	4,756,203	3,832,835	116,795,019
Federal Funds	28,788,500	6,876,499	680,264,859	3,108,408	17,027,400	736,065,666
Special Funds	103,432,836	8,273,313	612,425,463	41,165,514	10,899,184	776,196,310

CAPITAL PROJECTS

Capital projects are expenditures for land, new construction, additions, renovations, restorations and demolitions of buildings and infrastructure. For each approved capital project, the appropriated amount, project description and anticipated operating and staffing costs for the upcoming biennium are provided on the following pages.

Capital Projects Appropriations – 2011-2013

Agency	Capital Project	Total	General Fund	Federal Funds	Special Funds
227 Bismarck State College	Plant Services Building	1,500,000	1,500,000		
	National Energy Center of Excellence Completion	4,335,000	3,300,000		1,035,000
	Student Union Renovation and Addition	7,500,000			7,500,000
	Total	\$13,335,000	\$4,800,000	\$0	\$8,535,000
228 Lake Region State College	Roof Replacement Project	\$866,000	\$866,000	\$0	\$0
229 Williston State College	Campus Branding Project	1,500,000	1,000,000		500,000
	Workforce Training Building	2,225,000	500,000		1,725,000
	Science Lab Remodel	1,320,000	1,320,000		
	Total	\$5,045,000	\$2,820,000	\$0	\$2,225,000
230 University of North Dakota	EERC Slurry Building Expansion	2,700,000			2,700,000
	Joint NDUS/UND IT Facility	20,500,000	12,500,000	8,000,000	
	University Town Home Apartments	5,000,000			5,000,000
	Flight Operations Center Renovation	750,000			750,000
	Wilkerson Hall Renovation and Addition	14,000,000			14,000,000
	Total	\$42,950,000	\$12,500,000	\$8,000,000	\$22,450,000
235 North Dakota State University	Bison Sports Arena - Reauthorized	29,100,000			29,100,000
	IT Infrastructure	2,000,000			2,000,000
	Indoor Practice Facility	5,000,000			5,000,000
	Total	\$36,100,000	\$0	\$0	\$36,100,000
238 ND State College of Science	Forkner Hall Renovation	5,000,000			5,000,000
	Frank Vertin Football Complex	1,500,000			1,500,000
	Bisek Hall Renovation and Addition	10,500,000	10,300,000		200,000
	Schulz Hall Renovation	4,000,000			4,000,000
	Total	\$21,000,000	\$10,300,000	\$0	\$10,700,000
241 Minot State University	Landscape Plan Phase II & III	800,000			800,000
	Geothermal Heating and Cooling	13,734,555	4,850,000		8,884,555
	Old Main Classroom Remodel	750,000			750,000
	Food Service Remodel	1,500,000			1,500,000
	Physical Plant Building Additional Authority	600,000			600,000
	Resident Apartments	3,500,000			3,500,000
	Total	\$20,884,555	\$4,850,000	\$0	\$16,034,555
242 Valley City State University	Lokken Field Turf	815,000			815,000
	Rhoades Science Center Addition and Renovation	10,500,000	10,300,000		200,000
	Total	\$11,315,000	\$10,300,000		\$1,015,000
243 Dakota College at Bottineau	Road Repair Project	\$700,000	\$700,000	\$0	\$0
244 Forest Service	Towner State Nursery Project Additional Authority	\$6,000	\$0	\$0	\$6,000
313 Veterans Home	Heated Storage Area for New Maintenance Building	\$6,000	\$0	\$0	\$6,000
325 Department of Human Services	Joint Commission, Code Requirements, Patient Safety	\$1,800,000	\$1,800,000	\$0	\$0
412 Aeronautics Commission	Terminal and Wildlife Fencing at IPG	\$230,000	\$0	\$218,500	\$11,500

Capital Projects Appropriations – 2011-2013

Agency	Capital Project	Total	General Fund	Federal Funds	Special Funds
485 Workforce Safety and Insurance	Building Back-up Generator	\$466,250	\$0	\$0	\$466,250
530 Dept of Corrections and Rehabilitation	JRCC ET Building - Cabinet Unit Ventilator	574,640	574,640		
	YCC - Utility Tunnel Roof and Roadway Improvements	43,328	43,328		
	Total	\$617,968	\$617,968	\$0	\$0
540 Adjutant General	100% Federal Construction	20,000,000		20,000,000	
	State Radio Tower Package	1,500,000	1,500,000		
	Total	\$21,500,000	\$1,500,000	\$20,000,000	\$0
640 NDSU Main Research Center	Research Greenhouse Complex	\$9,494,581	\$6,991,650	\$0	\$2,502,931
720 Game and Fish Department	District Office Storage Buildings	\$200,000	\$0	\$0	\$200,000
750 Parks and Recreation Department	FSSP Garrison Bay Marina Dock Purchase	240,000	240,000		
	FSSP Garrison Bay Marina Electricity/Water Systems	175,000	175,000		
	GISP Devils Lake Access Road 5' Grade Raise	2,884,800	2,484,800		400,000
	GISP Campground Expansion	700,000	350,000	350,000	
	LCSP Campground Water and Electrical Renovation	240,000	240,000		
	LCSP Roads Repair, Chip and Seal	565,000	565,000		
	Little Missouri Bay Showerhouse	90,000	90,000		
	Multi-use Trail Development	275,000	55,000	220,000	
	TRSP/LMSP/FLSP IT Ethernet Installation	99,410	99,410		
	Total	\$5,269,210	\$4,299,210	\$570,000	\$400,000
801 Department of Transportation	Land and Buildings	\$2,780,600	\$0	\$0	\$2,780,600
		\$194,566,164	\$62,344,828	\$28,788,500	\$103,432,836

CAPITAL PROJECTS DESCRIPTIONS**227 – Bismarck State College**Plant Services Building

This project will provide a new 12,000 square foot facility for the Physical Plant Department, consolidating many operations that are scattered throughout the campus. The project includes \$1.5 million from the general fund. Increased general fund operating and maintenance costs are estimated at \$50,000 per biennium.

National Energy Center of Excellence Completion

This project will complete approximately 28,000 square feet of unfinished space on the fourth floor of the National Energy Center of Excellence building. The completed project will consist of up to five labs and classrooms that will support energy technology programs and workforce training opportunities. In addition, there will also be a large meeting room that will serve a variety of events. Budget authorization totals \$4.3 million, including \$3.3 million from the general fund and \$1.0 million in federal and/or private funds. Increased operating and maintenance costs of approximately \$50,000 per biennium will be paid from within the physical plant operating budget.

Student Union Renovation and Addition

This project will renovate 31,250 square feet of the existing Student Union and includes a 25,400 square foot addition. This project will double the food service seating, serving kitchen, and storage space. It will also double the general storage and provide a loading and unpacking area. This project will also double the student activities space and provide dedicated space for student government, clubs, and other organizations. The project includes \$7.5 million of special funds. Increased

special fund operating and maintenance costs are estimated at \$40,000 per biennium.

228 – Lake Region State CollegeRoof Replacement

This project consists of the replacement of approximately 195,000 square feet of roofs across the LRSC campus. Areas included are the library, support office areas, student union dining hall, Erlandson Hall, North Hall, business and science wings, and the academic wing. The \$866,000 project will be funded entirely from the general fund. Operating and maintenance costs will not be changed as a result of the project.

229 – Williston State CollegeScience Laboratory Renovation

This project was authorized by the 2009 Legislative Assembly as a \$1.6 million, 4,900 square foot renovation to the existing building. This reauthorization is for a 10,000 square foot addition. This change in scope (authorized in September 2009 by the Budget Section) coupled with high construction costs in the Williston region, have raised the project cost to \$3.5 million. The project includes \$2.9 million from the general fund and \$590,000 of special funds. Increased operating and maintenance costs are estimated at \$80,000 per biennium.

Campus Branding

The 2011 Legislative Assembly approved a \$1.5 million campus branding project consisting of repair of water damage, repair and addition of exterior lighting, additional signage, reconfiguration of parking areas, and miscellaneous repairs. The project was to be funded with \$1.0 million from the general fund and a \$500,000 local match. On June 21, 2011, the

Budget Section increased the project authority to \$3.0 million, with the additional \$1.5 million coming from private donations. No significant increase in operating cost is anticipated.

Workforce Training Center Project

The 2011 Legislative Assembly authorized a \$2.2 million project to construct a new 15,600 square foot Workforce Training Center. The project was to be funded with \$500,000 from the general fund and a \$1.7 million loan from the Bank of North Dakota, to be repaid with local dollars. At the June 21, 2011 meeting, the Budget Section expanded the project scope to also include the addition of two high bays and a classroom to the existing Petroleum Safety and Technology Center. The authorized budget was increased to a total of \$3.9 million, with the additional \$1.7 million coming from local funds or private donations. Added operating and maintenance costs of \$56,280 per year will be paid with local funds.

230 – University of North Dakota

EERC Slurry Building Expansion

This project includes 6,000 square feet of 40-foot-tall construction for experimental energy projects. The project includes \$2.7 million of special funds. The addition will result in additional special fund operating and maintenance costs of \$24,800 per biennium.

Joint NDUS/UND IT Facility

The state-funded portion of this project includes a 7,500 square foot Tier II data center, 12,000 square feet of new administrative space, and 10,000 square feet of mechanical and shared circulation space. Federal funds will be used to construct 20,000 square feet of research space and a second 5,000 square foot data center (2,500 square feet Tier II and 2,500 square feet Tier III). The project is funded with \$12.5

million from the general fund, \$8.0 million in federal funds, and optional funding of \$5.0 million from institutional operating funds. The project will result in increased equipment, operating and maintenance costs of \$800,000 per biennium to be paid within the agency's budget.

University Town Home Apartments

This project includes 25 townhomes for UND students and families. The overall arrangement, number of bedrooms and size of the individual units is unknown at this time. The project includes \$5.0 million in special funds. The project will result in additional special fund operating and maintenance costs of \$121,740 per biennium, which may be offset by a reduction of existing maintenance costs.

Flight Operations Center Renovation

This project involves general construction work to create usable interior space, which has remained unfinished since construction of the existing facility in the early 1980's. The scope of work includes interior walls, ceilings, flooring, electrical and mechanical. The project will be funded with local departmental funds. No significant increase in operating cost is anticipated.

Wilkerson Hall Renovation and Addition

This project will replace the existing mechanical and electrical systems, replace the kitchen equipment and reconfigure the serving lines. The addition will provide modern study space, multipurpose space, and accommodate ADA required access to Wilkerson Hall proper. The amount of addition is unknown at this time, pending further development of the food service needs. The project includes \$14.0 million of special funds. The project will result in additional special fund operating and maintenance costs of \$199,850 per biennium, which may be offset by a reduction of existing maintenance costs.

235 - North Dakota State UniversityIT Infrastructure

This project provides for implementation of a secondary data center and redundant commercial and state network facilities and connections greatly reducing the likelihood that a given building will lose connectivity. The project includes \$2.0 million of special funds. No net additional operating or maintenance costs are expected.

Indoor Practice Facility

This project provides for construction of a 74,800 square foot stand-alone facility to separate the track and field event areas from the current footprint of the Bison Sports Arena, creating a multi-purpose venue. The project includes \$5.0 million of special funds. The project will result in additional special fund operating and maintenance costs of \$32,500 per biennium.

Bison Sports Arena - Reauthorized

This is a re-authorization of the 2007-2009 appropriated project for an addition to and renovation of the existing facilities and infrastructure. The project includes improvements to the HVAC system, ADA accessibility, locker rooms, training areas, classrooms, and bleachers, as well as replacement of the roof. When completed, the building will contain approximately 240,997 square feet. The project includes \$29.1 million of special funds. No net additional operating or maintenance costs are anticipated.

238 - North Dakota State College of ScienceForkner Hall Renovation

This project is a complete renovation of the existing 41,636 square foot women's dormitory, originally constructed in 1966. Issues that will be addressed include community bathrooms,

infrastructure repairs, and HVAC systems. The project includes \$5.0 million of special funds. This project will result in a reduction of existing maintenance costs.

Schulz Hall Renovation

This project is a complete renovation of the existing 26,282 square foot men's dormitory, originally constructed in 1971. Issues that will be addressed include community bathrooms, infrastructure repairs, and HVAC systems. The project includes \$4.0 million of special funds. A reduction of existing maintenance costs is anticipated.

Frank Vertin Football Complex

This project includes renovation of the existing football complex including new locker rooms, public restrooms, stadium entrance, a new roof for the press box, and other miscellaneous repairs at a total cost of \$1.5 million of special funds. Any increase in operating or maintenance will be paid with special funds.

Bisek Hall Renovation and Addition

This \$10.5 million project includes a 54,900 square foot addition, as well as renovation of the wash bay and main entrance areas of the existing building. Additionally, parking lot #4 will be reconstructed to enable an equipment test driving area. Facility improvements will allow the diesel technology program to meet the state's workforce needs by providing increased enrollment capacity, enhanced curriculum offerings, and an improved educational environment. The project will be funded with \$10.2 million from the general fund and \$300,000 from local funds. Increased operating and maintenance costs of \$157,563 will be included in future general fund base budget requests.

241 – Minot State UniversityGeothermal Heating and Cooling

This \$18.2 million three-phased project consists of a campus-wide conversion from coal-fired steam boiler heating and cooling to geothermal. The first project phase was initiated during the 2009-11 biennium with \$2.5 million from the general fund and \$2.0 million in federal dollars. The 2011-13 funding includes another \$4.8 million general fund appropriation and \$8.9 million of other funds, including energy performance contracts and federal grants. When the system is fully implemented, ongoing utility savings are anticipated to reach \$1.0 million per biennium.

Landscape Plan Phase II and III

This project continues implementation of the campus landscape master plan to include improvements along the 10th Avenue corridor from Cook Hall to Pioneer Hall, and the area south of Swain Hall to Pioneer Hall. The project includes \$800,000 of special funds. No net increase in operating and maintenance expenses is anticipated.

Old Main Classroom Remodel

This project will remodel two existing College of Business computer labs in Old Main to provide flexible instructional space to simulate the corporate business environment. The project includes \$750,000 of special funds. No increase in operating and maintenance expenses is anticipated.

Resident Apartments

This project includes 12 two-bedroom apartments and 18 efficiency apartments for a total of 30 units. The project includes \$3.5 million of special funds. The project will result in additional special fund operating and maintenance costs of \$112,400 per biennium.

Food Service Renovation

This \$1.5 million project includes the remodel of the food service space on the second floor of the Student Center. Seating capacity will be expanded and the dining hall redesigned to incorporate a “food court” appearance. Cooking and service areas will also be modernized. The project will be funded entirely with special revenue bonds, to be repaid with food service revenue and other local funds. No net increase in operating and maintenance expenses is anticipated.

Physical Plant Building

This \$1.3 million project was originally authorized in the 2009-11 biennium to provide a 20,000 square foot physical plant building and remodel the existing physical plant building into academic space. The project will be funded with \$650,000 of general fund carryover from the Swain Hall project, plus \$600,000 of new special fund authority approved for the 2011-13 biennium. No net increase in operating and maintenance expenses is anticipated.

242 – Valley City State UniversityLokken Field Turf

This project will install artificial turf at Lokken Field. The project includes \$815,000 of special funds. No increase in operating or maintenance is expected.

Rhoades Science Center Addition and Renovation

This \$10.5 million project includes a 27,100 square foot, three story addition to the existing Rhoades Science Center and remodels 33,732 square feet of existing space. The project includes \$10.3 million from the general fund and \$200,000 in special funds. The project will result in additional operating and maintenance expenses of \$224,000 per biennium to be paid from the general fund.

243 – Dakota College at BottineauCampus Road Repairs

This project consists of repaving 180,000 square feet of campus asphalt roads, including replacing the curb and gutter apron as needed. Roads will also be graded for proper drainage and the road base rebuilt. The project will be funded with a \$700,000 general fund appropriation. No increase in operating and maintenance costs is anticipated.

244 – Forest ServiceTowner State Nursery Greenhouse

Originally authorized as a \$300,000 general fund project in the 2009-11 biennium, this project provides for construction of a new 5,040 square foot greenhouse and shade house to replace the existing greenhouse. During the 2009 interim, the Budget Section increased the authorization to \$391,000. Since that time, insurance proceeds of \$6,000 were received as a result of storm damage, necessitating an increase in special fund authority for that amount. Total project costs are now estimated at \$397,000. No net increase in operating and maintenance costs is anticipated.

313 – Veterans HomeHeated Storage Area for New Maintenance Building

This project will allow the staff at the Home to construct a heated storage and work area in the new maintenance shop. The project includes \$6,000 from the general fund. No net increase in operating and maintenance funds is anticipated.

325 – Department of Human ServicesJoint Commission Code Requirement Renovations

This project includes three components required for reaccreditation of the State Hospital. One portion provides \$200,000 for testing the fire and smoke dampers campus wide. The second portion includes \$1.3 million for replacement of the emergency generator. The third portion is \$300,000 to expand the electrical capacity of the New Horizons Building, built in 1968. The project includes \$1.8 million from the general fund. No net increase in operating and maintenance funds is anticipated.

412 – Aeronautics CommissionTerminal and Wildlife Fencing at International Peace Gardens

This project includes construction of a new terminal building and new wildlife fencing at the International Peace Garden Airport near Dunseith. The project includes \$218,500 of federal funds and \$11,500 of special funds for a total project cost of \$230,000. Additional special fund operating and maintenance expenses are estimated at \$8,000.

485 – Workforce Safety and InsuranceBuilding Back-up Generator

This project will provide back-up power generation to all portions of the existing building. The project includes \$466,250 of special funds. No net increase in operating and maintenance funds is anticipated.

530 - Department of Corrections and RehabilitationJRCC ET Building – Cabinet Unit Ventilator

This project provides for the replacement of cabinet unit ventilators in the ET building and conversion of pneumatic controls to electronic. The project includes \$574,640 from the general fund. No increase in operating and maintenance expenses is anticipated.

YCC – Utility Tunnel Roof and Roadway Repair

This project will replace deteriorating concrete tunnel ceilings at various places within the campus. The project includes \$43,328 from the general fund. No net increase in operating and maintenance expenses is anticipated.

540 – Adjutant General100.0 Percent Federal Construction Projects

This authority request represents the historical expenditures for the Army Guard Contracts line. The spending authority includes \$20.0 million of federal funding. The National Guard Bureau has not yet approved funding or specific projects for the 2011-2013 biennium. Any increase in operating and maintenance costs will be paid within the agency's budget.

State Radio Tower Package

This project is a result of the State Radio Tower Gap Study. This authorization will provide for equipment and leasing of space on existing towers, with a request next biennium for any remaining tower needs. The project includes \$1.5 million from the general fund. The project will result in additional operating and maintenance expenses of \$360,000 per biennium to be paid from the general fund.

640 – NDSU Main Research CenterResearch Greenhouse Complex

This phase will complete the construction of the Research Greenhouse Complex including the fourth BL1-P greenhouse range pair and full connection of the head-house. The project includes \$7.0 million from the general fund and \$2.5 million of special funds for a project total of \$9.5 million. An increase in operating and maintenance expenses is estimated at \$173,622 per biennium, to be paid from the general fund.

720 – Game and Fish DepartmentDistrict Office Storage Buildings

This project includes construction of new cold storage buildings at Williston and Devils Lake. The project includes \$200,000 of special funds. No net increase in operating and maintenance funds is anticipated.

750 - Department of Parks and RecreationFort Stevenson State Park – Garrison Bay Marina Dock Purchase

This project provides funding to complete the purchase of 60 boat slips which are anchored on to the main gangway provided by the Army Corps of Engineers. The project includes \$240,000 from the general fund. The project will result in additional special fund operating and maintenance expenses of \$15,000 per biennium.

Graham's Island State Park – (Devils Lake) Access Road 5' Grade Raise

This project will raise 4.81 miles of access road ensuring the State Park will continue to be accessible even during the highest possible water levels. The project includes \$2.5 million

from the general fund and \$400,000 of special funds for a project total of \$2.9 million. No net additional operating or maintenance costs are anticipated.

Graham's Island State Park – Campground Expansion

This project provides for expansion of the single night and short-term camping capacity of the park. The park is one of the busiest in the system and is forced to place customers on waiting lists. The project includes \$350,000 from the general fund and \$350,000 of federal funds for a total project cost of \$700,000. The project will result in additional special fund operating and maintenance expenses of \$30,000 per biennium.

Lewis and Clark State Park – Campground Water and Electrical Renovation

This project will increase the number of potable water hydrants available, replace underground water delivery lines, and upgrade the electrical capacity to 25 sites. The project includes \$240,000 from the general fund. The project will result in additional special fund operating and maintenance expenses of \$300 per biennium.

Lewis and Clark State Park – Roads Repair Chip and Seal

This project includes patching of several failed areas, crack sealing, overlay and seal coat throughout the park. The project includes \$565,000 from the general fund. No net additional operating or maintenance costs are anticipated.

Little Missouri State Park - Showerhouse

The majority of visitors to Little Missouri State Park stay for multiple days. This project will provide five coin-operated shower rooms. The project includes \$90,000 from the general fund. The project will result in additional special fund operating and maintenance expenses of \$1,500 per biennium.

Multi-Use Trail Development

This project includes the layout and development of high interest trail corridors in the Pembina Gorge, Turtle Mountains, and the Badlands. The project includes \$55,000 from the general fund and \$220,000 of federal funds for a total project cost of \$275,000. No net additional operating or maintenance expenses are anticipated.

Turtle River State Park/Little Missouri State Park/Fort Lincoln State Park – IT Ethernet Installation

Connectivity problems at these state parks have risen to the point where staff productivity and customer service is being severely impacted. The project includes \$99,410 from the general fund to pay 30.0 percent of the estimated project costs. The remaining 70.0 percent will be paid with federal ARRA funds awarded to a private contractor. The project will result in additional general fund operating and maintenance expenses of \$64,000 per biennium for ITD network costs.

Fort Stevenson State Park Garrison Bay Marina Electric/Water System

This project will provide 30 amp or 50 amp electrical service to the Garrison Bay Marina dock slips along with individual water service. The project includes \$175,000 from the general fund. The project will result in additional general fund operating and maintenance expenses of \$1,700 per biennium.

801 - Department of Transportation

Land and Buildings

This project includes the construction of two section buildings and a number of smaller salt storage buildings in various section sites around the state. It also includes miscellaneous land purchases for district facilities. The project includes \$2.8

million of special funds. Any increase in operating and maintenance will be paid within the agency's budget.

EXTRAORDINARY REPAIRS

Extraordinary repairs include expenditures for substantial repairs and improvements to buildings and infrastructure. The Fiscal Management Division of OMB uses a building and infrastructure renewal formula, based on industry standards, to generate an estimate of total dollars that should be spent to adequately maintain buildings and infrastructure.

For large agencies with numerous facilities, the formula generates a pool to be used to address extraordinary repair needs. Some buildings will not have extraordinary repair needs during the biennium; other buildings may have extraordinary repair needs that differ from the formula amount. Newer buildings will normally require fewer repairs than older buildings. The pooled resources from all buildings and infrastructure in the formula will be applied by the agency to the areas of greatest need. However, many agencies have few buildings and minimal infrastructure, limiting the flexibility provided by pooling resources.

The formula driven calculations may not always reflect actual repair needs. Therefore, although the formula is used to guide agencies and OMB in requesting and recommending repair dollars, actual requests and recommendations may be higher or lower than formula amounts.

Extraordinary Repairs – Buildings

Formulas are generally used to calculate the cost to adequately maintain buildings. The formula used by the Fiscal Management Division is based on the following premises:

- The formula reflects current building valuation.

- The formula recognizes that as a general policy, fewer resources should be directed to building renewal than the cost of building replacement.
- The formula recognizes that older buildings require proportionally more repair funds than do newer buildings.
- The formula reflects the effects of building repair projects already accomplished.
- The formula is applied to an entire facility system in an actuarial manner, generating a pool of funds to be used on extraordinary repairs.

Building Formula

The annual extraordinary repairs formula for buildings is as follows:

Buildings 5 years old or older at mid-year of biennium

Building Replacement Value x 2% = Formula Amount

Buildings less than 5 years old

\$0

Building Value Factor

The North Dakota Century Code requires that all state buildings built after 1939 be insured at replacement value. The building's insured value is used as the building replacement value for the formula calculation. All state-owned buildings are insured through the fire and tornado fund.

Building Age

The building age is determined by subtracting the year a building was built or extensively renovated from 2012, the mid-

year in the 2011-13 biennium. For example, if a building was built or renovated in 1953, the building age is 59 (2012-1953).

Extraordinary Repairs – Infrastructure

Infrastructure is defined as a structure outside of and apart from a building, but necessary to the function of the building. Examples of infrastructure include water and sewer lines, electrical lines, parking lots, sidewalks and roads.

Recognizing that formulas based on building value would not provide adequate funding for infrastructure needs, the Fiscal Management Division of OMB has adopted a formula for calculating costs of extraordinary repairs to infrastructure.

Because, in some cases, the value and age of infrastructure are difficult to determine, the infrastructure formula is based on the replacement value of various infrastructure components.

Infrastructure Formula

The annual extraordinary repairs formula for infrastructure is as follows:

- P X R = Formula Amount***
- P = Infrastructure renewal percentage***
- R = Infrastructure replacement value (per unit value times the number of units)***

Infrastructure Renewal Percentage

The infrastructure renewal percentage is the straight line depreciation over the normal life of the item. For example, the infrastructure renewal percentage for an item with a 20-year normal life is 5 percent.

Infrastructure Replacement Value

Infrastructure is valued at replacement cost. Expertise from the North Dakota Association of Physical Plant Administrators was used to determine replacement costs and parameters applicable to the valuation of the numerous types of infrastructure.

The schedule on the following page shows amounts appropriated for each state agency for extraordinary repairs for the 2011-13 biennium. The chart also compares the appropriation to the amount calculated through the building and infrastructure formulas.

Extraordinary Repairs Appropriations - 2011-2013

No.	AgencyName	Building Formula	Infrastructure Formula	Total Formula	Total Appropriation	% of Formula Appropriated
110	Office of Management and Budget	\$7,734,018	\$660,321	\$8,394,339	\$7,878,000	93.8%
112	Information Technology Dept	54,076		54,076		0.0%
227	Bismarck State College	2,094,474	690,010	2,784,484	417,673	15.0%
228	Lake Region State College	861,481	174,296	1,035,777	155,367	15.0%
229	Williston State College	933,734	384,938	1,318,672	197,801	15.0%
230	University of North Dakota	21,984,435	7,426,005	29,410,440	4,411,566	15.0%
235	North Dakota State University	14,097,740	4,117,222	18,214,962	2,732,244	15.0%
238	ND State College of Science	5,172,632	1,576,564	6,749,196	1,012,379	15.0%
239	Dickinson State University	2,380,666	346,520	2,727,186	409,078	15.0%
240	Mayville State University	1,935,637	457,646	2,393,283	358,992	15.0%
241	Minot State University	5,083,026	914,438	5,997,464	899,620	15.0%
242	Vallley City State University	2,107,930	614,195	2,722,125	408,319	15.0%
243	Dakota College at Bottineau	626,488	143,561	770,049	115,507	15.0%
244	North Dakota Forest Service	96,059	180,892	276,951	41,543	15.0%
252	School for the Deaf	618,058	150,469	768,527	998,530	129.9%
253	ND Vision Services	226,307		226,307	39,500	17.5%
301	ND Department of Health	354,081		354,081	316,329	89.3%
313	Veterans Home	390,968	222,968	613,936	545,500	88.9%
325	Department of Human Services	6,193,730	2,798,202	8,991,932	1,348,790	15.0%
380	Job Service North Dakota	841,230	73,271	914,501		0.0%
412	Aeronautics Commission		82,309	82,309	100,000	121.5%
471	Bank of North Dakota	429,443	37,169	466,612		0.0%
485	Workforce Safety and Insurance	816,324	71,771	888,095		0.0%
504	Highway Patrol	178,538		178,538		0.0%
530	Dept of Corrections and Rehab	5,595,504	953,368	6,548,872	741,490	11.3%
540	Office of the Adjutant General	7,413,818	4,814,292	12,228,110	5,325,381	43.6%
616	State Seed Department	165,692		165,692	165,692	100.0%
640	NDSU Main Research Center	1,135,583	972,550	2,108,133	1,340,465	63.6%
649	Agronomy Seed Farm	216,434	45,746	262,180		0.0%
701	Historical Society	456,221	914,252	1,370,473	1,396,000	101.9%
720	Game and Fish Department	739,614		739,614	1,465,170	198.1%
750	Parks and Recreation Dept	840,911	4,277,760	5,118,671	753,400	14.7%
770	State Water Commission	67,093	24,338	91,431		0.0%
801	Dept of Transportation	3,540,701	857,358	4,398,059	3,380,344	76.9%
TOTALS		\$95,382,646	\$33,982,431	\$129,365,077	\$36,954,680	28.6%

Other Capital Payments Appropriations – 2011-2013

Agency	Project Description	Total	General Fund	Federal Funds	Special Funds
110 Office of Management and Budget	Capital Bond Payments	\$665,143	\$665,143	\$0	\$0
112 Information Technology	Capital Bond Payments	\$5,406,666	\$0	\$0	\$5,406,666
125 Office of Attorney General	Capital Bond Payments	\$765,882	\$765,882	\$0	\$0
215 ND University System	Capital Bond Payments	\$12,204,769	\$11,787,519	\$0	\$417,250
227 Bismarck State College	Special Assessments	\$257,933	\$257,933	\$0	\$0
230 University of North Dakota	Special Assessments	\$97,146	\$97,146	\$0	\$0
235 North Dakota State University	Special Assessments	\$272,683	\$272,683	\$0	\$0
238 ND State College of Science	Special Assessments	\$58,666	\$58,666	\$0	\$0
240 Mayville State University	Special Assessments	\$84,513	\$84,513	\$0	\$0
242 Valley City State University	Special Assessments	\$48,416	\$48,416	\$0	\$0
301 ND Department of Health	Capital Bond Payments	\$706,983	\$357,220	\$349,763	\$0
313 Veterans Home	Capital Bond Payments	\$403,000	\$0	\$0	\$403,000
380 Job Service North Dakota	Special Assessments	\$20,000	\$0	\$20,000	\$0
530 Dept of Corrections and Rehabilitation	Capital Bond Payments	\$1,337,752	\$1,337,752	\$0	\$0
540 Adjutant General	Bismarck Special Assessments	14,103	14,103		
	Fargo Special Assessments	58,043	58,043		
	Grand Forks Armory Bond Payment	70,225	70,225		
	Payment in Lieu of Taxes	35,000	35,000		
	Total Adjutant General	\$177,371	\$177,371	\$0	\$0
628 Branch Research Centers	Capital Bond Payments - Central Grasslands REC	56,895	56,895		
	Capital Bond Payments - North Central REC	92,705	92,705		
	Total Branch Research Centers	\$149,600	\$149,600	\$0	\$0
640 NDSU Main Research Center	Capital Bond Payments	421,690	421,690		
	Special Assessments	82,402	82,402		
	Total NDSU Main Research Center	\$504,092	\$504,092	\$0	\$0
665 ND State Fair	Capital Bond Payments	\$210,000	\$210,000	\$0	\$0
701 Historical Society	Capital Bond Payments	\$1,358,736	\$1,358,736	\$0	\$0
720 Game and Fish Department	Land Acquisition	800,000		200,000	600,000
	Payment in Lieu of Taxes	1,000,000		400,000	600,000
	Total Game and Fis Department	\$1,800,000	\$0	\$600,000	\$1,200,000
750 Parks and Recreation Department	Capital Bond Payments	\$73,613	\$73,613	\$0	\$0
770 Water Commission	Capital Bond Payments	16,881,750			16,881,750
	NAWS and SWPP	81,440,055			81,440,055
	SWPP/ARRA Federal Stimulus Aid	7,271,773		7,271,773	
	Total Water Commission	\$105,593,578	\$0	\$7,271,773	\$98,321,805
801 Department of Transportation	ARRA-Federal Stimulus Aid	19,319,575		19,319,575	
	Capital Bond Payments	1,189,239			1,189,239
	General Funds for Devils Lake	5,850,000	5,850,000		
	Other Capital Payments	655,385,259		532,703,748	122,681,511
	Road Reconstruction for Oil Counties	142,000,000			142,000,000
	State Funded Roadway Maint Safety Items	12,205,992			12,205,992
	State Funded Road Prog for Oil Impact Areas	228,600,000			228,600,000
	Federal Emergency Relief Projects	120,000,000		120,000,000	
	Total Department of Transportation	\$1,184,550,065	\$5,850,000	\$672,023,323	\$506,676,742
		\$1,316,746,607	\$24,056,285	\$680,264,859	\$612,425,463

APPENDIX

North Dakota Statutes and Constitutional Provisions Governing the Budget Process

The following pages provide a listing of statutory and constitutional provisions that govern the budget process for the state of North Dakota. Chapter 54-44.1 ([Appendix A](#)), taken from the 2009 edition of the North Dakota Century Code, establishes the Budget Office within the Office of Management and Budget and provides a comprehensive list of duties, including:

- Developing financial policies and plans as the basis for budget recommendations to the legislature.
- Preparing detailed budget documents.
- Coordinating the fiscal affairs of the state.
- Developing a long-term capital improvements budget.
- Receiving budget estimates from each budget unit (state agency).
- Preparing summary statements of the financial condition of the state, including fund balances, revenues, and expenditures.

Section 13, Article X of the Constitution of North Dakota ([Appendix B](#)) provides limitations on the state's use of debt. This section provides that, within certain limitations, the state may issue bonds secured by real estate, but may incur "no further indebtedness." This section serves as a constitutional prohibition against deficit spending or borrowing to finance general government operations and therefore requires the state to operate within a balanced budget.

CHAPTER 54-44.1
Office of the Budget

- 54-44.1-01. Definition.
- 54-44.1-02. Office of the budget — Director — Employees — Powers.
- 54-44.1-03. Powers and duties of the director of the budget.
- 54-44.1-04. Budget estimates of budget units filed with the office of the budget — Deadline.
(Effective through July 31, 2011)
- 54-44.1-05. Federal aid budget requests — Filed with the office of the budget.
- 54-44.1-06. Preparation of the budget data — Contents. (Effective through July 31, 2011)
- 54-44.1-06.1. Contents of capital construction bill.
- 54-44.1-07. Presentation of budget data — How presented to the legislative assembly.
- 54-44.1-08. Budget report — Contents — When submitted to legislative assembly.
- 54-44.1-09. All expenditures must be appropriated.
- 54-44.1-09.1. Insurance recoveries appropriated.
- 54-44.1-10. Payments made pursuant to law only.
- 54-44.1-11. Office of management and budget to cancel unexpended appropriations — When they may continue. (Effective through July 31, 2011)
- 54-44.1-12. Control over rate of expenditures.
- 54-44.1-12.1. Implementation of legislative intent — Legislative objection to execution of budget — Effect of objection.
- 54-44.1-13. Budget requests for legislative and judicial branches.
- 54-44.1-13.1. Apportionment of reductions in spending authority caused by an initiative or referendum action.
- 54-44.1-14. Biennial report to legislative assembly.
- 54-44.1-15. Indirect cost recoveries from federal programs and special funds.
- 54-44.1-16. Office of the budget and information technology department — New building construction cost-benefit analyses.
- 54-44.1-17. Bank of North Dakota transfers to the general fund — Restoration.
- 54-44.1-18. Searchable database of expenditures.

54-44.1-01. Definition.

As used in this chapter, unless the context otherwise requires, the term “budget unit” means a department, institution, board, commission, agency, or other unit of government for which separate or distinct appropriations are made.

Source. S.L. 1965, ch. 358, § 1.

Collateral References. States <key> 121.

72 Am. Jur. 2d, States, Territories, and Dependencies, § 75.

81A C.J.S. States, §§ 322, 323.

54-44.1-02. Office of the budget — Director — Employees — Powers.

The office of the budget is hereby established in the office of management and budget, for the purpose of promoting economy and efficiency in the fiscal management of the state government. The director of the office of management and budget is ex officio director of the budget.

The director of the budget shall appoint a budget analyst who must hold a baccalaureate degree from a recognized institution of higher learning and the appointment must be based upon the qualifications of eligible persons. The position of budget analyst is not a classified position and the budget analyst shall serve at the pleasure of the director of the budget. The budget director shall employ such other professional, technical, and clerical personnel as the director deems necessary to carry out the duties prescribed in this chapter and shall fix the salary of all employees within the office of the budget within the limits of the legislative appropriations. All personnel within the office of the budget must be allowed their actual and necessary travel expenses at the same rate as for other employees of the state.

Source. S.L. 1965, ch. 358, § 2; 1995, ch. 512, § 2.

54-44.1-03. Powers and duties of the director of the budget.

The director of the budget, or such subordinate officer as the director of the budget shall designate, shall:

1. Be vested with the duties, powers, and responsibilities involved in securing budget estimates and work programs from the several departments and agencies of the state government.
2. Be vested with the duties, powers, and responsibilities involved in the preparation of revenue and fixed expense estimates.
3. Develop financial policies and plans as the basis for budget recommendations to the legislative assembly, and prepare detailed documents in accordance with such financial policies and plans for presentation to the legislative assembly.
4. Coordinate the fiscal affairs and procedures of the state to assure the carrying out of the financial plans and policies approved by the legislative assembly.
5. Exercise continual control over the execution of the budget affecting the departments,

institutions, and agencies of the executive branch of the state government involving approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and control of the rate of expenditures through a system of semiannual, quarterly, or monthly allotments.

6. Investigate, examine, and make exhaustive studies:

a. Of the structure and operation of the entire executive branch of government and of every office, institution, and agency thereof.

b. Of all the functions, duties, and services of all executive branch offices, departments, institutions, industries, boards, bureaus, and commissions.

c. Of all the books, records, and methods of accounting of each office or agency of the executive branch to ascertain and determine whether their policies, practices, and systems of accounting are sound, necessary, practical, and efficient.

7. Develop a long-term capital improvements budget for consideration by the legislative assembly.

8. Have the authority to procure from the various officers, departments, agencies, and employees such information as may be necessary for the preparation and execution of the budget.

9. Provide such assistance as the legislative assembly may request and be available to assist its appropriations committees with any needed information or material and make its records and information available at all times to the legislative assembly and its committees and designees.

10. Perform all other necessary duties to carry out the provisions of this chapter and of chapter 54-14.

Source. S.L. 1965, ch. 358, § 3; 1973, ch. 110, § 10.

54-44.1-04. Budget estimates of budget units filed with the office of the budget — Deadline. (Effective through July 31, 2011)

The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The budget estimates for the North Dakota university system must include block grants for the university system for a base funding component and for an initiative funding component for

specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets at the institutions of higher education. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget in the director's discretion may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director designates shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

(Effective after July 31, 2011)

Budget estimates of budget units filed with the office of the budget — Deadline. The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

Source. S.L. 1965, ch. 358, § 4; 1981, ch. 539, § 1; 2001, ch. 28, § 25; 2003, ch. 3, § 35; 2005, ch. 522, § 1; 2007, ch. 477, § 1; 2009, ch. 157, § 2.

Effective Date. The 2009 amendment of this section by section 2 of chapter 157, S.L. 2009 became effective August 1, 2009.

The 2007 amendment of this section by section 1 of chapter 477, S.L. 2007 became effective March

8, 2007, pursuant to an emergency clause in section 3 of chapter 477, S.L. 2007.

Cross-References. Budget of North Dakota firemen's association, see § 18-03-05.

Budget of state highway department, see § 24-02-09.

DECISIONS UNDER PRIOR LAW

Duty to File Statements.

Duty to File Statements.

Heads of state hail insurance fund, state bonding fund, state fire and tornado fund, and workmen's compensation fund had duty of filing statements of funds needed as prescribed by former section 54-15-05. *Langer v. State*, 69 N.D. 129, 284 N.W. 238 (1939).

54-44.1-05. Federal aid budget requests — Filed with the office of the budget.

Every agency of the state government when making requests for budgets to be submitted to the federal government for funds, equipment, material, or services shall have such request or budget filed in the office of the budget before submitting it to the proper federal authority. When such federal authority has approved the request or budget, in whole or in part, the agency of the state government shall resubmit it to the office of the budget for recording before any allotment or encumbrance of the federal funds can be made.

Source. S.L. 1965, ch. 358, § 5.

Cross-References. Budget director to receive quarterly reports from treasurer of agricultural college, see § 15-12-06.1.

54-44.1-06. Preparation of the budget data — Contents. (Effective through July 31, 2011)

The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by the detailed schedules of assets and liabilities as the director of the budget determines desirable, which must include the following:

a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those

fiscal years; and

b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

Summary statements may include a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of proposed general and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act. The draft of the proposed appropriations act for the North Dakota university system must include block grants for a base funding appropriation and for an initiative funding appropriation for specific strategies or initiatives and an appropriation for asset funding for renewal and replacement of physical plant assets at the institutions of higher education.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. Any other information as the director of the budget determines desirable or as is required by law.

(Effective after July 31, 2011)

Preparation of the budget data — Contents. The director of the budget, through the office of the budget, shall prepare budget data which must contain and include the following:

1. Summary statements of the financial condition of the state, accompanied by the detailed schedules of assets and liabilities as the director of the budget determines desirable, which must include the following:

a. Summary statements of fund balances and assets showing in detail for each fund the surplus or deficit at the beginning of each of the two fiscal years of the previous biennium and the first fiscal year of the present biennium, the actual revenue for those years, the total appropriations for the previous and present biennium, and the total expenditures for those fiscal years; and

b. Similar summary statements of the estimated fund balances and assets for the current fiscal year and each of the fiscal years of the next biennium.

Summary statements may include a comparative consolidated balance sheet showing all the assets and liabilities of the state and the surplus or deficit, as the case may be, at the close of the first fiscal year of the current biennium.

2. Statements of actual revenue for the previous biennium, the first year of the present biennium, and the estimated revenue of the current fiscal year and of the next biennium, and a statement of unappropriated surplus expected to have accrued in the state treasury at the beginning of the next fiscal year. The statement of unappropriated surplus for the general fund must reflect any projected deficiency appropriations relating to expenditures from the general fund for the present biennium. The statements of revenue and estimated revenue must be classified by sources and by budget unit collecting them. Existing sources of revenue must be analyzed as to their equity, productivity, and need for revision, and any proposed new sources of revenue must be explained.

3. Summary statements of expenditures of the previous biennium and first year of the present biennium, itemized by budget units and classified as prescribed by the director of the budget.

4. Detailed comparative statements of expenditures and requests for appropriations by funds, budget units and classification of expenditures, showing the expenditures for the previous biennium, the first fiscal year of the present biennium, the budget of the current biennium, and the governor's recommendation for appropriations for each budget unit for the next biennium, all distributed according to the prescribed classification of expenditures. Following the lists of actual and proposed expenditures of each budget unit there must be a brief explanation of the functions of the unit and comments on its policies and plans and on any considerable differences among the amounts recommended, with any descriptive, quantitative, comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.

6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.

7. Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.

8. A list of every individual asset or service, excluding real estate, with a value of at least fifty thousand dollars and every group of assets and services comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement or debt financing arrangement by a state agency or institution. The list must include assets or services acquired in the current biennium and anticipated assets or services to be acquired in the next biennium.

9. Any other information as the director of the budget determines desirable or as is required by law.

Source. S.L. 1965, ch. 358, § 6; 1979, ch. 562, § 1; 1995, ch. 515, § 2; 1999, ch. 471, § 1; 2001, ch. 28, § 26; 2003, ch. 3, § 36; 2003, ch. 36, § 22; 2005, ch. 522, § 2; 2007, ch. 477, § 2; 2009, ch. 157, § 3.

Effective Date. The 2009 amendment of this section by section 3 of chapter 157, S.L. 2009 became effective August 1, 2009.

The 2007 amendment of this section by section 2 of chapter 477, S.L. 2007 became effective March 8, 2007, pursuant to an emergency clause in section 3 of chapter 477, S.L. 2007.

54-44.1-06.1. Contents of capital construction bill.

The office of management and budget shall continue to prepare capital construction budgets and a capital construction bill. All future capital construction bills may only include projects involving bonding. All other capital projects funded with general fund moneys or special funds must be included in the appropriate agency's appropriation bill.

Source. S.L. 1995, ch. 52, § 6.

54-44.1-07. Presentation of budget data — How presented to the legislative assembly.

The director of the budget or the director's designee shall present the budget data information in section 54-44.1-06, except the drafts of acts required by subsection 7 of that section, and make available sufficient copies thereof to the legislative assembly at the organizational session. The drafts of acts required by subsection 7 of section 54-44.1-06 must be submitted to the legislative council within seven days after the day of adjournment of the organizational session. The budget data must be completed and made available to the legislative assembly in such form as may be prescribed by the legislative council. The legislative council shall set the time and place at which such budget data is to be presented.

Source. S.L. 1965, ch. 358, § 7; 1969, ch. 448, § 26; 1981, ch. 540, § 1; 1989, ch. 632, § 2; 2003, ch. 492, § 1.

Note. Section 54-44.1-07 is set out above to reflect a correction in the source note made by the state revisor.

DECISIONS UNDER PRIOR LAW

Budget As Official Record.

Budget As Official Record.

The budget of appropriations prepared by the auditor was an official record, of which the courts would take judicial notice. State ex rel. Wallace v. Jorgenson, 34 N.D. 527, 159 N.W. 35 (1916).

54-44.1-08. Budget report — Contents — When submitted to legislative assembly.

The official budget report must be transmitted by the governor to all holdover legislators and legislators-elect not later than three days after the commencement of the session of the legislative assembly. Such report is not a third-class item under section 46-02-05. The budget director shall provide for the duplication or other satisfactory reproduction or printing of the official budget report, so as to ensure delivery of same as provided in this section. Such reports must contain the budget and revenue proposals recommended by the governor and the information required in subsections 1, 2, 3, 5, and 6 of section 54-44.1-06 and all other data and information as the governor shall decide. The budget director shall make available any and all information regarding budget data to the governor, the legislative assembly and its designees, legislators, and to the governor-elect as may be requested. The governor may present any additional budget information in any manner to the legislative assembly as the governor may desire.

Source. S.L. 1965, ch. 358, § 8; 1967, ch. 393, § 1; 1973, ch. 430, § 1.

54-44.1-09. All expenditures must be appropriated.

All expenditures of the state and of its budget units of moneys drawn from the state treasury must be made under authority of biennial appropriations acts, which must be based upon a budget as provided by law, and no money may be drawn from the treasury, except by appropriation made by law as required by section 12 of article X of the Constitution of North Dakota.

Source. S.L. 1965, ch. 358, § 9.

54-44.1-09.1. Insurance recoveries appropriated.

Any payment to a state budget unit for a loss under chapter 26.1-22 or for any loss covered by any property and casualty insurance is hereby appropriated to that budget unit to be used solely for the repair, rebuilding, or replacement of the destroyed or damaged building, property, or equipment. Insurance proceeds may be used for purposes other than the repair, rebuilding, or replacement of the destroyed property with the approval of the emergency commission or as appropriated by the legislative assembly.

Source. S.L. 1997, ch. 460, § 1.

54-44.1-10. Payments made pursuant to law only.

No payment may be made and no obligation may be incurred against any appropriation unless such payment or obligation has been authorized as provided by law. Every official authorizing payments in violation of this chapter is subject to the penalties and provisions of chapter 12.1-23.

Source. S.L. 1965, ch. 358, § 10; 1977, ch. 496, § 1.

54-44.1-11. Office of management and budget to cancel unexpended appropriations — When they may continue. (Effective through July 31, 2011)

Except as otherwise provided by law, the office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. Unexpended appropriations for the North Dakota university system are not subject to this section and the North Dakota university system shall report on the amounts and uses of funds carried

over from one biennium to the next to subsequent appropriations committees of the legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.
4. The purchase of land by the state on a “contract for deed” purchase if the total purchase price is within the authorized appropriation.
5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.
6. Authorized ongoing information technology projects.

(Effective after July 31, 2011)

Office of management and budget to cancel unexpended appropriations — When they may continue. _ The office of management and budget, thirty days after the close of each biennial period, shall cancel all unexpended appropriations or balances of appropriations after the expiration of the biennial period during which they became available under the law. Unexpended appropriations for the state historical society are not subject to this section and the state historical society shall report on the amounts and uses of funds carried over from one biennium to the appropriations committees of the next subsequent legislative assembly. The chairmen of the appropriations committees of the senate and house of representatives of the legislative assembly with the office of the budget may continue appropriations or balances in force for not more than two years after the expiration of the biennial period during which they became available upon recommendation of the director of the budget for:

1. New construction projects.
2. Major repair or improvement projects.
3. Purchases of new equipment costing more than ten thousand dollars per unit if it was ordered during the first twelve months of the biennium in which the funds were appropriated.

4. The purchase of land by the state on a “contract for deed” purchase if the total purchase price is within the authorized appropriation.

5. Purchases by the department of transportation of roadway maintenance equipment costing more than ten thousand dollars per unit if the equipment was ordered during the first twenty-one months of the biennium in which the funds were appropriated.

6. Authorized ongoing information technology projects.

Source. S.L. 1965, ch. 358, § 11; 1979, ch. 563, § 1; 1983, ch. 555, § 6; 2001, ch. 28, § 27; 2003, ch. 3, § 37; 2005, ch. 23, § 6; 2005, ch. 523, § 1; 2005, ch. 524, § 1; 2005, ch. 540, § 1; 2007, ch. 478, § 1; 2009, ch. 157, § 4.

Effective Date. The 2009 amendment of this section by section 4 of chapter 157, S.L. 2009 became effective August 1, 2009.

The 2007 amendment of this section by section 1 of chapter 478, S.L. 2007 became effective March 8, 2007, pursuant to an emergency clause in section 2 of chapter 478, S.L. 2007.

Cross-References. Domestic violence prevention fund not subject to this section, see § 14-07.1-15.

Inapplicability to surface mining and reclamation fund, see § 38-14.1-39.

Judicial Review.

Judicial Review.

Any time an allotment is made reducing agency budgets, the actual availability of additional revenues will not be discerned until very late in the biennium, and there is a strong probability that the biennium will end, the thirty-day period specified in this section will run, and the appropriation will lapse and be canceled before a legal challenge in the courts can work its way through the trial and appellate court processes; accordingly, because the inherent nature of the appropriation and allotment process set forth in this chapter virtually assures repetition of this issue without a meaningful opportunity for judicial review, an appeal based upon the failure to transfer funds to meet certain appropriations will not be rendered moot simply because the appropriation had lapsed and been canceled. *North Dakota Council of Sch. Adm'rs v. Sinner*, 458 N.W.2d 280 (N.D. 1990).

54-44.1-12. Control over rate of expenditures.

The director of the budget shall exercise continual control over the execution of the budget affecting the departments and agencies of state government, with the exception of the legislative and judicial branches. Execution means the analysis and approval of all commitments for conformity with the program provided in the budget, frequent comparison of actual revenues and budget estimates, and on the basis of these analyses and comparisons control the rate of

expenditures through a system of allotments. The allotment must be made by specific fund and all departments and agencies that receive moneys from that fund must be allotted on a uniform percentage basis, except that appropriations to the department of public instruction for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. Before an allotment is made which will reduce the amount of funds which can be disbursed pursuant to an appropriation or before an allotment disallowing a specific expenditure is made, the director shall find one or more of the following circumstances to exist:

1. The moneys and estimated revenues in a specific fund from which the appropriation is made are insufficient to meet all legislative appropriations from the fund.

2. The payment or the obligation incurred is not authorized by law.

3. The expenditure or obligation is contrary to legislative intent as recorded in any reliable legislative records, including:

a. Statements of legislative intent expressed in enacted appropriation measures or other measures enacted by the legislative assembly; and

b. Statements of purpose of amendment explaining amendments to enacted appropriation measures, as recorded in the journals of the legislative assembly.

4. Circumstances or availability of facts not previously known or foreseen by the legislative assembly which make possible the accomplishment of the purpose of the appropriation at a lesser amount than that appropriated.

Source. S.L. 1965, ch. 358, § 12; 1967, ch. 394, § 1; 1987, ch. 647, § 1; 1995, ch. 522, § 1; 1999, ch. 35, § 33.

Constitutionality.

Duty of Director.

Constitutionality.

Since the legislature has not given the director of the budget power to make a law, but only the authority to execute the law within the parameters established by the legislature, this section does not constitute an unconstitutional delegation of legislative authority with regard to Article X, Section 12 of the Constitution. *North Dakota Council of Sch. Adm'rs v. Sinner*, 458 N.W.2d 280 (N.D. 1990).

Duty of Director.

This section specifically provides that the director of the budget may make an allotment which reduces available funds for an appropriation if one or more of the four guidelines is met. It does not, however, provide an express or implicit duty upon the director to “unallot” funds if the reason for the

allotment subsequently abates. North Dakota Council of Sch. Adm'rs v. Sinner, 458 N.W.2d 280 (N.D. 1990).

54-44.1-12.1. Implementation of legislative intent — Legislative objection to execution of budget — Effect of objection.

1. The budget section of the legislative management may object to any allotment made under section 54-44.1-12, any expenditure of a budget unit, or any failure to make an allotment or expenditure if the budget section determines that the allotment or expenditure or the failure to make an allotment or expenditure is contrary to legislative intent as recorded in any reliable legislative records. The budget section shall file that objection in certified form with the legislative council. The filed objection must contain a concise statement of the budget section's reasons for the objection.

2. The legislative council shall attach to each objection a certification of the time and date of the filing of the objection and, as soon as possible, shall transmit a copy of the objection and the certification to the director of the budget and the affected budget unit. The legislative council shall maintain a permanent register of all objections under this section.

3. Within fourteen days after the filing of an objection, the affected budget unit shall respond in writing to the budget section. After receipt of that response, the budget section may withdraw or modify its objection.

4. After the filing of an objection, the burden of persuasion is upon the budget unit in any action for judicial review of whether the allotment or expenditure or the failure to make an allotment or expenditure is contrary to law. If the budget unit fails to meet its burden of persuasion, the court shall render judgment against the budget unit for court costs. These court costs must include reasonable attorney's fees and must be payable from the appropriation of the budget unit.

Source. S.L. 1995, ch. 522, § 2; 2009, ch. 482, § 80.

Effective Date. The 2009 amendment of this section by section 80 of chapter 482, S.L. 2009 became effective August 1, 2009.

54-44.1-13. Budget requests for legislative and judicial branches.

The budget requests and expenditures for the legislative and judicial branches of this state are not subject to the provisions of this chapter and such budget requests must be submitted directly to the legislative assembly with informational copies of such budgets provided to the director of the budget not later than November fifteenth in each even-numbered year preceding a

session of the legislative assembly.

Source. S.L. 1965, ch. 358, § 13; 1991, ch. 617, § 1; 1993, ch. 527, § 1.

54-44.1-13.1. Apportionment of reductions in spending authority caused by an initiative or referendum action.

If as a result of any action taken pursuant to article III of the Constitution of North Dakota the moneys available in the state general fund or in any special fund in the state treasury are or will be reduced or eliminated, the director of the budget shall reduce the moneys available to all departments, agencies, and institutions for which moneys have been appropriated or are otherwise available from the affected fund for the current biennial period. The director of the budget shall reduce affected budgets by a percentage sufficient to cover the estimated losses caused by the initiative or referendum action, subject to the approval of the budget section of the legislative management. Notwithstanding the provisions of section 54-44.1-13, the authority to make reductions pursuant to this section applies equally to all entities of the executive, legislative, and judicial branches.

Source. S.L. 1987, ch. 648, § 1; 2009, ch. 482, § 98.

Effective Date. The 2009 amendment of this section by section 98 of chapter 482, S.L. 2009 became effective August 1, 2009.

54-44.1-14. Biennial report to legislative assembly.

The director of the budget or such member of that office as the director of the budget designates may prepare and transmit to the governor and, upon approval by the governor, may transmit to the members of the legislative assembly at least sixty days prior to the commencement of an ensuing legislative session a report which must contain definite and specific proposals and recommendations to accomplish the following purposes:

1. To simplify the governmental structure of the state so as to render it more economical and efficient.
2. To eliminate all obsolete and unnecessary offices, departments, institutions, boards, bureaus, and commissions of the state.
3. To consolidate the functions, services, and activities of state offices and agencies thereof so as to eliminate duplication of service and expense wherever it exists.
4. To correlate the functions and services of the several offices and agencies of the state government.

5. To eliminate obsolete methods, unnecessary functions and services carried on by the state government and to render those functions and services which are determined to be absolutely essential and more economical and efficient.

Source. S.L. 1965, ch. 358, § 14.

54-44.1-15. Indirect cost recoveries from federal programs and special funds.

The office of management and budget shall develop a statewide central service indirect cost allocation plan according to federal cost allocation principles. Any state agency receiving federal funds shall seek reimbursement from the federal programs for indirect costs appropriately allocated to the agency in the plan. Any recoveries of central service indirect costs must be deposited in the state general fund at least once annually by the agency as determined by the office of management and budget. The office of management and budget may exclude an agency or agencies from the requirements of this section.

The office of management and budget may bill special fund agencies for central service indirect costs as determined in the cost allocation plan in the ratio that the agency's special funds are to its total budget. Appropriation authority to cover the billings must be included in the budgets of the special fund agencies.

Source. S.L. 1987, ch. 649, § 1.

Note. Section 8 of chapter 35, S.L. 1999, effective July 1, 1999, provides:

INDIRECT COST ALLOCATION. Notwithstanding section 54-44.1-15 [this section], the department of public instruction may deposit indirect cost recoveries in its operating account."

54-44.1-16. Office of the budget and information technology department — New building construction cost-benefit analyses.

The office of the budget shall complete a cost-benefit analysis for each new building construction project included in budget requests submitted by state agencies, departments, and institutions. The analysis must review options for co-locating with other state agencies, departments, or institutions and consider information on related technology costs and savings. The office of the budget shall obtain the assistance of the information technology department, and that department shall review the technology costs and savings involved in the proposed building and provide the analysis to the office of the budget. The office of the budget shall report on the cost-benefit analyses for building projects included in the governor's budget recommendation to the legislative assembly at the same time as the governor's budget and revenue proposals are presented.

Source. S.L. 2001, ch. 15, § 28.

54-44.1-17. Bank of North Dakota transfers to the general fund — Restoration.

Notwithstanding section 54-27.2-02 and subject to the availability of funds in the general fund, at the end of the biennium the director of the budget shall return to the Bank of North Dakota any funds transferred from the Bank to the general fund in response to a projected shortfall of general fund revenues pursuant to a contingent authorization by the legislative assembly. The amount returned to the Bank as required by this section must be the amount of the contingent transfer or the unobligated balance of the general fund at the end of the biennium, whichever is less. For purposes of this section “at the end of the biennium” means after cancellation of unexpended appropriations under section 54-44.1-11.

Source. S.L. 2005, ch. 525, § 1.

54-44.1-18. Searchable database of expenditures.

1. By June 30, 2011, the director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium ending June 30, 2009:

- a.** Each budget unit making expenditures.
- b.** The amount of funds expended.
- c.** The source of the funds expended.
- d.** The budget program of the expenditure.
- e.** Any other information determined relevant by the director of the budget.

2. The director of the budget shall include the name and city of the recipient of each expenditure in the budget database website after the director has completed implementation of a business intelligence component to the state's financial reporting system.

3. The director of the budget may not include in the database any information that is confidential or exempt under state or federal law.

4. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget database website no later than thirty days after the data becomes available to the agency.

5. By January first of each even-numbered year, the director of the budget shall add data for

the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.

6. The budget database website may not redirect users to any other government website, unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search.

Source: S.L. 2009, ch. 46, § 35.

Effective Date. This section became effective July 1, 2009.

APPENDIX B

Section 13. [State debt]

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

Source: Const. 1889, Art. XII, § 182, as amended by art. amd. 31, approved Nov. 5, 1918 (S.L. 1919, ch. 85); art. amd. 42, approved Mar. 18, 1924 (S.L. 1923, ch. 178; 1925, p. 329); S.L. 1979, ch. 708, § 1, approved Nov. 4, 1980 (S.L. 1981, ch. 656).