

State of North Dakota **Legislative Appropriations 2015-17 Biennium**

Governor Jack Dalrymple

**Pam Sharp, Director
Office of Management and Budget**

**Sheila Peterson, Director
Fiscal Management**



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July 1, 2013

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Executive Director

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EXECUTIVE SUMMARY



Governor Jack Dalrymple’s budget recommendation for the 2015-17 biennium centered around funding budget priorities with a special emphasis on infrastructure, providing additional tax relief, and setting aside adequate reserves for the future. In his budget message, the Governor said, “This budget plan is ambitious, but we have once again taken great care to make sure we have developed a budget that is balanced and sustainable. We must always be cautious of overexpansion, a looming threat any time revenues are strong.” The budget recommendation included leaving \$3.47 billion in reserves, on-going spending that was \$361.0 million less than on-going revenues, one-time capital investments in infrastructure projects throughout the state, and \$408.0 million in additional 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:

- Dedicating \$1.35 billion for state highway maintenance;
- Increasing the county and city share of oil tax revenue making significantly more funds available to political subdivisions;
- Increasing public safety by providing \$90.0 million in the area of law enforcement alone;
- Dedicating \$1.32 billion to new and ongoing water projects;
- Providing \$250.0 million in property tax relief by continuing the county tax buy down and providing real property tax reform by consolidating and capping mill levies;
- Providing \$125.0 million in corporate and individual income tax relief;
- Increasing the homestead tax credit;
- Increasing funding by \$160.0 million for K-12 education;
- Providing \$472.9 million of new dollars for higher education;
- Supporting additional contributions to retirement funds for state employees;
- Improving emergency communication, supporting responsible energy development and commonsense environmental regulation;
- Adding dollars in support of mental health programming;
- Increasing reimbursement rates to healthcare providers; and
- Increasing the Housing Incentive Fund.

In total, the general fund budget recommendation was \$7.23 billion and the entire budget recommendation, including federal and special funds, was \$15.72 billion.

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

Changes from Executive Recommendation

The 2015 Legislative Assembly decreased the Governor’s budget by \$1.52 billion or 9.7 percent. The decreases are primarily due to the legislature choosing not to fund certain one-time projects proposed by the Governor. Some of these proposed projects included increased state highway enhancements, a Supreme Court renovation, and the construction of a new facility at the Missouri River Correctional Center. For other projects, such as the Wilson M. Laird Core and Sample Library and the Veterinary Diagnostic Lab, the funding source was changed from the general fund to special fund authority. These changes are summarized in the tables below:

Executive Budget Comparison to Total Legislative Appropriations for 2015-17			
	Executive Recommendation	Legislative Appropriations	Change
General Fund	\$ 7,232,580,330	\$ 6,026,162,678	\$(1,206,417,652)
Other Funds	8,489,450,631	8,174,234,116	(315,216,515)
Total	\$ 15,722,030,961	\$14,200,396,794	\$(1,521,634,167)

Comparison of Ongoing and One-time General Fund Changes to Executive Budget			
	Executive Recommendation	Legislative Appropriations	Change
Ongoing	\$ 5,003,343,373	\$ 4,852,498,820	\$ (150,844,553)
One-time	2,229,236,957	1,173,663,858	(1,055,573,099)
Total	\$ 7,232,580,330	\$ 6,026,162,678	\$(1,206,417,652)

2015-17 General Fund Budget

The estimated July 1, 2015 beginning balance in the general fund is \$697.4 million and revenues are projected to be \$5.64 billion during the 2015-17 biennium. Legislative appropriations from the general fund total \$6.03 billion for the biennium leaving an estimated June 30, 2017 ending balance of \$309.7 million. The following table shows the general fund budget summary for the 2015-17 biennium:

2015-17 General Fund Budget Status	
Estimated General Fund Beginning Balance	\$ 697,396,206 ¹
Estimated 2015-17 General Fund Revenues	5,638,508,192
Total General Fund Available	\$ 6,335,904,398
2015-17 General Fund Appropriations	(6,026,162,678)
Estimated General Fund Ending Balance	\$ 309,741,720 ²

¹ Estimated July 1, 2015 balance based on preliminary June 30, 2015 revenues and estimated remaining revenues using the 2015 legislative revenue forecast.
² Estimated General Fund balance for June 30, 2017.

Balances of Major Special Funds

Balances of Select Special Funds		
Fund	Estimated Balance June 30, 2015	Estimated Balance June 30, 2017
Legacy fund	\$ 3,250,983,817	\$ 4,472,508,090
Strategic Investments and Improvements fund	\$ 142,293,671	\$ 543,425,880
Budget Stabilization fund	\$ 572,485,454	\$ 572,485,454

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2013-15 AND 2015-17 LEGISLATIVE APPROPRIATIONS AND 2015-17 EXECUTIVE RECOMMENDATION

Agency	2013-15 Legislative Appropriation		2015-17 Executive Recommendation		2015-17 Legislative Appropriation	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
General Government						
Executive Branch						
101 Office of the Governor	\$4,033,873	\$4,033,873	\$4,433,155	\$4,433,155	\$4,499,475	\$4,499,475
108 Office of the Secretary of State	6,646,849	12,491,266	10,498,609	14,088,761	10,085,308	13,668,844
110 Office of Management and Budget	45,436,688	59,667,318	92,464,958	113,267,676	42,488,258	65,213,648
110 Office of Management and Budget Transfers	315,210,000	315,210,000				
112 Information Technology Department	21,254,428	170,928,981	33,848,358	186,050,151	27,905,987	179,619,026
117 Office of the State Auditor	8,473,489	11,510,407	9,472,746	13,053,129	10,461,832	13,967,702
120 Office of the State Treasurer	311,333,469	311,333,469	252,026,945	252,026,945	260,057,355	260,057,355
125 Office of the Attorney General	38,851,628	83,834,078	43,044,137	101,726,136	55,376,870	91,277,655
127 Office of the State Tax Commissioner	57,054,140	57,179,140	70,625,716	70,750,716	58,769,918	58,894,918
140 Office of Administrative Hearings		2,818,896		2,945,313		2,965,651
188 Comm on Legal Counsel for Indigents	11,923,410	14,421,276	18,950,750	20,866,854	18,304,103	20,411,017
190 Retirement and Investment Office		4,899,369		5,525,000		5,413,425
192 Public Employees Retirement System		7,650,450		9,856,218		9,496,373
Total Executive Branch	\$820,217,974	\$1,055,978,523	\$535,365,374	\$794,590,054	\$487,949,106	\$725,485,089
Legislative and Judicial Branches						
150 Legislative Assembly	\$13,921,971	\$13,921,971	\$16,056,565	\$16,056,565	\$15,885,367	\$15,885,367
160 Legislative Council	12,862,475	12,932,474	13,273,620	13,343,620	13,439,133	13,509,133
180 Judicial Branch	98,305,993	100,481,582	117,896,996	120,263,802	112,630,994	114,997,800
Total Legislative and Judicial Branches	\$125,090,439	\$127,336,027	\$147,227,181	\$149,663,987	\$141,955,494	\$144,392,300
Total General Government	\$945,308,413	\$1,183,314,550	\$682,592,555	\$944,254,041	\$629,904,600	\$869,877,389
Education						
Elementary, Secondary, and Other Education						
201 Department of Public Instruction	\$1,723,613,325	\$2,160,610,084	\$1,806,117,367	\$2,314,580,673	\$1,820,982,952	\$2,329,615,425
226 Land Department		247,506,969		103,458,424		148,243,153
250 State Library	5,875,988	8,270,133	7,094,707	9,546,882	6,773,655	9,212,406
252 School for the Deaf	7,799,379	10,370,566	10,676,619	12,974,650	9,140,590	10,829,800
253 ND Vision Services/School for the Blind	7,694,093	8,547,849	6,408,593	7,645,416	5,081,484	5,706,809
270 Dept. of Career & Technical Education	32,392,916	42,680,711	37,795,086	47,492,974	33,920,062	43,617,949
Total Elementary, Secondary, and Other Educ.	\$1,777,375,701	\$2,477,986,312	\$1,868,092,372	\$2,495,699,019	\$1,875,898,743	\$2,547,225,542
Higher Education						
215 North Dakota University System Office	\$162,045,136	\$164,345,048	\$165,213,670	\$167,224,886	\$154,629,019	\$159,640,235
227 Bismarck State College	45,706,327	52,371,327	41,838,192	42,438,192	38,155,826	38,755,826
228 Lake Region State College	18,234,648	18,234,648	19,402,810	19,402,810	16,635,979	16,635,979
229 Williston State College	26,321,661	28,821,661	15,679,852	15,679,852	12,748,265	12,748,265
230 University of North Dakota	230,556,333	327,043,595	270,579,565	276,579,565	240,445,904	246,445,904
232 UND Medical Center	56,505,634	56,505,634	66,577,396	66,577,396	71,437,396	71,437,396
235 North Dakota State University	171,193,784	211,013,140	173,771,314	185,371,314	157,410,540	169,010,540
238 ND State College of Science	47,279,714	48,629,714	73,530,401	73,530,401	58,029,764	58,029,764

STATE OF NORTH DAKOTA
APPROPRIATION COMPARISONS

2013-15 AND 2015-17 LEGISLATIVE APPROPRIATIONS AND 2015-17 EXECUTIVE RECOMMENDATION

<u>Agency</u>	<u>2013-15 Legislative Appropriation</u>		<u>2015-17 Executive Recommendation</u>		<u>2015-17 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	33,508,305	33,508,305	28,367,027	28,367,027	27,015,931	40,515,931
240 Mayville State University	22,387,066	22,387,066	19,428,420	19,428,420	16,739,145	16,739,145
241 Minot State University	48,940,641	60,742,426	53,004,928	53,004,928	48,758,181	48,758,181
242 Valley City State University	25,284,607	30,091,444	68,527,285	84,527,285	39,758,668	55,758,668
243 Dakota College at Bottineau	9,179,870	16,780,659	11,621,122	22,269,316	9,802,405	20,450,599
244 North Dakota Forest Service	5,486,189	7,136,189	5,362,339	7,012,339	5,007,844	6,657,844
Total Higher Education	\$902,629,915	\$1,077,610,856	\$1,012,904,321	\$1,061,413,731	\$896,574,867	\$961,584,277
Total Education	\$2,680,005,616	\$3,555,597,168	\$2,880,996,693	\$3,557,112,750	\$2,772,473,610	\$3,508,809,819
Health and Human Services						
301 ND Department of Health	\$46,001,508	\$185,569,942	\$62,694,635	\$203,412,266	\$51,521,680	\$195,692,644
305 Tobacco Control Advisory Committee		15,815,828		16,109,756		16,548,039
313 Veterans Home	7,722,353	24,152,153	9,399,650	25,683,952	8,697,725	23,712,023
316 Indian Affairs Commission	1,027,558	1,027,558	1,245,106	1,245,106	1,217,245	1,217,245
321 Department of Veterans Affairs	1,715,703	1,715,703	1,572,448	1,865,381	1,612,495	1,900,513
325 Department of Human Services	1,171,116,129	2,949,452,594	1,385,967,182	3,646,706,208	1,332,202,833	3,577,971,750
360 Protection and Advocacy Project	2,531,562	5,765,174	3,848,976	7,369,010	3,034,111	6,466,964
380 Job Service North Dakota	2,030,235	79,827,763	2,121,804	73,825,150	2,116,191	72,584,057
Total Health and Human Services	\$1,232,145,048	\$3,263,326,715	\$1,466,849,801	\$3,976,216,829	\$1,400,402,280	\$3,896,093,235
Regulatory						
401 Office of the Insurance Commissioner		\$26,377,090		\$28,511,574		\$28,246,346
405 Industrial Commission	\$22,494,125	63,467,917	\$47,590,537	64,617,859	\$34,966,173	65,585,942
406 Office of the Labor Commissioner	1,847,425	2,285,351	3,405,047	3,842,879	2,511,761	2,949,593
408 Public Service Commission	7,091,740	20,479,209	9,932,210	24,492,648	7,935,207	22,235,782
412 Aeronautics Commission	6,550,000	19,013,427	1,000,000	11,339,376	1,000,000	11,322,827
413 Dept. of Financial Institutions		7,580,217		8,579,908		8,455,767
414 Securities Department	2,127,782	2,297,782	2,349,174	2,519,174	2,237,326	2,407,326
471 Bank of North Dakota		103,150,147		60,163,693		76,287,301
473 North Dakota Housing Finance Agency	15,400,000	57,907,491	20,000,000	57,742,527		37,520,089
475 North Dakota Mill and Elevator		52,123,557		64,825,750		64,315,898
485 Workforce Safety and Insurance		63,322,422		70,443,045		68,865,170
Total Regulatory	\$55,511,072	\$418,004,610	\$84,276,968	\$397,078,433	\$48,650,467	\$388,192,041
Public Safety						
504 Highway Patrol	\$47,608,042	\$61,000,584	\$71,885,849	\$88,633,007	\$46,656,563	\$59,719,104
530 Department of Corrections & Rehab	180,915,389	217,050,311	250,606,928	288,615,960	215,387,242	253,749,948
540 Adjutant General	31,150,829	280,995,426	40,109,295	246,618,402	33,033,118	241,185,645
Total Public Safety	\$259,674,260	\$559,046,321	\$362,602,072	\$623,867,369	\$295,076,923	\$554,654,697

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2013-15 AND 2015-17 LEGISLATIVE APPROPRIATIONS AND 2015-17 EXECUTIVE RECOMMENDATION

<u>Agency</u>	<u>2013-15 Legislative Appropriation</u>		<u>2015-17 Executive Recommendation</u>		<u>2015-17 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>
<u>Agriculture and Economic Development</u>						
601 Dept of Commerce	\$64,457,060	\$139,820,082	\$71,029,318	\$142,104,395	\$56,203,701	\$131,373,174
602 North Dakota Department of Agriculture	9,519,217	25,273,808	11,074,075	30,850,416	13,081,056	34,799,109
627 Upper Great Plains Transportation Institute	4,076,824	26,529,787	3,363,213	21,753,047	4,847,099	23,022,756
628 Branch Research Centers	17,585,702	33,586,785	20,257,379	40,161,326	20,073,447	40,065,577
630 NDSU Extension Service	28,909,265	53,757,074	30,841,473	57,161,753	29,788,188	55,614,896
638 Northern Crops Institute	2,064,861	3,862,022	2,146,696	3,900,486	2,102,158	3,849,893
640 NDSU Main Research Center	58,606,521	111,660,237	77,521,988	134,906,053	59,067,612	137,166,137
649 Agronomy Seed Farm		1,471,759		1,533,277		1,521,007
665 North Dakota State Fair	3,296,000	3,296,000	2,320,000	2,320,000	1,070,000	1,070,000
670 Racing Commission	389,244	555,651	424,523	583,253	415,004	573,734
Total Agriculture and Econ Dev	\$188,904,694	\$399,813,205	\$218,978,665	\$435,274,006	\$186,648,265	\$429,056,283
<u>Natural Resources</u>						
701 State Historical Society	\$15,481,811	\$18,703,775	\$24,989,486	\$28,502,397	\$21,592,039	\$28,366,940
709 Council on the Arts	1,504,102	3,249,019	1,989,221	3,734,688	1,744,723	3,490,190
720 Game and Fish Department		67,553,639		77,808,277		77,231,739
750 Department of Parks and Recreation	20,032,338	31,808,069	49,189,311	63,955,050	33,294,213	48,157,048
770 State Water Commission		859,045,805		1,426,823,848		1,158,935,836
Total Natural Resources	\$37,018,251	\$980,360,307	\$76,168,018	\$1,600,824,260	\$56,630,975	\$1,316,181,753
<u>Transportation</u>						
801 Department of Transportation	\$1,464,020,000	\$3,384,799,434	\$1,460,115,558	\$4,187,403,273	\$636,375,558	\$3,237,531,577
Total Transportation	\$1,464,020,000	\$3,384,799,434	\$1,460,115,558	\$4,187,403,273	\$636,375,558	\$3,237,531,577
TOTAL ALL BUDGETS	\$6,862,587,354	\$13,744,262,310	\$7,232,580,330	\$15,722,030,961	\$6,026,162,678	\$14,200,396,794

¹¹ 2015-17 Legislative appropriation to OMB includes:
 - \$5,000,000 for the health insurance pool for temporary employees
 - \$4,490,000 Targeted Market Equity Pool
 - \$7,965,000 for the energy development impact funding pool

¹² DOT Includes:
 - Executive Recommendation:
 -- (SB 2126) \$550,000,000 transfer from General Fund to Highway Fund
 -- (SB 2015) \$904,115,558 transfer from General Fund to Highway Fund
 -- (SB 2015) \$5,000,000 transfer from General Fund to Special Roads Fund
 - 2015-17 Legislative Appropriation:
 -- (HB 1012) \$506,375,558 transfer from General Fund to Highway Fund
 -- (SB 2015) \$18,000,000 transfer from General Fund to Highway Fund
 -- (HB 1176) \$112,000,000 for distributions to non-oil-producing counties

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
101 Governor's Office		
Transition	\$ 65,000	\$ 65,000
Temporary Housing Stipend (SB 2304)	-	50,000
ITD Desktop Support (HB 1021)	-	45,200
Agency Total	\$ 65,000	\$ 160,200
108 Secretary of State		
Technology Project	\$ 3,050,000	\$ 3,050,000
Agency Total	\$ 3,050,000	\$ 3,050,000
110 OMB		
Mailroom Equipment	\$ 30,000	\$ 30,000
Student Internship	50,000	50,000
Facilities Extraordinary Repairs	2,175,000	175,000
Prairie Public Projects	1,500,000	-
Signage on the Capitol Grounds	1,400,000	-
West Parking Lot Repair	1,300,000	50,000
Supreme Court Building	40,000,000	-
ACA Health Insurance	5,000,000	2,500,000
Facility Management Projects	-	1,825,009
Energy Pool	6,200,000	2,400,000
Agency Total	\$ 57,655,000	\$ 7,030,009
112 ITD		
ETC Grants	\$ 1,050,000	\$ 1,050,000
SLDS Build-out	4,500,000	1,250,000
CJIS Projects	1,000,000	-
Statewide Radio Coordination (SB 2016)	-	1,500,000
Agency Total	\$ 6,550,000	\$ 3,800,000
120 State Treasurer		
Property Tax Relief	\$ 250,000,000	\$ 250,000,000
IT Costs	-	73,699
Non Oil Producing Political Subdivisions (HB 1012)	\$ -	8,000,000
Agency Total	\$ 250,000,000	\$ 258,073,699
125 Attorney General		
Undercover Vehicles	\$ 220,000	\$ 132,000
BCI Surveillance Vehicles	-	66,667
Criminal Justice Information Sharing System	-	1,250,000
Target Equity Criminal Investigators	-	1,026,301
Intellectual Property Attorney/Contracted Legal Services (HB 1003)	-	700,000
Human Trafficking Treatment and Support Services Grants (SB 2199)	-	500,000
Agency Total	\$ 220,000	\$ 3,674,968

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
127 Tax Department		
Scanners	\$ -	\$ 8,000
Agency Total	\$ -	\$ 8,000
150 Legislative Assembly		
One-time Funding for Information Technology	\$ 806,810	\$ 603,050
One-time Funding for Committee Rooms	500,000	400,000
Legend Maintenance	-	191,760
Council of State Governments Conference	-	350,000
New Legislative Meeting Room Furnishings (SB 2015)	-	160,000
Agency Total	\$ 1,306,810	\$ 1,704,810
160 Legislative Council		
2015-17 One-Time Funding	\$ 215,460	\$ 215,460
Incarceration Issues Study Consultant Fees	-	50,000
Oil and Gas Tax Incentive Study Contacting Fees (SB 2015)	-	400,000
Agency Total	\$ 215,460	\$ 665,460
180 Judicial Branch		
Equipment over \$5,000	\$ 1,384,000	\$ 220,000
IT-Disaster Recovery Site	2,171,672	2,000,000
Supreme Court Facility Space Expansion	1,107,227	1,149,377
Criminal Case eFiling Initiation	99,000	99,000
Juvenile Case Management System Replacement	1,782,410	-
IT Equipment	-	924,460
Remodeling Project in Judicial Wing (SB 2015)	-	65,693
Agency Total	\$ 6,544,309	\$ 4,458,530
188 Commission on Legal Counsel for Indigents		
ITD Desktop Support (HB 1021)	\$ -	\$ 122,275
Agency Total	\$ -	\$ 122,275
201 Department of Public Instruction		
Rapid Enrollment Grants	\$ 14,800,000	\$ 14,800,000
ND Museum of Art Vehicle	20,000	-
Civics Education Grant	-	200,000
Cardiopulmonary Resuscitation Training Grants	-	450,000
Free or Reduced Meals IT	-	30,000
Agency Total	\$ 14,820,000	\$ 15,480,000

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
215 NDUS		
Open Education Resources Initiative	\$ 220,000	\$ 110,000
Systemwide Deferred Maintenance Pool	5,000,000	8,700,000
CTS Technology Projects	2,821,500	2,821,500
ND Higher Education Challenge Grant (HB 1151)	29,000,000	21,000,000
Office Operations - Contingent	-	1,000,000
Campus Security Pool (for distributions to NDUS institutions)	-	3,000,000
Email retention (HB 1051)	-	350,000
ITD Desktop Support (HB 1021)	-	81,750
Agency Total	\$ 37,041,500	\$ 37,063,250
227 Bismarck State College		
Campus Infrastructure	\$ 1,575,000	\$ 1,575,000
Campus Security	525,000	-
Special Assessment Payoff	1,357,600	-
Agency Total	\$ 3,457,600	\$ 1,575,000
228 Lake Region State College		
Electrical and Window Replacement	\$ 1,648,423	\$ 1,648,423
Campus Security	456,975	-
Agency Total	\$ 2,105,398	\$ 1,648,423
229 Williston State College		
Campus Security	\$ 866,250	\$ -
Special Assessment Payoff	285,000	-
Extraordinary Needs	-	2,500,000
Agency Total	\$ 1,151,250	\$ 2,500,000
230 University of North Dakota		
School of Medicine and Health Sciences Completion	\$ 62,000,000	\$ 62,000,000
Airport Apron Repairs	16,000,000	6,000,000
Campus Security	790,500	-
Special Assessment Payoff	241,585	-
ND Museum of Art Roof Repair	-	760,000
Agency Total	\$ 79,032,085	\$ 68,760,000
232 UND School of Medicine		
Healthcare Workforce Initiative Start-Up Costs	\$ 13,814,806	\$ 18,514,806
Agency Total	\$ 13,814,806	\$ 18,514,806
235 North Dakota State University		
Campus Security	\$ 840,000	\$ -
Special Assessment Payoff	1,591,426	-
Agency Total	\$ 2,431,426	\$ -

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
238 North Dakota State College of Science		
Campus Water and Sewer Infrastructure	\$ 13,298,000	\$ 13,298,000
Campus Security	294,750	-
Special Assessment Payoff	275,098	-
Fargo Campus Expansion	5,000,000	-
Agency Total	\$ 18,867,848	\$ 13,298,000
239 Dickinson State University		
Theodore Roosevelt Center Digitization	\$ -	\$ 800,000
Agency Total	\$ -	\$ 800,000
240 Mayville State University		
Campus Security	\$ 435,000	\$ -
Special Assessment Payoff	228,285	-
Agency Total	\$ 663,285	\$ -
241 Minot State University		
Campus Security	\$ 814,500	\$ -
Agency Total	\$ 814,500	\$ -
242 Valley City State University		
Heating Plant Replacement	\$ 14,289,000	\$ 14,289,000
Fine Arts Building	25,850,000	-
Campus Security	544,441	-
Special Assessment Payoff	243,238	-
Agency Total	\$ 40,926,679	\$ 14,289,000
243 Dakota College at Bottineau		
Nelson Science Center Repairs	\$ 1,098,789	\$ 1,098,789
Campus Security	448,875	-
Special Assessment Payoff	28,457	-
Agency Total	\$ 1,576,121	\$ 1,098,789
250 State Library		
Library Repair Grants	\$ 250,000	\$ 250,000
Agency Total	\$ 250,000	\$ 250,000
252 ND School for the Deaf		
Building Renovation	\$ 1,050,000	\$ -
Agency Total	\$ 1,050,000	\$ -
253 Vision Services - School for the Blind		
Building Improvements	\$ 1,000,000	\$ -
Agency Total	\$ 1,000,000	\$ -

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
270 Career and Technical Education		
CTE Equipment Grants	\$ 1,500,000	\$ -
ITD Desktop Support (HB 1021)	-	106,750
Agency Total	\$ 1,500,000	\$ 106,750
301 Health Department		
Environmental One-time	\$ 303,400	\$ 292,000
Immunization Rates One-time	179,100	-
Forensic Examiner One-time	64,000	44,000
Medical Cache	989,000	-
Agency Total	\$ 1,535,500	\$ 336,000
313 Veterans' Home		
Equipment	\$ -	\$ 130,830
Agency Total	\$ -	\$ 130,830
316 Indian Affairs Commission		
IT Hardware	\$ -	\$ 9,775
Agency Total	\$ -	\$ 9,775
321 Department of Veterans' Affairs		
Service Dogs	\$ -	\$ 50,000
ITD Desktop Support (HB 1021)	-	26,895
Agency Total	\$ -	\$ 76,895
325 Department of Human Services		
Eligibility Project (SB 2177)	\$ 14,012,167	\$ 14,012,167
Heating Plant Repairs - State Hospital	1,509,156	1,156,000
Heating Plant Repairs - LSTC	230,000	75,000
Surveillance Cameras	390,000	-
Central Air for Tompkins Building	557,606	-
6 Living Area Kitchens - LSTC	750,000	-
Equipment over \$5,000 - State Hospital	-	274,900
Equipment over \$5,000 - LSTC	-	200,000
Extraordinary Repairs - State Hospital	-	1,000,000
Extraordinary Repairs - LSTC	-	1,250,000
Window Replacement- LSTC	-	44,000
Assistive Technology Services (SB 2289)	-	160,000
Agency Total	\$ 17,448,929	\$ 18,172,067
380 Job Service North Dakota		
Oil and Gas Survey	\$ 80,000	\$ 80,000
Virtual One-Stop Application	109,500	9,500
Agency Total	\$ 189,500	\$ 89,500

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
405 Industrial Commission		
Core Library Expansion	\$ 16,033,942	
Aerial Photography	104,143	104,143
Contract Drilling Analysis	125,000	125,000
Possible Litigation with Federal Agencies	3,000,000	2,500,000
Digital Conversion	100,000	100,000
Migration to RBDMS.net	250,000	250,000
Lignite Research Council Grants	-	5,000,000
All-terrain vehicles	-	41,500
Agency Total	\$ 19,613,085	\$ 8,120,643
406 Department of Labor & Human Rights		
Retirement Leave Payouts	\$ 26,000	\$ -
Paperless System	56,135	56,135
Overtime	20,000	20,000
Agency Total	\$ 102,135	\$ 76,135
408 Public Service Commission		
Reclamation and Grain Litigation	\$ 414,000	\$ 414,000
Retirement Leave Payouts	99,507	-
Agency Total	\$ 513,507	\$ 414,000
414 Securities Department		
Retirement Leave Payouts	\$ 53,252	\$ -
Agency Total	\$ 53,252	\$ -
473 Housing Finance Agency		
Housing Incentive fund	\$ 20,000,000	\$ -
Agency Total	\$ 20,000,000	\$ -
504 Highway Patrol		
Mobile Radio Equipment	\$ 548,000	\$ 548,000
Outdoor Range Upgrade Project	70,000	70,000
LETA Phase II Project	24,090,000	-
Skid Car Training System	58,000	58,000
New Trooper Startup Costs	-	73,950
Agency Total	\$ 24,766,000	\$ 749,950
530 Department of Corrections and Rehabilitation		
NDSP Security Camera Upgrade	\$ 337,000	\$ 202,500
Equipment - One-Time	318,039	244,400
Extraordinary Repairs - One-Time	2,175,847	1,425,267
IT Modules	1,716,144	616,144
MRCC Project	29,550,000	-
DOCSTARS Maintenance	-	150,000
Agency Total	\$ 34,097,030	\$ 2,638,311

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
540 Adjutant General		
Purchase of Land at Veteran's Cemetery	\$ 69,500	\$ 69,500
Next Generation 911 Purchase	386,000	386,000
Microsoft SQL Enterprise for Computer Aided Dispatch (CAD)	90,000	90,000
Message Switch Test Server	70,000	70,000
Radio Tower Redundancy	80,000	80,000
Emergency Response Supplies	550,000	550,000
Grants to Fire Departments	3,000,000	-
Veteran's Bonus Program	500,000	500,000
Statewide Radio Communication Improvement Project	5,000,000	-
Firefighter Training Center	-	1,200,000
Joint training project (HB1018)	-	200,000
Agency Total	\$ 9,745,500	\$ 3,145,500
601 Commerce		
Base Retention Grants	\$ 1,500,000	\$ 1,500,000
Tourism Midwest Markets	1,000,000	1,000,000
Tribal College Grants	6,000,000	2,000,000
Entrepreneurial Centers and Vouchers	1,000,000	1,750,000
Homeless Shelter Grants	1,000,000	1,500,000
Pre-Kindergarten Community Grants	6,000,000	-
ND Safety Council Grant	2,000,000	-
Special Olympics Grant	2,000,000	-
Childcare Facility Grants	3,000,000	2,250,000
Find the Good Life Program	500,000	300,000
Research ND	8,000,000	4,500,000
Tourism Large Infrastructure Grants	750,000	750,000
Educators and Industry Externships	50,000	50,000
Unmanned Aerial System Grant	2,718,620	2,718,620
Workforce Enhancement Program	1,500,000	1,000,000
Tourism International	-	247,836
Agency Total	\$ 37,018,620	\$ 19,566,456
602 Department of Agriculture		
IT Analysis	\$ 150,222	\$ 150,222
Web Redesign	150,000	100,000
National Genomics Center	-	800,000
Federal Law Impact Review Fund (HB 1432)	-	1,500,000
Agency Total	\$ 300,222	\$ 2,550,222
627 Upper Great Plains Transportation Institute		
Road Study	\$ -	\$ 750,000
Agency Total	\$ -	\$ 750,000

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
628 Branch Research Centers		
Dust Issues Technical Support	\$ -	\$ 100,000
Langdon Research Center Land Purchase	-	175,000
Agency Total	\$ -	\$ 275,000
630 NDSU Extension Service		
Junior Master Gardener Program	\$ -	\$ 12,500
Agency Total	\$ -	\$ 12,500
640 Main Research Center		
Veterinary Diagnostic Lab	\$ 18,000,000	\$ -
Agronomy Lab at Central Grasslands Research Center	783,796	-
Utilities at Greenhouse	400,000	-
Seed Cleaning Plants	-	1,500,000
Rural Leadership Project	-	150,000
Flooded Lands Study	-	72,500
Agency Total	\$ 19,183,796	\$ 1,722,500
665 State Fair		
Asphalt Overlay Project	\$ 1,750,000	\$ 500,000
Agency Total	\$ 1,750,000	\$ 500,000
701 Historical Society		
One-time Technology Costs	\$ 100,650	\$ 100,650
Ft. Totten and Stutsman County Repairs	1,000,000	850,000
Electronic Records Project	264,000	264,000
Double Ditch	3,500,000	250,000
Traveling and Historic Sites Exhibits	-	300,000
Promotion Funding for Historical Events	-	200,000
Whitestone Hill Native Memorial	-	25,000
Dakota the Dinosaur	-	1,500,000
Agency Total	\$ 4,864,650	\$ 3,489,650
709 Council on the Arts		
Economic Impact Study	\$ 10,000	\$ -
American Indian Stories Exhibit	30,000	-
Agency Total	\$ 40,000	\$ -

One-Time Expenditures 2015-17

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
750 Parks & Recreation		
Trail Lease Renewals	\$ 200,000	\$ 200,000
One-time Equipment	300,000	300,000
Statewide Comprehensive Outdoor Recreation Plan	45,000	45,000
Repairs at Lewis & Clark Interpretive Center	75,000	75,000
Extraordinary Repairs at International Peace Garden	335,297	335,297
50th Anniversary	25,000	25,000
Retirement Leave Payouts	100,000	100,000
Park Improvement Plan	30,400,000	14,750,000
Web app for Snowmobile Registration/Renewals (SB 2015)	310,299	-
Community Grant Program	-	500,000
International Peace Garden Tower Demolition Project	-	200,000
Agency Total	\$ 31,790,596	\$ 16,530,297
801 Department of Transportation		
Motor Coach Reimbursement	\$ 1,000,000	\$ 1,000,000
Enhanced State Highway Investments	1,354,115,558	503,115,558
Enhanced State Highway Investments (SB 2015)	-	18,000,000
Roads to Recreational Areas	5,000,000	2,000,000
Distributions to Non Oil Producing Political Subdivisions (HB 1176)	100,000,000	112,000,000
Truck Size and Weight Harmonization Study	-	60,000
Agency Total	\$ 1,460,115,558	\$ 636,175,558
Total	\$ 2,229,236,957	\$ 1,173,663,758

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	2011-13 Legislatively Authorized FTE ¹	2013-15 Legislatively Authorized FTE	2015-17 Executive Recommendation	2015-17 Legislatively Authorized FTE	Change from 2013-15 to 2015-17
<u>General Government</u>					
<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	28.00	31.00	37.00	34.00	3.00
110 Office of Management and Budget \ ²	131.50	130.50	122.50	122.50	(8.00)
112 Information Technology Department \ ³	336.30	340.30	355.30	350.30	10.00
117 Office of the State Auditor	50.80	53.80	53.80	59.80	6.00
120 Office of the State Treasurer	7.00	8.00	8.00	8.00	0.00
125 Office of the Attorney General	204.00	213.50	238.00	250.00	36.50
127 Office of the State Tax Commissioner	134.00	134.00	138.00	136.00	2.00
140 Office of Administrative Hearings	5.00	5.00	5.00	5.00	0.00
188 Commission on Legal Counsel of Indigents	30.00	33.00	42.00	40.00	7.00
190 Retirement and Investment Office	18.00	19.00	19.00	19.00	0.00
192 Public Employees Retirement System	33.00	33.00	36.50	34.50	1.50
Total Executive Branch	995.60	1019.10	1073.10	1077.10	58.00
<i>Legislative and Judicial Branches</i>					
150 Legislative Assembly	0.00	0.00	0.00	0.00	0.00
160 Legislative Council	34.00	37.00	37.00	37.00	0.00
180 Judicial Branch	344.00	363.00	391.00	391.00	28.00
Total Legislative and Judicial Branches	378.00	400.00	428.00	428.00	28.00
<u>Education</u>					
<i>Elementary, Secondary, and Other Education</i>					
201 Department of Public Instruction	99.75	99.75	99.75	99.75	0.00
226 Department of Trust Lands	24.75	31.00	36.00	33.00	2.00
250 State Library	29.75	29.75	29.75	29.75	0.00
252 School for the Deaf	43.94	44.61	45.61	45.61	1.00
253 ND Vision Services/School for the Blind	29.50	30.00	30.00	30.00	0.00
270 Dept. of Career and Technical Education	27.50	27.00	26.50	26.50	(0.50)
Total Elementary, Secondary and Other Education	255.19	262.11	267.61	264.61	2.50
<i>Higher Education</i>					
215 North Dakota University System Office	100.31	112.91	114.99	104.39	(8.52)
227 Bismarck State College	126.96	126.96	136.53	133.53	6.57
228 Lake Region State College	40.22	40.22	53.19	50.19	9.97
229 Williston State College	44.15	44.15	49.96	49.96	5.81
230 University of North Dakota	642.20	633.60	630.20	630.20	(3.40)
232 UND Medical School	156.55	156.55	184.58	184.58	28.03
235 ND State University	495.21	491.21	537.10	537.10	45.89
238 ND State College of Science	171.87	171.87	169.80	168.30	(3.57)
239 Dickinson State University	100.32	100.32	120.26	120.26	19.94

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	2011-13 Legislatively Authorized FTE ¹	2013-15 Legislatively Authorized FTE	2015-17 Executive Recommendation	2015-17 Legislatively Authorized FTE	Change from 2013-15 to 2015-17
240 Mayville State University	62.78	62.78	69.23	66.23	3.45
241 Minot State University	201.76	201.76	204.10	204.10	2.34
242 Valley City State University	97.29	97.29	108.59	105.59	8.30
243 Dakota College at Bottineau	36.12	36.12	48.96	46.96	10.84
244 ND Forest Service	28.00	29.00	29.96	28.96	-0.04
Total Higher Education	2,303.74	2,304.74	2,457.45	2,430.35	0.00
Health and Human Services					
301 ND Department of Health	344.00	354.00	373.00	365.00	11.00
305 Tobacco Prevention and Control Committee	5.00	8.00	8.00	8.00	0.00
313 Veterans Home	120.72	120.72	120.72	120.72	0.00
316 Indian Affairs Commission	4.00	5.00	5.00	5.00	0.00
321 Department of Veterans Affairs	7.00	8.00	9.00	9.00	1.00
325 Department of Human Services	2,197.35	2,201.08	2,224.58	2,211.08	10.00
360 Protection and Advocacy Project	28.50	27.50	29.50	27.50	0.00
380 Job Service North Dakota	261.76	250.76	237.76	237.76	(13.00)
Total Health and Human Services	2,968.33	2,975.06	3,007.56	2,984.06	9.00
Regulatory					
401 Office of the Insurance Commissioner	49.50	49.50	49.50	49.50	0.00
405 Industrial Commission	76.06	98.75	121.75	121.75	23.00
406 Office of the Labor Commissioner	12.00	13.00	18.00	15.00	2.00
408 Public Service Commission	43.00	44.00	53.00	46.00	2.00
412 Aeronautics Commission	6.00	6.00	7.00	7.00	1.00
413 Dept. of Banking and Financial Institutions	29.00	29.00	30.00	30.00	1.00
414 Securities Department	9.00	9.00	9.00	9.00	0.00
471 Bank of North Dakota	176.50	179.50	181.50	181.50	2.00
473 North Dakota Housing Finance Agency	46.00	46.00	46.00	46.00	0.00
475 North Dakota Mill and Elevator Association	131.00	135.00	147.00	147.00	12.00
485 Workforce Safety and Insurance \ ³	247.14	250.14	262.14	260.14	10.00
Total Regulatory	825.20	859.89	924.89	912.89	53.00
Public Safety					
504 Highway Patrol	198.00	213.00	217.00	215.00	2.00
530 Department of Corrections and Rehabilitation	794.29	814.29	836.29	836.29	22.00
540 Office of the Adjutant General	242.00	246.00	234.00	234.00	(12.00)
Total Public Safety	1,234.29	1,273.29	1,287.29	1,285.29	12.00
Agriculture and Economic Development					
601 Department of Commerce	68.25	69.25	69.40	69.40	0.15
602 North Dakota Department of Agriculture	77.00	77.00	77.00	77.00	0.00
616 State Seed Department	30.00	0.00	0.00	0.00	0.00

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	2011-13 Legislatively Authorized FTE ¹	2013-15 Legislatively Authorized FTE	2015-17 Executive Recommendation	2015-17 Legislatively Authorized FTE	Change from 2013-15 to 2015-17
627 Upper Great Plains Transportation Institute	51.75	53.75	54.98	54.98	1.23
628 Branch Research Centers	103.04	107.04	114.94	113.94	6.90
630 NDSU Extension Service	256.26	258.26	265.91	263.91	5.65
638 Northern Crops Institute	12.00	12.00	12.00	12.00	0.00
640 NDSU Main Research Station	349.01	351.49	355.85	353.85	2.36
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	952.31	933.79	955.08	950.08	16.29
Natural Resources					
701 State Historical Society ²	63.00	69.00	81.00	78.00	9.00
709 Council on the Arts	5.00	5.00	5.00	5.00	0.00
720 Game and Fish Department	157.00	158.00	162.00	163.00	5.00
750 Department of Parks and Recreation	54.00	55.00	65.00	66.00	11.00
770 State Water Commission	87.00	90.00	100.00	97.00	7.00
Total Natural Resources	366.00	377.00	413.00	409.00	32.00
Transportation					
801 Department of Transportation	1,063.50	1,079.50	1,081.50	1,080.50	1.00
Grand Total FTE	11,342.16	11,484.48	11,895.48	11,821.88	211.79

NOTES:

\1 2011-13 Legislatively Authorized FTE includes positions authorized by the 2011 legislature during the November 2011 special session.

\2 For the 2015-17 biennium, the Legislature approved the executive recommendation to transfer 7.00 FTE from OMB to the Historical Society.

\3 For the 2013-15 biennium, the Legislature approved the executive recommendation to transfer 4.00 FTE from Workforce Safety and Insurance to the Information Technology Department.

EMPLOYEE COMPENSATION

The recommended compensation package provided funds for employee salary increases following the direction in the compensation philosophy statement from NDCC 54-44.3-01.2 enacted in 2011.

In accordance with the compensation philosophy, the appropriation recommendations are "...not provided as a statewide percentage increase..." but are rather "...based on dollar amounts determined necessary to provide competitive compensation..." The appropriation allocations were based on agency employees' relative position to the Market Policy Point (MPP) of their salary range and performance. Also, in accord with the compensation philosophy, OMB gathered updated market data to ensure relevant and current market comparisons.

To address salaries of classified employees below the Market Policy Point, dollars recommended in the budget were based on a range of 1.0 to 2.0 percent increase per year for employees in the lowest quartile of the pay range and up to 1.0 percent per year for employees in the second lowest quartile of the pay range. For employees in the third and fourth quartiles, which are above the Market Policy Point, no market policy increase was recommended in the Governor's budget.

In addition to the dollars recommended in the budget to address market policy, the executive budget recommendation included 3.0 to 5.0 percent for each year of the biennium for all employees, classified and unclassified, to be distributed based on the level of performance. Performance-based increases were recommended in a range for employees meeting to exceeding performance standards. Employees whose overall documented performance levels would not meet standards are not be eligible for any salary increase.

The legislature removed the dollars provided for Market Policy Point adjustments in the Governor's budget. The Legislative Assembly also reduced the funding for performance increases from 3.0 to 5.0 percent for each year of the biennium to 2.0 to 4.0 percent each year.

The following chart compares the Governor's 2015-17 budget recommendation, to the compensation package approved by the legislative body (changes noted in red font):

Executive Recommendation				
MPP Adjustments			Performance Increases	
2015 & 2016	Relativity to Market Policy Position*		+ Meets Standards	+ Exceed Standards
MPP +	0%	+	3.00%	5.00%
2 nd Qtl	0-1.0%			
1 st Qtl	1-2.0%			
Legislative Appropriation				
MPP Adjustments			Performance Increases	
2015 & 2016	Relativity to Market Policy Position*		+ Meets Standards	+ Exceed Standards
MPP +	0%	+	2.00%	4.00%
2 nd Qtl	0%			
1 st Qtl	0%			
*All Increases Contingent upon Performance Meeting Standards				

Targeted Market Equity

State agencies continue to face difficulties in recruiting and retaining select occupations. A special analysis of vacancies, turnover rates, variance from market policy point, and up-to-date market information for select occupations and small agencies was conducted. Select occupations identified in the analysis were law enforcement, education program professionals, environmental specialties, direct care staff, medical specialties, communication specialists and correctional officers.

In order to be more competitive in these hard to fill professions, a dollar amount which would allow these agencies to pay, on average, 98 percent of market, was included in the Executive Recommendation. The Governor’s budget recommendation totaled \$13.2 million of which \$12.2 million was from the general fund and \$1.0 million was other fund authority.

The legislature removed this funding from most agency budgets, with the exception of the Attorney General, Adjutant General, and Department of Corrections and Rehabilitation. These agencies received \$3.9 million in direct appropriations. The legislature also provided \$4.5 million in a “Targeted Market Equity Pool” within the Office of Management and Budget appropriation bill. The Targeted Market Equity Pool included \$3.8 million from the General Fund and \$740,000 of special fund authority. Five agencies were declared eligible for Targeted Market Equity Pool dollars.

The following table shows a breakdown of Targeted Market Equity funding approved by the Legislative Assembly and how these amounts compare to the Governor’s recommendation:

		Legislative Version			Executive Recommendation
		Included in Agency Budget Bills			Agency Budget Bills
		General	Other	Total	Total
125	AG	\$1,026,301	\$520,000	\$1,546,301	\$322,814
540	Adj Gen (Comm)	192,621	-	192,621	153,528
530	DOCR	2,126,442	-	2,126,442	2,126,442
	Subtotal	\$3,345,364	\$520,000	\$3,865,364	\$2,602,784
		Target Equity Pool Allocations			Agency Budget Bills
		General	Other	Total	Total
201	DPI	\$ -	\$ -	\$ -	\$332,932
	250 St Lib	-	-	-	181,121
	252 Sch Deaf	-	-	-	285,458
	253 Vis Svcs	-	-	-	215,939
270	CTE	-	-	-	209,202
301	Health	724,558	-	724,558	1,559,659
313	Vets Home	-	468,954	468,954	429,624
321	Vets Affairs	-	-	-	55,100
325	DHS	2,768,570	271,046	3,039,616	6,207,841
360	P&A	185,549	-	185,549	399,404
406	Labor	-	-	-	139,744
504	Adj Gen	71,323	-	71,323	-
701	Hist Soc	-	-	-	620,486
	Subtotal	\$3,750,000	\$740,000	\$4,490,000	\$10,636,510
	Total	\$7,095,364	\$1,260,000	\$8,355,364	\$13,239,294

Agencies will be provided with models and tools for planning distribution of salary increases but will also have appropriate flexibility to address their specific needs within the intent of the compensation philosophy. Salary increases are not to be given across the board.

Health Insurance

The Governor's recommended compensation package continued full health insurance for state employees and their families, which was approved and funded by the legislature. The total cost for health insurance is \$1,130.22 per month per employee. This is a \$148.54 or a 15.1 percent increase over last biennium.

The Patient Protection and Affordable Care Act (PPACA) requires employers to provide health insurance to temporary employees meeting certain criteria in the number of hours worked. A \$10.0 million pool had been included in the budget of the Office of Management and Budget to be distributed to agencies and institutions that provide health insurance to eligible temporary employees. However, due to low demand for this program, the Office of Management and Budget requested a reduction of this pool to \$5.0 million of which \$2.5 million is from the general fund and \$2.5 million is other fund authority.

Retirement

The executive budget recommended an increase in contributions to the retirement system of 2.0 percent on January 1, 2016. The proposal called for employees to pay 1.0 percent of the contribution increase and the employer, the State of North Dakota, to pay 1.0 percent of the contribution increase. The legislature did not approve this recommendation.

The legislature also endorsed plan design changes for new entrants to the plan. These changes include a rule of 90 with a minimum retirement age of 60 and an 8.0 percent per year reduction for early retirement for employees who retire prior to the rule or age 65.

2013 - 15 SUPPLEMENTAL APPROPRIATIONS

Supplemental appropriations were recommended and approved for agencies as follows:

- The Office of the Attorney General to cover a shortfall in prosecution witness fees - \$50,000 from the general fund.
- The Secretary of State to repay a Bank of North Dakota loan authorized for a computer project - \$950,000. An additional request approved was for the completion of a business process study - \$400,000. Both were from the general fund.
- Indigent Defense Council to cover a shortfall of \$700,000 due to increased caseloads. This appropriation is funded from the general fund. The legislature also added \$200,000 from the unspent portion of the state contingency fund bringing the total supplemental appropriation amount to \$900,000.
- Minot State University to cover the state share of costs and FEMA ineligible costs for the 2010 and 2011 floods totaling \$2.0 million. Of this amount, the legislature approved \$1.8 million from the general fund.
- The Department of Health - \$470,900 for the local public health vaccine purchasing program was approved from the general fund. An additional \$250,000 from the general fund was added by the legislature for EPA litigation expenses.
- Valley City State University was recommended \$3.5 million from the general fund of which \$152,000 was to demolish the retired science building and \$3.3 million for the campus' share of the permanent flood protection for Valley City. The legislature reduced the \$3.3 million to \$3.0 million and changed the source of funds to the disaster relief fund.
- Department of Corrections and Rehabilitation to repay a \$1.1 million Bank of North Dakota loan and interest costs used for the North Dakota State Penitentiary building project funded from the general fund.
- Williston State College \$50,000 to repair the roof of the boiler building, funded from the general fund.
- The Adjutant General to repay a \$5.0 million Bank of North Dakota loan for the state's share of disaster costs, funded from the disaster relief fund.

Additional supplemental appropriations approved by the legislature are as follows:

- Parks and Recreation - \$125,000 from the general fund for Lewis and Clark Interpretive Center operating costs.
- Department of Veterans' Affairs - \$380,000 of federal funds for transportation services to veterans.
- Department of Human Services - \$87.0 million federal funds for medical assistance grants.

In order to meet the state's needs resulting from increased oil production, additional early appropriations were proposed and adopted:

- The executive recommendation included \$873.0 million to "jump start" the 2015 construction season, and consisted of \$573.0 million from the general fund, and \$300.0 million from the strategic investments and improvements fund.
- The legislative proposal would have provided \$845.0 million of "surge" funding from the strategic investments and improvements fund.
- Ultimately, the Legislative Assembly approved, and the Governor signed, an early funding package which included components of both the "jump start" recommendation and the "surge" proposal. The final bill appropriated \$1.1 billion from the strategic investments and improvements fund - of which \$298.0 million was to be made available during the 2013-15 biennium and the remainder during the 2015-17 biennium.

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, while 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***2013-15**

The 2013-15 biennium began with a general fund balance of \$1.65 billion. Preliminary collections through June 30, 2015 exceed the original 2013 legislative forecast by \$322.1 million, or 5.9 percent. Leading this growth are individual and corporate income tax collections, which exceed the legislative forecast by \$252.4 million and \$57.5 million, respectively. Sales tax collections total \$2.48 billion, which is consistent with the legislative forecast. General fund revenues are estimated to be \$5.80 billion for the 2013-15 biennium.

Total general fund expenditures are estimated to be \$6.75 billion, including \$6.3 million in supplemental appropriations authorized by the 2015 legislature and \$55.0 million of 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, 2015, ending general fund balance, before transfers, is projected to be \$697.4 million.

2015-17

Comparing revenues between bienniums is often difficult due to significant variations in transfers and tax rates. For example, significant individual and corporate income tax reductions have been approved during the 2009, 2011, 2013, and 2015 legislative sessions.

Comparing the 2013-15 biennium revised forecast to the 2015-17 legislative forecast:

- **Sales tax** collections, the state's largest tax source, are expected to grow by \$369.5 million, or 14.8 percent.
- **Motor vehicle excise tax** collections are expected to grow by \$30.8 million, or 10.8 percent.

- **Individual income tax** collections are expected to decline by \$166.8 million or 17.9 percent. However, the 2015 legislature approved Senate Bill 2349, which provides for a \$87.0 million reduction in individual income taxes during the 2015-17 biennium.
- **Corporate income tax** collections are anticipated to decline by \$90.8 million or 19.7 percent. This reduction is primarily related to the net effect of two bills: Senate Bill 2349, which lowers corporate income tax rates, and Senate Bill 2292, which authorizes corporations to elect alternative methods for apportioning business income.
- **Insurance premium taxes** are anticipated to increase from \$84.9 million to \$91.8 million, or 8.1 percent.
- **Oil and gas taxes** deposited in the general fund will remain at \$300.0 million, the statutory limit based on NDCC Section 57-51.1-07.5.
- **Interest income** is anticipated to increase from \$19.9 million to \$21.0 million, primarily due to interest income from the budget stabilization fund. This is a 5.4 percent increase.
- **Mineral leasing fees** are mineral leasing and royalty revenue shared between the state and federal government on federal lands within the state. State revenues are then shared equally with the counties in which the minerals are located. Revenues are volatile and subject to fluctuations based on availability of tracts for lease, oil price, and level of production. Due to an estimated sharp decline in the price and production of oil, the 2015-17 forecast for mineral leasing fees was reduced to \$19.7 million, a 49.1 percent decrease from the 2013-15 revised forecast.
- The dollar cap for the **State Mill Profits transfer** was not continued in the 2015-17 biennium. This resulted in a \$13.8 million transfer, which is nearly \$7.0 million more than the 2013-15 transfer.

- The **Tax Relief fund** was created by the 2009 legislature to set aside funding for the continuation of the property tax relief program. A portion of oil tax revenues and other funds determined by the legislature are deposited into the fund. For the 2015-17 biennium, \$657.0 million will be transferred to the general fund.

Based on the May 2015 legislative revenue forecast, the July 1, 2015, general fund balance was projected to be \$598.7 million. However, preliminary June 30, 2015 revenues are higher than projected in the legislative forecast. As a result, the general fund will begin the 2015-17 biennium with a higher balance than initially thought. The June 30, 2015, general fund balance is currently estimated to be \$697.4 million, \$98.7 million higher than estimated at the close of the 2015 legislative session. The legislative budget assumes a June 30, 2017 ending balance of \$211.0 million. Current estimates, adjusted to reflect additional revenues received during the 2013-15 biennium, provide for a June 30, 2017 ending balance of \$309.7 million.

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 \$8.17 billion other funds appropriation includes the following:

Federal funds	\$ 3.64 billion
Special funds	<u>4.53</u> billion
Total other funds	\$ 8.17 billion

Federal funds represent 25.6 percent of the legislative budget. 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 31.9 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 Department of Trust Lands, 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.

Economic Outlook

Moody's Analytics, the state's economic forecasting consultant, predicts that "North Dakota will remain a top performer thanks to a historic oil boom and prudent management of the state's economy. A sustained lull in prices creates major risk to the long-term pace of growth, but the state and its major industries are better-positioned than most other energy-producing states to cope with changing market fundamentals." (Précis U.S. State, February 2015) In recent years, North Dakota has led the nation in personal income growth and employment growth, and has enjoyed the nation's lowest unemployment rate. Moody's predicts total employment in North Dakota will continue to grow at an annual rate from 1.6 to 3.5 percent during the 2015-17 biennium, compared to average growth of 2.2 to 2.3 percent nationally. During that time, North Dakota's unemployment rate is projected to remain at historically low levels between 2.8 and 2.9 percent, compared to an estimated 4.8 to 5.4 percent nationally. Personal income is expected to grow between 3.3 and 7.3 percent per year in North Dakota compared to growth of 3.8 to 4.2 percent nationally.

Moody's uses its economic models and expertise to forecast changes in the state's tax bases which, when used in conjunction with the appropriate tax rates, are the basis of the state's revenue forecast. The Moody's forecast assumes the following:

- Taxable sales and purchases will grow by 5.0 percent in fiscal year 2016 and 8.2 percent in fiscal year 2017.
- Motor vehicle taxable sales will grow by 8.2 percent in fiscal year 2016 and 2.9 percent in fiscal year 2017.
- Nonfarm adjusted gross income will grow by 2.1 percent in calendar year 2015 and by 6.9 percent in calendar year 2016.
- Farm adjusted gross income will grow by 5.5 percent in calendar year 2015 and by 6.5 percent in calendar year 2016.

- Corporate taxable income will grow by 2.9 percent in calendar year 2015 and by 3.7 percent in calendar year 2016.

Oil and Gas Taxes

2013-15 Biennium

Energy production continued to grow at a rapid pace for much of the 2013-15 biennium, however, a sharp decline in the price of oil caused exploration activities to slow during the final months of the biennium. Nonetheless, oil and gas extraction and production tax collections have continued to grow from those of the previous biennium. The legislative forecast assumes prices will average \$39 per barrel for the remaining months of the biennium (April through June); the actual average price during this period has been around \$46 per barrel through the end of May. Meanwhile, production has been slightly higher than 1.1 million barrels per day as assumed in the legislative forecast. The actual monthly average production through May has been just short of 1.2 million barrels per day with one month remaining in the biennium.

The legislative forecast anticipated the "big trigger" going into effect on June 1, which would have effectively eliminated the oil extraction tax. However, due to a recovery in the price of oil for the month of May, the "big trigger" will not go into effect.

Based on actual collections through June 30, 2015, oil extraction and gross production tax allocations are projected to total \$5.98 billion during the 2013-15 biennium, allocated as shown on the table at the end of this section.

2015-17 Biennium

Oil prices are anticipated to range from \$47 to \$53 per barrel during the 2015-17 biennium, and production is assumed to remain constant at 1.1 million barrels per day throughout the biennium as well. The legislative forecast had assumed the "big

trigger” in effect for the first 11 months of the biennium and oil and gas tax collections were forecasted to total \$3.43 billion. Since the trigger did not go into effect as anticipated, the “adjusted” estimate for oil and gas tax collections is now \$3.96 billion.

The 2015 legislature enacted several changes affecting the allocation and rates of oil and gas taxes:

- **HB 1476** – Imposes a 5.0 percent oil extraction tax rate beginning January 1, 2016 and removes triggered incentive provisions. The bill also adds a new trigger to increase the oil extraction tax rate to 6.0 percent when the average price of oil exceeds \$90 per barrel for 3 consecutive months.
- **HB 1176** – This bill changed the allocation of gross production taxes between the state and political subdivisions to provide that political subdivisions receive 100 percent of the first \$5.0 million in annual revenue and 30 percent of all revenue in excess of \$5.0 million. This change will result in \$133.0 million additional revenue for the counties, cities, and school districts while decreasing revenues in the state’s strategic investment and improvements fund by the same amount. Finally, the bill also directs \$140.0 million to the oil and gas impact grant fund.
- **HB 1377** – Changes the name of the property tax relief sustainability fund (to simply the “tax relief fund”) and decreases the allocation to the fund from \$341.8 million to \$300.0 million. The bill also removes the transfer of 25.0 percent of the revenue from the strategic investment and improvements fund to the legacy fund, provides that the state disaster relief fund does not receive oil and gas tax allocations if the unobligated balance in the fund exceeds \$12.0 million, and provides an allocation of 30.0 percent of the remaining revenue to the newly created political subdivision allocation fund with the remaining 70.0 percent allocated to the strategic investments and improvements fund.
- **HB 1032** – Increases from \$5.0 million to \$7.5 million per fiscal year, the allocation to the abandoned oil and gas well plugging and site reclamation fund.
- **HB 1409** – Increases the funding for the outdoor heritage fund from 4.0 percent to 8.0 percent of the one-fifth share of the oil and gas gross production tax. The current maximum allocation of \$15.0 million per fiscal year, and \$30.0 million per biennium is changed to \$20.0 million per year and \$40.0 million per biennium.

2013-15 and 2015-17 Estimated Oil Tax Allocations

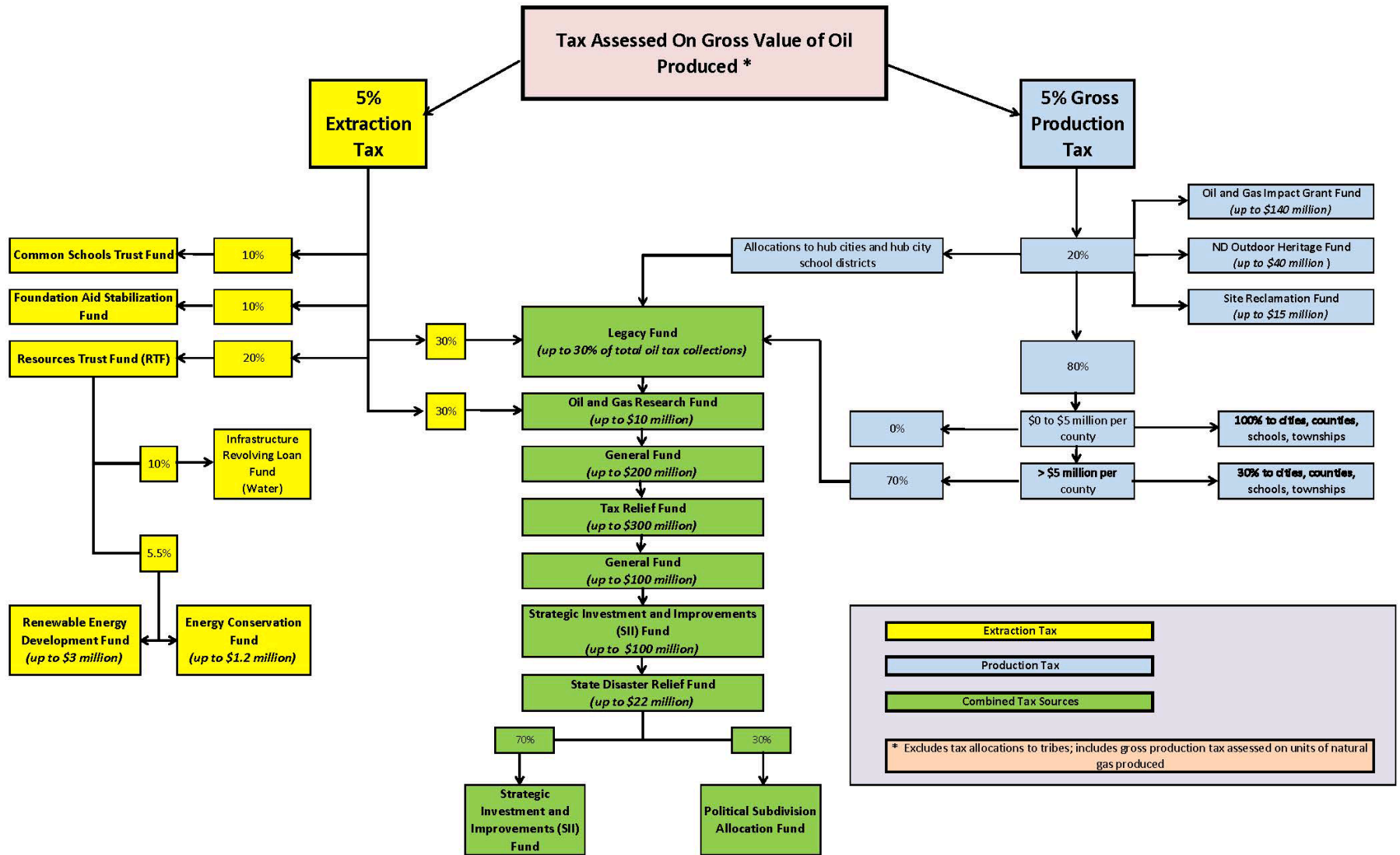
	Estimated \1	Legislative \2	Adjusted \3
	2013-15	2015-17	2015-17
Oil and Gas Impact Grant Fund	\$ 240,000,000	\$ 140,000,000	\$ 140,000,000
Oil and Gas Research Fund	10,000,000	10,000,000	10,000,000
Counties and Cities	661,706,683	630,487,015	636,344,333
Tribal Allocations	439,811,697	265,075,756	301,869,688
ND Outdoor Heritage Fund	18,478,566	27,502,640	27,401,685
Legacy Fund	1,842,167,838	950,597,208	1,097,524,273
Foundation Aid Stabilization Fund	279,240,486	134,229,638	176,963,783
Common Schools Trust Fund	279,240,486	134,229,638	176,963,783
Resources Trust Fund	554,280,977	264,259,277	349,727,567
Renewable Energy Development Fund	3,000,000	3,000,000	3,000,000
Energy Conservation Fund	1,200,000	1,200,000	1,200,000
General Fund	300,000,000	300,000,000	300,000,000
Tax Relief Fund	341,790,000	300,000,000	300,000,000
State Disaster Fund	22,000,000	16,420,000	16,422,400
Well Plugging and Site Reclamation Fund	10,000,000	10,000,000	13,976,986
Political Subdivision Allocation Fund	-	44,019,583	92,666,830
Strategic Investment & Improvements Fund	977,975,280	202,712,361	316,222,602
Total Oil and Gas Taxes	\$ 5,980,892,013	\$ 3,433,733,116	\$ 3,960,283,930

\1 Preliminary revenue estimates through June 30, 2015, based on the May 2015 legislative revenue forecast.

\2 The 2015-17 Legislative forecast assumed the "big trigger" in effect for the first 10 months of the biennium. However, the average price for May 2015 was above the trigger price and essentially eliminated the possibility of the "big trigger" going into effect.

\3 Because the "big trigger" did not go into effect as originally assumed in the 2015-17 legislative forecast, oil and gas tax revenues were adjusted to reflect this change from the legislative forecast. The tax rates and allocations used also reflect various bills enacted during the 2015 legislative session which changed the collections and allocations of certain oil and gas taxes.

OIL EXTRACTION AND PRODUCTION TAX ALLOCATIONS - 2015-17 BIENNIUM



2015-17 Agency Fund Matrix

Agency	General Fund	Major Special Funds ¹¹						Other Special Funds ¹²							Non-Major Special Funds	Federal Funds
		ITD	DPI	Energy Impact Grant	DHS	Water Comm	Highway	Bonding	Community Health Trust	Disaster Relief	Fire and Tornado	Health Care Trust	Strategic Invest & Improve	Tobacco Prevent & Ctrl Trust		
General Government																
Executive Branch																
101 Office of the Governor	X															
108 Office of the Secretary of State	X															
110 Office of Management and Budget	X															
110 Office of Management and Budget Transfers	X															
112 Information Technology Department (ITD)	X	X														
117 Office of the State Auditor	X															
120 Office of the State Treasurer	X															
125 Office of the Attorney General	X											X				
127 Office of the State Tax Commissioner	X															
140 Office of Administrative Hearings																
188 Comm on Legal Counsel for Indigents	X															
190 Retirement and Investment Office																
192 Public Employees Retirement System																
Legislative and Judicial Branches																
150 Legislative Assembly	X															
160 Legislative Council	X															
180 Judicial Branch	X															
Education																
Elementary, Secondary, and Other Education																
201 Department of Public Instruction (DPI)	X		X													
226 Trust Lands				X												
250 State Library	X											X				
252 School for the Deaf	X															
253 ND Vision Services/School for the Blind	X															
270 Dept. of Career & Technical Education	X															
Higher Education																
215 North Dakota University System Office	X															
227 Bismarck State College	X															
228 Lake Region State College	X															
229 Williston State College	X															
230 University of North Dakota	X															
232 UND Medical Center	X															
235 North Dakota State University	X															
238 ND State College of Science	X															
239 Dickinson State University	X															
240 Mayville State University	X															
241 Minot State University	X															
242 Valley City State University	X															
243 Dakota College at Bottineau	X															
244 North Dakota Forest Service	X															
Health and Human Services																
301 ND Department of Health	X								X			X				
305 Tobacco Prevention and Control Committee													X			
313 Veterans Home	X															
316 Indian Affairs Commission	X															
321 Department of Veterans Affairs	X															
325 Department of Human Services (DHS)	X				X							X				
360 Protection and Advocacy Project	X															
380 Job Service North Dakota	X															

2015-17 Agency Fund Matrix

Agency	General Fund	Major Special Funds ¹¹						Other Special Funds ¹²						Non-Major Special Funds	Federal Funds	
		ITD	DPI	Energy Impact Grant	DHS	Water Comm	Highway	Bonding	Community Health Trust	Disaster Relief	Fire and Tornado	Health Care Trust	Strategic Invest & Improve			Tobacco Prevent & Ctrl Trust
Regulatory																
401 Office of the Insurance Commissioner							X				X			X	X	
405 Industrial Commission	X											X		X	X	
406 Office of the Labor Commissioner	X													X	X	
408 Public Service Commission	X													X	X	
412 Aeronautics Commission	X													X	X	
413 Dept. of Financial Institutions														X	X	
414 Securities Department	X													X	X	
471 Bank of North Dakota												X		X	X	
473 North Dakota Housing Finance Agency	X													X	X	
475 North Dakota Mill and Elevator														X		
485 Workforce Safety and Insurance														X		
Public Safety																
504 Highway Patrol	X													X	X	
530 Department of Corrections & Rehab	X													X	X	
540 Adjutant General	X									X				X	X	
Agriculture, Economic Development, and Agriculture and Economic Development																
601 Dept. of Commerce	X											X		X	X	
602 North Dakota Department of Agriculture	X													X	X	
627 Upper Great Plains Transportation Institute	X													X	X	
628 Branch Research Centers	X													X	X	
630 NDSU Extension Service	X													X	X	
638 Northern Crops Institute	X													X	X	
640 NDSU Main Research Center	X											X		X	X	
649 Agronomy Seed Farm														X		
665 North Dakota State Fair	X															
670 Racing Commission	X															
Natural Resources																
701 State Historical Society	X															X
709 Council on the Arts	X													X	X	
720 Game and Fish Department														X	X	
750 Department of Parks and Recreation	X													X	X	
770 State Water Commission														X	X	
Transportation																
801 Department of Transportation	X							X						X	X	

\1 Major Special Funds are those state special funds which include appropriated expenditures of \$100.0 million or more per biennium.

\2 Other Special Funds do not meet the definition of Major Special Funds but are of particular interest to policymakers and other constituents.

**Consolidated Funds Statement - All Appropriated Funds
2013-15 Biennium**

	General Fund\2	Major Special Funds\1						Non-Major Special Funds\3	Federal Funds\4	Combined Total
		ITD Service\3	Public Instruction\3	Energy Impact\3	Human Services\3	Water Commission\3	Highway\3			
Revenues										
Sales and excise taxes	\$2,782,130,058									\$2,782,130,058
Income taxes	1,175,394,000									1,175,394,000
Oil and gas taxes	300,000,000			\$240,000,000						540,000,000
Charges for services/permits/licenses	78,606,569	\$125,750,000			\$96,844,787				\$55,700,000	356,901,356
Insurance premium taxes	84,927,055									84,927,055
Investment and interest income	19,930,091		\$140,280,691						2,500,000	162,710,782
Fines and forfeitures										0
Transfers from general fund										541,600,000
Transfers from special funds	884,764,114		3,000,000				\$370,900,000			1,622,064,114
Reimbursement for political subdivisions										68,200,000
Sale of materials										7,400,000
Miscellaneous	374,462,105		1,148,190				2,283,450			74,200,000
Non-major special fund revenue								\$1,463,305,765		1,463,305,765
Federal funds									\$3,491,232,613	3,491,232,613
Total revenues	\$5,700,213,992	\$125,750,000	\$144,428,881	\$240,000,000	\$96,844,787	\$373,183,450	\$1,113,000,000	\$1,463,305,765	\$3,491,232,613	\$12,747,959,488
Expenditures										
General government	\$945,308,413	\$127,941,748						\$378,865,439	\$27,501,357	\$1,479,616,957
Elementary and secondary education	1,777,375,701		\$141,469,830	\$240,000,000				\$11,368,953	307,771,828	2,477,986,312
Higher education	902,629,915							\$250,734,197	5,565,168	1,158,929,280
Health and human services	1,232,145,048				\$122,198,357			\$66,555,211	1,995,262,973	3,416,161,589
Regulatory	55,511,072							\$320,508,653	44,218,396	420,238,121
Public safety	259,674,260							\$82,099,310	275,019,644	616,793,215
Agriculture and economic development	188,904,694							\$145,487,957	69,372,444	403,765,095
Natural resources	37,018,251						\$373,181,628	\$498,132,086	75,033,604	983,365,569
Transportation	1,464,020,000									\$1,126,298,287
Total expenditures	\$6,862,587,354	\$127,941,748	\$141,469,830	\$240,000,000	\$122,198,357	\$373,181,628	\$1,126,298,287	\$2,186,027,058	\$3,491,232,613	\$14,670,936,875

Notes:

- \1 Major special funds are those state special funds which include appropriated expenditures of \$100.0 million or more per biennium.
- \2 General fund revenues are based on the 2015 legislative revenue forecast. General fund expenditures are based on original legislative appropriations authorized by the 2013 legislature.
- \3 Revenue and expenditure estimates are amounts included in each agency's budget request for the 2013-15 biennium, adjusted for legislative and other changes through June 30, 2015.
- \4 Federal funds revenue is not included in budget documents but for the purposes of this schedule is assumed to be equal to estimated expenditures. Estimated expenditures are equal to appropriation authority as of June 30, 2015.

**Consolidated Funds Statement - All Appropriated Funds
2015-17 Biennium**

	General Fund\2	Major Special Funds\1						Non-Major Special Funds\3	Federal Funds\4	Combined Total
		ITD Service\3	Public Instruction\3	Energy Impact\3	Human Services\3	Water Commission\3	Highway\3			
Revenues										
Sales and excise taxes	\$3,182,350,560									\$3,182,350,560
Income taxes	1,134,698,000									1,134,698,000
Oil and gas taxes	300,000,000			\$140,000,000						440,000,000
Charges for services/permits/licenses	73,883,318	\$133,295,000			\$102,796,455		\$67,700,000			377,674,773
Insurance premium taxes	91,830,364									91,830,364
Investment and interest income	20,999,500		\$206,134,000				1,500,000			228,633,500
Fines and forfeitures										0
Transfers from general fund							1,454,115,558			1,454,115,558
Transfers from special funds	688,065,496		10,000,000			\$1,355,618,000	384,300,000			2,437,983,496
Reimbursement for political subdivisions							54,000,000			54,000,000
Sale of materials							3,900,000			3,900,000
Miscellaneous	146,680,954		1,148,190			25,533,228	25,600,000			198,962,372
Non-major special fund revenue								\$632,460,587		632,460,587
Federal funds									\$3,641,710,508	3,641,710,508
Total revenues	\$5,638,508,192	\$133,295,000	\$217,282,190	\$140,000,000	\$102,796,455	\$1,381,151,228	\$1,991,115,558	\$632,460,587	\$3,641,710,508	\$13,878,319,718
Expenditures										
General government	\$629,904,600	\$135,244,587						\$87,362,896	\$17,365,306	\$869,877,389
Elementary and secondary education	1,875,898,743		\$141,470,713	\$140,000,000				\$89,504,447	300,351,639	2,547,225,542
Higher education	896,574,867							\$64,002,938	1,006,472	961,584,277
Health and human services	1,400,402,280				\$99,962,431			\$66,476,468	2,329,252,056	3,896,093,235
Regulatory	48,650,467							\$297,978,010	41,563,564	388,192,041
Public safety	295,076,923							\$62,420,432	197,157,342	554,654,697
Agriculture and economic development	186,648,265							\$162,990,671	79,417,347	429,056,283
Natural resources	56,630,975					\$1,143,304,611		\$57,111,116	59,135,051	1,316,181,753
Transportation	636,375,558						\$1,953,622,641	\$31,071,647	616,461,731	3,237,531,577
Total expenditures	\$6,026,162,678	\$135,244,587	\$141,470,713	\$140,000,000	\$99,962,431	\$1,143,304,611	\$1,953,622,641	\$918,918,625	\$3,641,710,508	\$14,200,396,794

Notes:

- \1 Major special funds are those state special funds which include appropriated expenditures of \$100.0 million or more per biennium.
 \2 General fund revenues are based on the 2015 legislative revenue forecast. General fund expenditures are based on original legislative appropriations authorized by the 2015 legislature.
 \3 Revenue and expenditure estimates are amounts included in each agency's budget request for the 2015-17 biennium, adjusted for legislative changes.
 \4 Federal funds revenue is not included in budget documents but for the purposes of this schedule is assumed to be equal to estimated expenditures. Estimated expenditures are equal to appropriation authority.

General Fund
Status Statement

	2011-13 Actual ^{\1}	2015 Legislative Projection		Current Estimate	
		2013-15 Projected	2015-17 Appropriated	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$ 1,103,788,100	\$ 1,651,436,847	\$ 598,664,078	\$ 1,651,436,847	\$ 697,396,206
Revenues:					
Total revenues	\$ 5,155,854,560	\$ 5,700,213,992	\$ 5,638,508,192	\$ 5,798,946,120	\$ 5,638,508,192
Expenditures:					
One time appropriations	\$ (629,895,435)	\$ (2,433,567,701)	\$ (1,173,663,858)	\$ (2,433,567,701)	\$ (1,173,663,858)
Contingent appropriations - One time	(73,000,000)	(11,000,000)		(11,000,000)	
Special session appropriations	(96,832,668)	-		-	
Ongoing appropriations	(3,436,958,357)	(4,429,019,653)	(4,852,498,820)	(4,429,019,653)	(4,852,498,820)
Emergency authority used prior to July 1	519,254	163,812,041		163,812,041	
Authorized carryover from previous biennium	(106,955,389)	(89,503,462)		(89,503,462)	
2013 Emergency appropriations	(163,812,041)				
Supplemental appropriations	(60,314,701)	(6,284,026)		(6,284,026)	
Obligated carryover to 2013-15 biennium	89,503,462	(2,423,960)		(2,423,960)	
Unspent authority/adjustments	50,106,455	55,000,000		55,000,000	
Total expenditures	\$ (4,427,639,420)	\$ (6,752,986,761)	\$ (6,026,162,678)	\$ (6,752,986,761)	\$ (6,026,162,678)
Ending balance before transfers	\$ 1,832,003,240	\$ 598,664,078	\$ 211,009,592	\$ 697,396,206	\$ 309,741,720
Transfers and adjustments:					
Transfer from permanent oil tax fund					
Transfer to budget stabilization fund ^{\4}	(181,060,585)				
Adjustments and cash certifications	494,192				
Total transfers and adjustments	\$ (180,566,393)	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 1,651,436,847	\$ 598,664,078	\$ 211,009,592	\$ 697,396,206	\$ 309,741,720

^{\1} Final revenues and expenditures per state accounting system reports dated June 30, 2013.

^{\2} Actual July 1, 2013 balance.

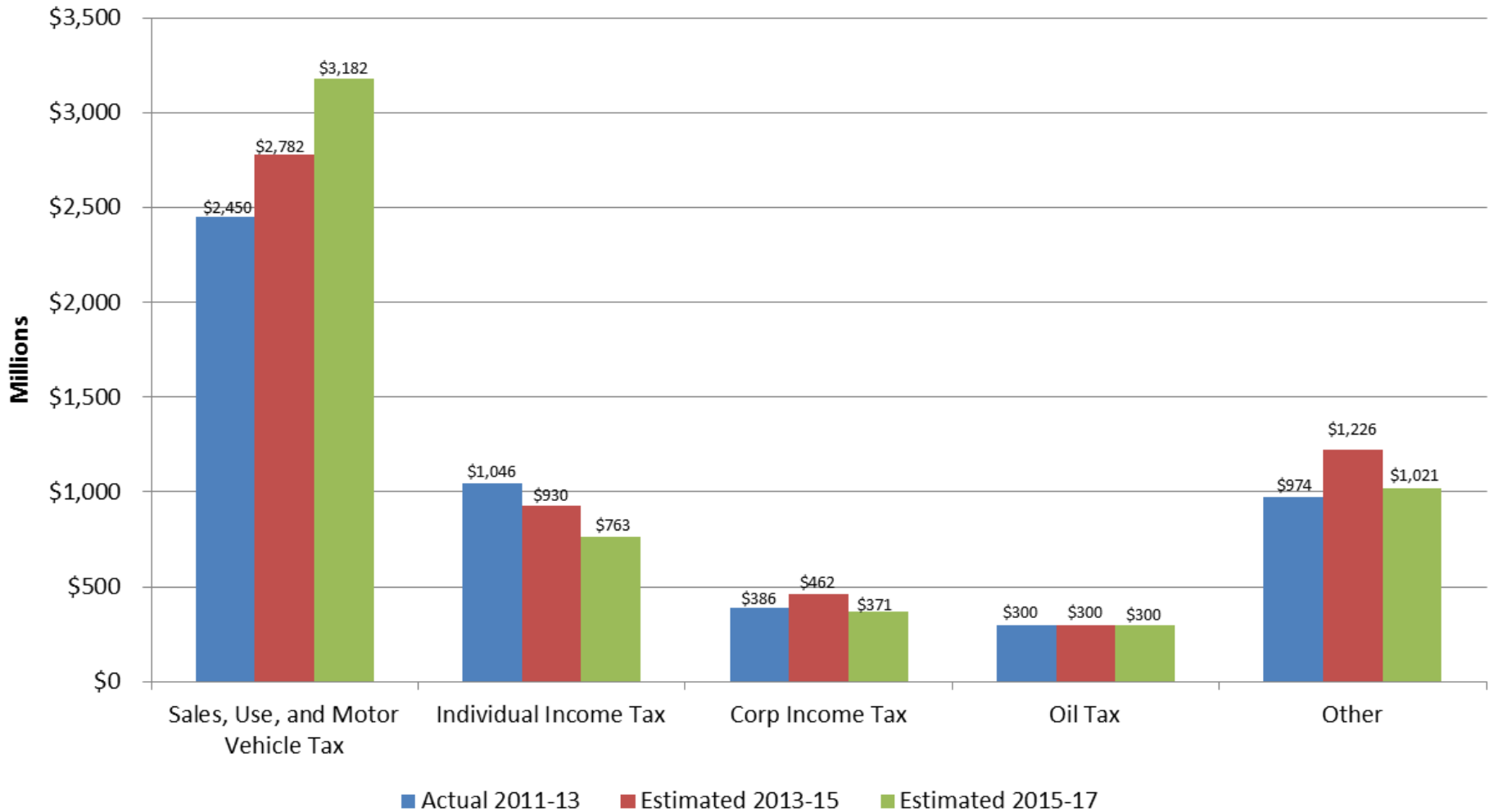
^{\3} Based on preliminary June 30, 2015 revenues and estimated remaining revenues using the 2015 legislative revenue forecast.

^{\4} Transfer to the general fund based on appropriations for the 2015-17 biennium. NDCC Section 54-27.2-01 requires the balance retained in the fund to be below 9.5 percent of appropriations, and as a result a transfer from the Budget Stabilization fund to the General Fund. Transfers from the fund are not required for the 2013-15 or 2015-17 biennia.

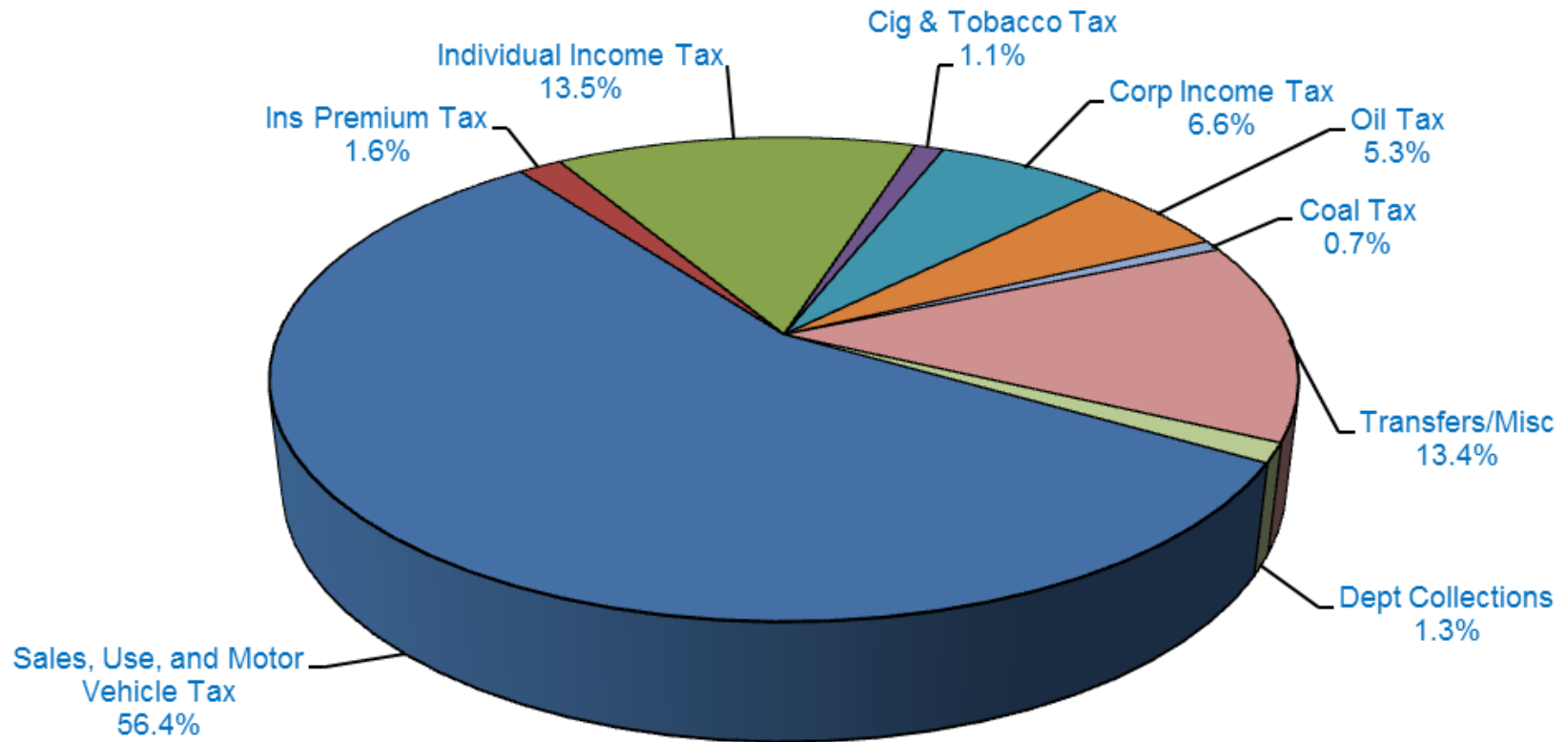
**STATE OF NORTH DAKOTA
COMPARISON OF GENERAL FUND REVENUE BY MAJOR SOURCE
2007-09 THROUGH 2015-17**

REVENUE SOURCE	Actual 2007-09	Actual 2009-11	Actual 2011-13	Revised Forecast 2013-15	Legislative Forecast 2015-17
Tax Revenue:					
Sales and use taxes	\$1,046,485,684	\$1,267,211,331	\$2,196,977,793	\$2,498,566,100	\$2,868,026,560
Motor vehicle excise tax	130,151,534	124,425,401	252,725,403	283,563,958	314,324,000
Individual income tax	681,703,888	729,255,895	1,046,161,236	930,041,203	763,276,000
Corporate income tax	239,695,937	234,364,296	385,814,247	462,265,247	371,422,000
Financial institutions tax	10,486,495	6,748,753	11,236,510	(4,871,446)	
Oil and gas production tax	39,309,315	32,718,333	133,834,000	146,071,108	155,569,998
Oil extraction tax	31,690,685	38,281,667	166,166,000	153,928,892	144,430,002
Cigarette and tobacco tax	45,230,771	46,253,470	53,723,649	59,511,291	61,334,000
Coal conversion tax	49,438,952	39,064,299	38,399,414	38,875,236	39,578,000
Insurance premium tax	64,388,601	63,150,948	82,857,729	84,927,055	91,830,364
Wholesale liquor tax	14,076,919	15,163,855	17,617,501	18,321,019	18,995,000
Gaming tax	20,042,392	16,189,991	11,136,421	7,097,793	7,106,250
Departmental collections	62,143,185	68,577,582	76,994,265	78,606,569	73,883,318
Interest income	49,506,190	43,684,825	13,671,280	19,930,091	20,999,500
Mineral leasing fees	25,306,589	17,521,635	43,052,074	38,615,762	19,667,704
Total Tax Revenue	<u>\$2,509,657,137</u>	<u>\$2,742,612,281</u>	<u>\$4,530,367,522</u>	<u>\$4,815,449,878</u>	<u>\$4,950,442,696</u>
Transfers:					
Bank of North Dakota Profits Transfer	\$60,000,000				
Student Loan Trust Fund Interest Transfer	3,100,000				
State Mill Profits Transfer		\$13,902,268	\$9,448,922	\$6,817,200	\$13,775,000
Gas Tax Administration Transfer	1,274,056	1,288,000	1,485,000	1,777,360	2,030,496
Lottery	11,055,000	10,400,000	14,300,000	14,200,000	15,260,000
Other Transfers*	130,177,187	474,556,650	600,253,116	861,969,554	657,000,000
Total Transfers	<u>\$205,606,243</u>	<u>\$500,146,918</u>	<u>\$625,487,038</u>	<u>\$884,764,114</u>	<u>\$688,065,496</u>
TOTAL REVENUE	<u>\$2,715,263,380</u>	<u>\$3,242,759,199</u>	<u>\$5,155,854,560</u>	<u>\$5,700,213,992</u>	<u>\$5,638,508,192</u>
* OTHER TRANSFERS INCLUDE:	2007-09	2009-11	2011-13	2013-15	2015-17
Lands & Minerals Trust Fund	\$15,000,000	\$35,000,000			
Strategic Investment and Improvements Fund			\$305,000,000	\$520,000,000	
Permanent Oil Tax Trust Fund	115,000,000	435,000,000			
Tax Relief Fund			295,000,000	341,790,000	\$657,000,000
Health Care Trust Fund					
Miscellaneous Transfers	177,187	4,556,650	253,116	179,554	
	<u>\$130,177,187</u>	<u>\$474,556,650</u>	<u>\$600,253,116</u>	<u>\$861,969,554</u>	<u>\$657,000,000</u>

Comparison of General Fund Revenue by Major Source 2011-13 Through 2015-17

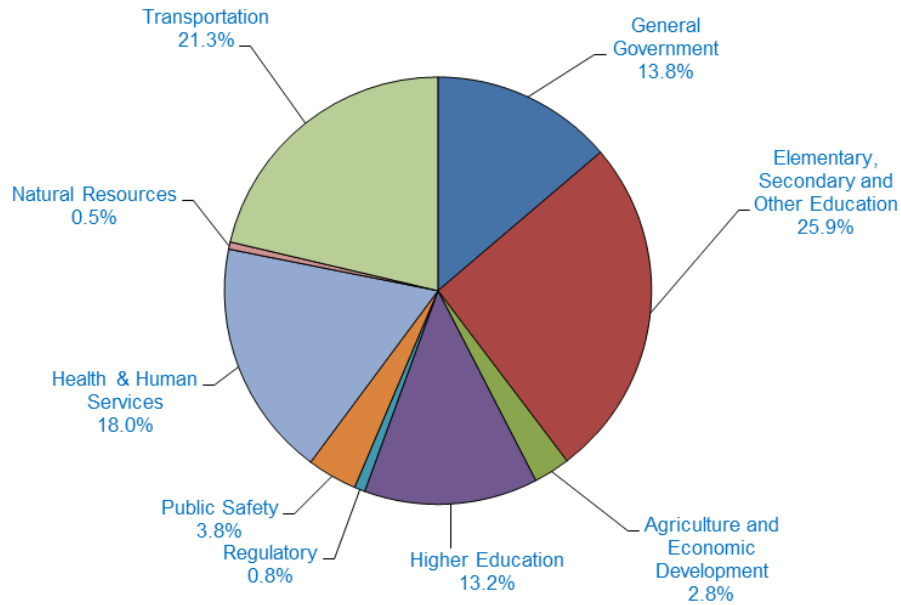


2015-17
General Fund Revenue by Major Source
\$5.639 Billion

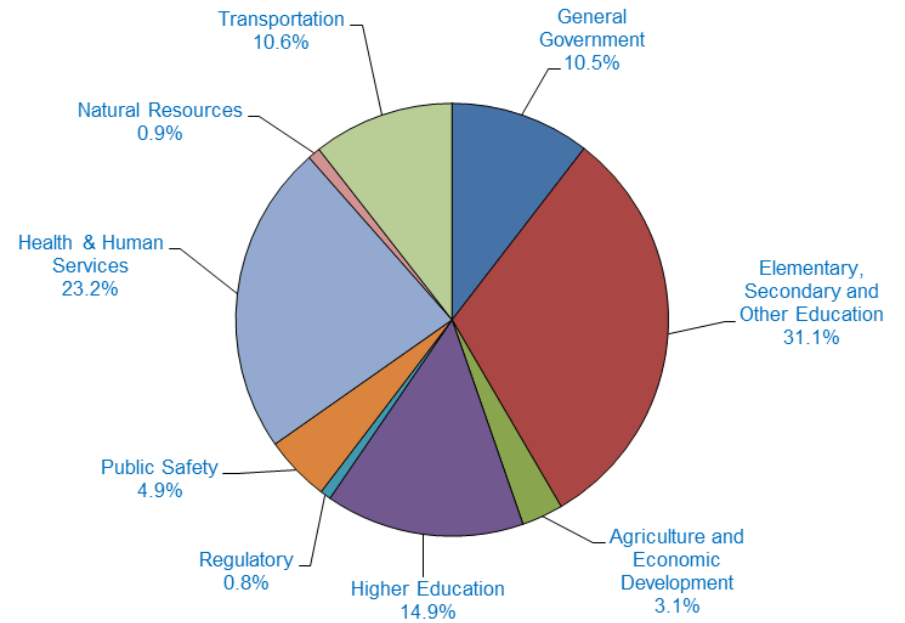


General Fund Budget 2013-15 and 2015-17

**2013-15
Legislative Appropriation
\$6.863 Billion**

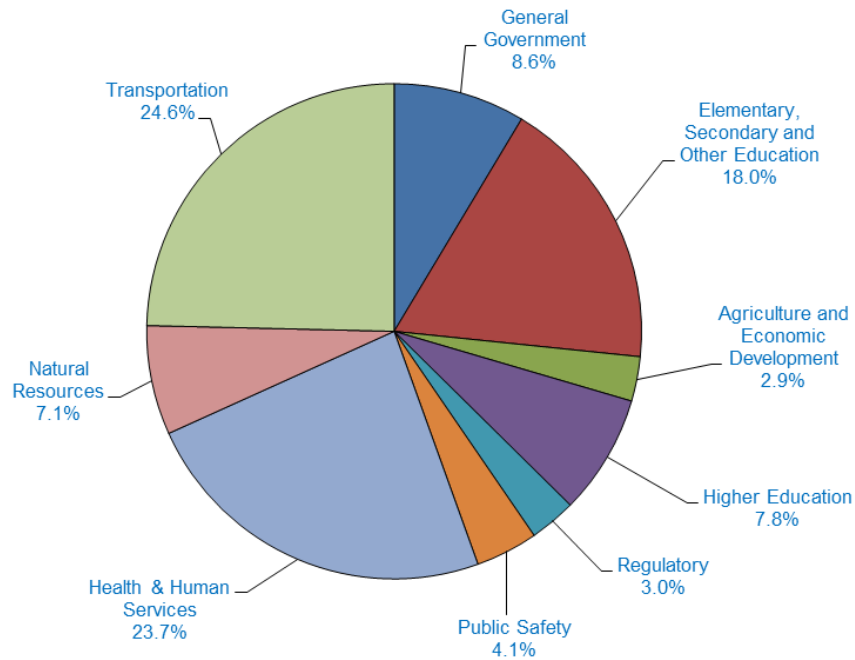


**2015-17
Legislative Appropriation
\$6.026 Billion**

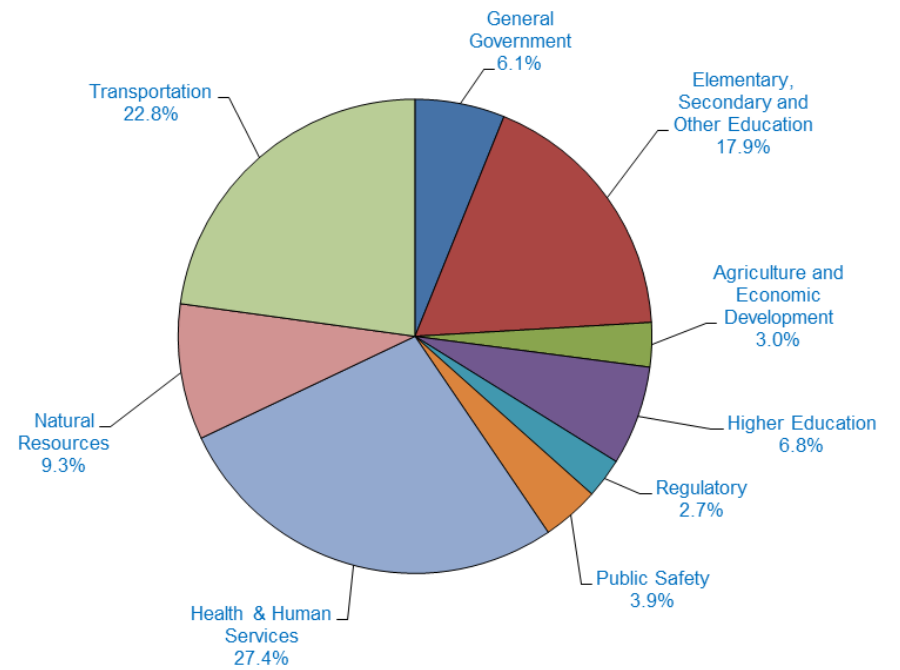


Total Funds Budget 2013-15 and 2015-17

**2013-15
Legislative Appropriation
\$13.744 Billion**



**2015-17
Legislative Appropriations
\$14.200 Billion**



Bonding Fund
Status Statement

	2011-13 Actual	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$2,802,006	\$3,408,932 ^{\1}	\$3,532,433
Revenue:			
Premiums	^{\2}	^{\2}	^{\2}
Investment revenue	211,038	230,000 ^{\3}	300,000 ^{\3}
Claims restitution	1,373,511	48,000	50,000
Other revenue	37,724	5,200	7,000
Total Revenues	<u>\$1,622,273</u>	<u>\$283,200</u>	<u>\$357,000</u>
Expenditures:			
Claims liabilities/payments/write-offs	(\$970,697) ^{\4}	(\$95,000) ^{\4}	(\$150,000) ^{\4}
Claims related expenses	(5,719)	(10,000)	(20,000)
Investment expense	(9,062)	(9,500)	(10,000)
Administration	(29,869)	(45,199)	(50,813)
Total Expenditures	<u>(\$1,015,347)</u>	<u>(\$159,699)</u>	<u>(\$230,813)</u>
Ending Balance	\$3,408,932 ^{\1}	\$3,532,433	\$3,658,620

^{\1} From June 30, 2013, comprehensive annual financial report (CAFR).

^{\2} 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.

^{\3} Investment revenue is based on Insurance Department projections.

^{\4} Claims liabilities 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.

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, industry, 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

	2011-13 Actual ^{\1}	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$386,351,110	\$583,545,799 ^{\2}	\$572,485,454
Revenue:			
Retention of earnings to increase balance	\$16,134,104 ^{\3}	\$0	\$0
Transfer from general fund	181,060,585 ^{\4}	0	0
Total Revenue	197,194,689	0	0
Transfers:			
Transfers to general fund	\$0	(\$11,060,345) ^{\5}	\$0 ^{\6}
Ending Balance	\$583,545,799	\$572,485,454	\$572,485,454

\1 Final revenues and expenditures per state accounting system reports dated June 30, 2013.

\2 Actual July 1, 2013 balance.

\3 The 2011 legislature, during the 2011 special session, increased general fund appropriations for the 2011-13 biennium, resulting in a \$16.1 million increase in the maximum balance of the Budget Stabilization Fund. As a result, interest and investment earnings of the fund which would otherwise be transferred to the general fund were retained in the fund up to the limit of the new cap.

\4 Transfer from the general fund based on appropriations for the 2013-15 biennium, the provisions of NDCC Section 54-27.2-01 which requires a transfer sufficient to bring the balance of the fund to 9.5 percent of appropriations, and section 5 of 2013 House Bill 1015 which provides that the general fund appropriation amount used to calculate the required transfer to the fund not include emergency general fund appropriations included in 2013 Senate Bill 2176. The emergency appropriations in Senate Bill 2176 total \$720.0 million and would have resulted in an additional transfer of \$68.4 million to the Budget Stabilization Fund.

\5 NDCC Section 54-27.2-01 establishes the maximum balance to be retained in the fund as 9.5 percent of appropriations approved by the most recently adjourned Legislative Assembly. 2015-17 general fund appropriations are \$6.03 billion, which generates a maximum fund balance of \$572.5 million. An \$11.1 million transfer into the general fund is required to bring the fund into statutory compliance.

\6 No transfers from the Budget Stabilization Fund to the general fund are anticipated during the 2015-17 biennium. 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 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

	2011-13 Actual ¹	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0	\$47,258 ²	\$384,452
Revenue:			
Transfers from the tobacco settlement trust	\$4,024,012	\$4,223,048	\$3,980,000 ⁵
Total Revenues	\$4,024,012	\$4,223,048	\$3,980,000
Expenditures:			
Dental loan program	(\$200,000)	(\$360,000) ³	\$0
Dental new practice grant		(5,000)	
Medical loan repayment program			
Veterinarian loan repayment program	(255,000)		
Tobacco prevention and control	(3,219,210)	(3,220,354) ^{3,4}	(3,440,864) ⁴
Women's way program	(302,544)	(300,500) ³	(400,000)
Behavioral Risk Factor State Survey (BRFSS)			(496,000)
Total Expenditures	(\$3,976,754)	(\$3,885,854)	(\$4,336,864)
Ending Balance	\$47,258	\$384,452	\$27,588

¹ Final revenue and expenditures per state accounting system reports dated June 30, 2013.

² Actual July 1, 2013 balance.

³ Estimated expenditures for the 2013-15 biennium projected by the Department of Health.

⁴ Eighty percent of the tobacco settlement revenue allocated to the Community Health Trust Fund must be spent on tobacco related programs. In 2013, the projected revenue was \$4.0 million, resulting in a \$3.2 million appropriation. However, actual revenue received was \$4.2 million and 80.0 percent equals \$3.4 million, \$158,084 more than was appropriated. To comply with the law, \$158,084 was added to the 2015-17 appropriation. Eighty percent of the revenue for the 2015-17 biennium is \$3,184,000; plus \$158,084 (the additional necessary to meet the 80.0 percent requirement for the 2013-15 biennium) equals \$3,342,084.

⁵ Estimated revenues based on average actual receipts during the 2009-11 and 2011-13 biennia.

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 (NDCC 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, within 30 days of deposit, in the funds as follows:

- 10.0 percent to the Community Health Trust Fund
- 45.0 percent to the Common Schools Trust Fund
- 45.0 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 payments to the state. Strategic contribution payments are estimated by OMB at \$14.1 million per year through 2017. After 2017, no additional strategic contribution payments are anticipated.

2015 Senate Bill 2003 amended NDCC Section 57-27-25 to allow expenses related to the enforcement of the Master Settlement Agreement to be paid from the fund. Revenue appropriated to the Attorney General is removed prior to the 10.0 percent distribution to the Community Health Trust Fund.

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

	2011-13 Actual ¹	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$34,675,167	\$77,651,986 ²	\$76,770,635
Revenue:			
Transfer from the general fund	\$48,700,000 ⁴	\$0	\$0
Transfers from oil and gas taxes	22,000,000 ³	22,000,000 ³	\$16,422,400 ⁶
Interest earnings	70,784	77,735	76,000
Miscellaneous reimbursements	2,310,051	937,559	200,000
Total Revenues	\$73,080,835	\$23,015,294	\$16,698,400
Expenditures:			
State match for disasters prior to 2009	(\$826,535)	\$0	\$0
2009 Flood disaster	(2,656,019)	(2,030,016)	(1,445,359)
January 2010 winter storm	(69,717)	(310,391)	0
2010 Flood	(164,272)	(422,493)	(835,146)
April 2010 ice storm	(544,138)	(565,976)	(13,968)
2011 Flood	(12,261,836)	(8,511,558)	(12,363,401)
2011 Ice Storm (2013 HB1016)	0	(616,216)	0
2013 Flood	0	(1,551,906) ⁵	(1,372,954)
Housing Rehab and Retention (2013 HB1016)	(5,458,372)	(2,461,072)	(2,080,557)
Transfer to NDDOT for Road Grade Raising	(6,000,000)	0	0
Transfer to Housing Finance for Flood-Impact Housing Assistance (2013 HB1016)	0	(1,500,000)	0
Volunteer Response Coordination	(400,000)	(400,000)	(200,000)
Road Grade Raising Projects (2013 HB1016)	(7,240)	(92,289)	(4,698,342)
Flood Mitigation in Incorporated Cities	(1,715,887)	(1,122,547)	(361,566)
Disaster Coordination Contract	0	(1,000,000)	(1,000,000)
Chronic Flooding (2015 SB2016)	0	0	(2,000,000)
Flood Control (2015 SB2020)	0	0	(34,000,000)
Double Ditch historic site repairs (2015 SB2018)	0	0	(2,000,000)
Deficiency Appropriation-VCSU (2015 SB2023)	0	(3,000,000)	0
2013 Snow Storm	0	(35,360)	(859,229)
2014 Summer Flooding	0	(276,821) ⁵	(147,423)
Total Expenditures	(\$30,104,016)	(\$23,896,645) ⁷	(\$63,377,945)
Ending Balance	\$77,651,986	\$76,770,635	\$30,091,090

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2013 balance.

³ NDCC Section 57-51.1-07.5 provides that from the oil and gas tax revenue designated for deposit in the state general fund, \$22.0 million shall be transferred to the Disaster Relief Fund, if funds become available after making the required transfers to the general fund, Tax Relief Fund, and Strategic Investment and Improvements Fund.

⁴ 2011 Senate Bill 2371 provided that \$48.7 million be transferred from the general fund for disaster-related expenses (\$32.7 million), flood-impacted housing assistance grant programs (\$10.0 million), and road grade raising grants through the Department of Transportation (\$6.0 million).

⁵ The Budget Section approved Bank of North Dakota borrowing authority for these disasters on June 18, 2013. During the 2015 Legislative Assembly, the Adjutant General received a deficiency appropriation from the Disaster Relief Fund to repay the borrowed funds.

⁶ Based on actual expenditures through May 31, 2015 and agency estimated expenditures through June 30, 2015.

⁷ Do to the decrease in oil tax revenues it does not appear that the full \$22.0 million listed in NDCC Section 57-51.1-07.5 will get transferred to the Disaster Relief Fund. The anticipated amount that will be allocated to the Disaster Relief Fund is \$16.4 million.

Notes:

NDCC Section 37-17.1-27 establishes the 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

	2011-13 Actual	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$22,306,709	\$24,772,838 \1	\$24,253,439
Revenue:			
Premium revenue	\$8,516,350	\$6,000,000 \2	\$6,300,000 \2
Investment revenue	2,902,622	4,500,000	5,000,000
Claims recovery	835,449 \3	460,000 \3	350,000
Boiler inspection fee	728,485	704,000	700,000
Total Revenues	<u>\$12,982,906</u>	<u>\$11,664,000</u>	<u>\$12,350,000</u>
Expenditures:			
Insurance claims	(\$3,390,083)	(\$4,500,000)	(\$4,500,000)
Claims related payments	(5,730,523)	(6,000,000)	(6,000,000)
Administration/investment expenses	(1,126,023)	(1,552,929)	(1,660,748)
Fire Marshal inspection fees	(100,148)	(130,470)	(100,000)
ND Firefighter's Association	(170,000)	0	0
Total Expenditures	<u>(\$10,516,777)</u>	<u>(\$12,183,399)</u>	<u>(\$12,260,748)</u>
Ending Balance	<u>\$24,772,838 \1</u>	<u>\$24,253,439</u>	<u>\$24,342,691</u>

\1 From June 30, 2013, Comprehensive Annual Financial Report (CAFR).

\2 Assumes premiums will increase by 5.0 percent annually.

\3 Claims recovery reflects amounts recovered through re-insurance purchased to cover claims that exceed a specific amount per incident.

Notes:

The 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. NDCC Section 26.1-22-14 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

	2011-13 Actual ^{\1}	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$140,193,764	\$335,364,942 ^{\2}	\$614,605,427
Revenue:			
Oil extraction tax allocations	195,171,178	279,240,485 ^{\3}	176,963,783 ^{\4}
Transfers:			
Transfer to state school aid program	0	0	0
Ending Balance	\$335,364,942	\$614,605,427	\$791,569,210

\1 Final revenues and expenditures per state accounting system reports, dated June 30, 2013.

\2 Actual July 1, 2013 balance.

\3 Based on preliminary June 30, 2015 revenues and the May 2015 legislative revenue forecast.

\4 Revenue estimates based on the May 2015 legislative revenue forecast, which assumes oil prices averaging \$47 to \$51 per barrel and production constant at 1.1 million barrels per day throughout the 2015-17 biennium. Revenue estimates were adjusted to reflect the oil trigger not going into effect.

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 20.0 percent of oil extraction taxes are to be allocated as follows:

50.0 percent to the Common Schools Trust Fund

50.0 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. NDCC 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**

	2011-13 Projected	2013-15 Appropriated	2015-17 Appropriated
Beginning Balance	\$420,036	\$397,591 ^{\1}	\$285,551
Revenue:			
Investment earnings	\$6,405	\$1,174	\$1,035
Principal and interest repayments	1,072,846	1,026,297	999,499
Total Revenues	<u>\$1,079,251</u>	<u>\$1,027,471</u>	<u>\$1,000,534</u>
Expenditures:			
Nursing home grants			
Nursing home & basic care salary increase			
Increase nursing home bed limit			
Grant for Dunseith nursing facility	(\$200,000)		
Grant for McVile hospital	(200,000)		
Bed layaway program - DHS	(546,786)	(\$546,786)	(\$546,786)
Grant to an assisted living facility that accepts low-		(425,000)	
Nursing home rate increases for property cost			(139,406)
Nurse aid registry	(154,910)	(167,725)	(85,127)
Quick response unit pilot project - Health Dept.			
Total Expenditures	<u>(\$1,101,696)</u>	<u>(\$1,139,511)</u>	<u>(\$771,319)</u>
Ending Balance	\$397,591	\$285,551	\$514,766

\1 Actual July 1, 2013 balance.

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

	2011-13 Actual ^{\1}	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0	\$0 ^{\2}	\$0
Revenue:			
Motor vehicle fuel tax	\$192,288,015	\$209,157,617	\$208,300,000
Special fuel taxes	213,127,868	241,700,000	250,050,000
Motor vehicle registration fees	184,967,772	190,100,000	183,300,000
Total Revenues	<u>\$590,383,655</u>	<u>\$640,957,617</u>	<u>\$641,650,000</u> ^{\3}
Transfers:			
State highway fund allocation	(\$352,407,050)	(\$382,003,342)	(\$382,412,670)
Counties allocation	(126,475,613)	(137,000,000)	(137,200,000)
Cities allocation	(71,861,144)	(77,900,000)	(78,000,000)
Townships allocation	(15,522,007)	(16,800,000)	(16,800,000)
Transit allocation	(8,623,337)	(9,300,000)	(9,400,000)
Highway Patrol	(5,025,762)	(6,841,066)	(6,687,330)
Motorboat safety account	(237,673)	(200,000)	(200,000)
State snowmobile fund	(168,933)	(157,617)	(200,000)
Hwy-Rail Grade Crossing Safety Projects Fund		(500,000)	
Rail Safety Fund			(550,000)
Administrative assistance to transferees	(5,500,000)	(5,500,000)	(5,500,000)
Ethanol production incentive	(4,562,136)	(4,755,592)	(4,700,000)
Total Transfers	<u>(\$590,383,655)</u>	<u>(\$640,957,617)</u>	<u>(\$641,650,000)</u>
Ending Balance	\$0	\$0	\$0

\1 Final revenues and expenditures per Department of Transportation.

\2 Revenues and expenditures based on actual collections through May 31, 2015, and estimates for the remaining months of the 2013-15 biennium.

\3 Revenue 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, 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);
- Up to \$250,000/year from special fuels excise taxes collected on sales of diesel fuel to a railroad must be transferred by the State Treasurer to the Highway-Rail Grade Crossing Safety Projects Fund, through June 30, 2015 (57-43.2-03);
- Up to \$275,000/year from special fuels excise taxes collected on sales of diesel fuel to a railroad must be transferred by the State Treasurer to the Rail Safety Fund, through June 30, 2019 (57-43.2-03);
- 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 Fund, the State Aid Distribution Fund, 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 Judgment Fund (39-24-03);
- 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 40 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); and
- The State Treasurer transfers annually from the Highway Tax Distribution Fund to the Ethanol Incentive Fund an amount equal to 40.0 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, Highway-Rail Grade Crossing Safety Projects Fund, 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; and
- 34.5 percent to cities and counties, allocated pursuant to the distribution formula provided in Section 54-27-19.

Legacy Fund
Status Statement

	2011-13 Actual	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0	\$1,280,714,486 ^{\1}	\$3,242,882,323
Revenue:			
Transfers from oil and gas taxes	1,278,414,261	\$1,842,167,837 ^{\2}	\$1,097,524,273 ^{\2}
Interest on investment	2,300,225	120,000,000 ^{\3}	120,000,000 ^{\3}
Total Revenues	<u>\$1,280,714,486</u>	<u>\$1,962,167,837</u>	<u>\$1,217,524,273</u>
Expenditures:			
Legislative appropriations	<u>\$0</u>	<u>\$0</u>	<u>\$0 ^{\4}</u>
Ending Balance	<u>\$1,280,714,486</u>	<u>\$3,242,882,323</u>	<u>\$4,460,406,596</u>

\1 Actual July 1, 2013 balance.

\2 Revenue estimate based on preliminary June 30, 2015 collections and the May 2015 legislative revenue forecast adjusted for no trigger effect. The 2013-15 amount includes transfers from the Strategic Investment and Improvements (SII) Fund required by NDCC Section 15-08.1-08. This requirement was eliminated for 2015-17.

\3 Preliminary earnings through May 31, 2015 and projected earnings for the remainder of the 2013-15 biennium and the 2015-17 biennium. Projected earnings estimated by Retirement and Investment Office utilizing the May 2015 revenue forecast and long-term expected returns based upon the current asset allocation.

\4 Based on North Dakota Constitution Article X, Section 26, no expenditures of principal or interest may be made from the fund until after June 30, 2017.

Notes:

House Concurrent Resolution 3054 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 is transferred to the fund. Interest and investment earnings are retained in the fund until June 30, 2017, after which time they will be transferred to the general fund once each biennium. For the 2011-13 through 2015-17 bienniums, interest earnings will be added to the fund principal.

ND Outdoor Heritage Fund
Status Statement

	2011-13 Actual	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0 ^{\1}	\$0 ^{\1}	(\$715,376)
Revenue:			
Oil and gas gross production tax		\$18,478,566	\$27,401,685 ^{\2}
Interest income		7,000	20,000
Total estimated revenues		\$18,485,566	\$27,421,685
Expenditures:			
Grant awards		(19,100,942)	(26,406,309) ^{\3}
Administrative expenses		(100,000)	(300,000)
Total estimated expenditures		(19,200,942)	(26,706,309)
Ending Balance	\$0	(\$715,376)	\$0

- ^{\1} The fund was created by passage of 2013 House Bill 1278. No moneys were deposited in the fund until after July 1, 2013.
- ^{\2} Although NDCC section 57-51-15 establishes a maximum allocation of \$20.0 million per year, the current forecast for oil and gas taxes will result in approximately \$27.4 million being allocated to the fund during the 2015-17 biennium.
- ^{\3} All moneys in the fund are appropriated on a continuing basis, pursuant to NDCC Section 54-17.8-02. The amount shown reflects the estimated amount available for grants in the 2015-17 biennium.

Notes:

The 2013 legislature, through passage of House Bill 1278, established the North Dakota Outdoor Heritage Fund. The bill creates chapter 54-17.8 of the NDCC, which establishes an advisory board to administer the fund, provides a continuing appropriation for the fund, and establishes allowable uses of the fund. Moneys in the fund can be used for grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations to:

- Provide access to private and public lands for sportsmen;
- Improve and maintain water quality, soil conditions, and support stewardship practices to enhance farming and ranching;
- Develop wildlife and fish habitat; and
- Conserve natural areas for recreation through the establishment and development of parks and other recreation areas.

Funds may not be used for:

- Litigation;
- Lobbying; or
- Activities that would interfere with coal mining, sand and gravel extraction, oil and gas operations, or other energy facility or infrastructure development.

Eight percent of oil and gas gross production tax revenue, up to \$20.0 million per year, is deposited into the fund.

Political Subdivision Allocation Fund
Status Statement

	2011-13 Actual	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0	\$0	\$0
Revenue:			
Oil and gas taxes	0	0	92,666,830 ^{\1}
Total Revenue	\$0	\$0	\$92,666,830
Expenditures:			
Potential distributions to political subdivisions	0	\$0	(\$21,028,847) ^{\2}
Total Expenditures and Transfers	\$0	\$0	(\$21,028,847)
Ending Balance	\$0	\$0	\$71,637,983 ^{\3}

^{\1} The May 2015 Adjusted forecast assumes an average price of \$47-\$51 per barrel and production holding constant at 1.1 million BOPD throughout the biennium. The amount shown reflects the May 2015 legislative revenue forecast adjusted for no trigger effect.

^{\2} Pursuant to House Bill 1377 (2015), if the balance of the fund exceeds \$10.0 million on March 1 and/or August 1 of each odd-numbered year, the entire balance is to be distributed to the political subdivisions in the same proportion that they have received oil and gas allocations over the most recently completed fiscal year.

^{\3} This ending balance is expected to be distributed to political subdivisions on August 1, 2017.

Notes:

The Political Subdivision Allocation fund was created by the 2015 legislature to return additional oil and gas tax revenues to political subdivisions in oil and gas producing counties. If the balance of this fund exceeds \$10.0 million on March 1 and/or August 1 of each odd-numbered year, the entire balance would be distributed to the political subdivisions in the same proportion that they had received oil and gas allocations over the most recently completed fiscal year.

Resources Trust Fund
Status Statement

	2011-13 Actual ¹	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$155,940,058	\$292,961,846 ²	\$585,250,096
Revenue:			
Repayments and reimbursements	\$6,602,070	\$10,500,000	\$12,682,000
Oil extraction tax collections	390,342,357	558,480,975	353,927,567 ⁶
Interest	1,577,361	3,257,275	3,445,000
Total Revenues	<u>\$398,521,788</u>	<u>\$572,238,250</u> ³	<u>\$370,054,567</u>
Expenditures:			
Water Commission expenditures	(\$251,500,000)	(\$275,750,000) ⁴	(\$755,817,897)
Bank of North Dakota	(10,000,000) ⁵		
Transfer to renewable energy development fund		(3,000,000)	(3,000,000) ⁷
Transfer to energy conservation grant fund		(1,200,000)	(1,200,000) ⁷
Total Expenditures and Transfers	<u>(\$261,500,000)</u>	<u>(\$279,950,000)</u>	<u>(\$760,017,897)</u>
Ending Balance before restricted income	\$292,961,846	\$585,250,096	\$195,286,766
Restricted Fund income			
Infrastructure revolving loan fund	0	(10,803,861) ⁸	(46,196,618) ⁸
Ending Balance - unrestricted	<u>\$292,961,846</u>	<u>\$574,446,235</u>	<u>\$149,090,148</u>

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2013 balance.

³ Preliminary revenue estimates through June 30, 2015, based on the May 2015 legislative revenue forecast.

⁴ Estimated agency expenditures for the 2013-15 biennium.

⁵ House Bill 1206, approved by the 2011 Legislative Assembly, appropriated \$10.0 million to the Bank of North Dakota for a 5.0 percent loan to the Western Area Water Supply Authority.

⁶ The May 2015 Adjusted forecast assumes an average price of \$47-\$51 per barrel and production holding constant at 1.1 million BOPD throughout the biennium. The amount shown reflects the May 2015 legislative revenue forecast adjusted for no trigger effect.

⁷ Senate Bill 2014, passed by the 2013 legislature, provides that 5.0 percent of oil extraction taxes deposited in the resources trust fund, up to \$3.0 million per biennium, must be transferred quarterly to the Renewable Energy Development Fund. This bill also provides that 0.5 percent of the amount deposited in the Resources Trust Fund, up to \$1.2 million per biennium, must be transferred quarterly to the Renewable Energy Conservation Grant Fund.

⁸ Senate Bill 2233, passed by the 2013 legislature, established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota.

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, 10.0 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.

NDCC 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 conversion and waste products utilization programs and studies. The 1995 Legislative Assembly amended Section 57-51.1-07 to provide that 20.0 percent of oil extraction tax collections will be deposited in the Resources Trust Fund.

State Aid Distribution Fund
Status Statement

	2011-13 Actual ^{\1}	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0	\$27,330,704 ^{\2}	\$0
Revenue:			
Sales tax revenue	\$191,346,810	\$228,270,497	\$273,395,000
Motor vehicle excise tax revenue	21,978,032	25,871,836	29,954,000
Total Revenues	<u>\$213,324,842</u>	<u>\$254,142,333</u> ^{\3}	<u>\$303,349,000</u> ^{\4}
Expenditures:			
Distributions to cities and counties	<u>(\$185,994,138)</u>	<u>(\$281,473,037)</u>	<u>(\$303,349,000)</u>
Ending Balance	\$27,330,704	\$0	\$0

- \1 Final revenues and expenditures per state accounting system reports dated June 30, 2013.
- \2 Actual July 1, 2013 balance.
- \3 Based on preliminary actual revenues through June 30, 2013, and estimated receipts for the remainder of the biennium using the May 2015 legislative revenue forecast.
- \4 Estimated revenues based on the May 2015 legislative revenue forecast.

Notes:

NDCC 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 2013 legislature, through the passage of Senate Bill 2325, changed the allocation of tax collections between the general fund and the State Aid Distribution Fund. For fiscal year 2014, the allocation remains unchanged -- the amount deposited into the State Aid Distribution Fund is equal to 40.0 percent of an amount determined by multiplying 1.0 percent, divided by the general sales tax rate, times the net sales, use, and motor vehicle excise tax collections. The calculation results in 8.0 percent of all sales and motor vehicle excise taxes being distributed through the State Aid Distribution Fund to cities and counties. For fiscal year 2015 and subsequent fiscal years, the State Aid Distribution Fund share is increased from 40.0 percent to 43.5 percent, multiplied by the quotient of 1.0 percent divided by the general sales tax rate of 5.0 percent. The result of the new formula is the allocation of 8.7 percent of all sales and motor vehicle excise tax collections to the State Aid Distribution Fund for distribution to cities and counties based on the formula provided in Section 57-39.2-26.1.

Strategic Investment and Improvements Fund
Status Statement

	2011-13 Actual	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$249,074,431	\$969,920,162	\$508,490,731
Revenue:			
Mineral royalties	\$138,293,182	197,917,741	\$161,843,440
Mineral rents	359,505	687,347	400,000
Mineral bonus	106,922,161	23,165,934	8,000,000
Oil and gas taxes	786,998,032	977,975,279 ^{\1}	316,222,602 ^{\1}
Loan income		2,650,966	4,000,000
Investment income	2,065,673	3,272,103	2,621,489
Total Revenue	<u>\$1,034,638,553</u>	<u>\$1,205,669,370</u>	<u>\$493,087,531</u>
Expenditures:			
Transfer to general fund	(305,000,000)	(\$520,000,000)	
Transfer to Legacy fund ^{\2}	(7,356,917) ^{\2}	(21,730,109) ^{\2}	
Appropriations		(1,123,750,000)	(296,975,322) ^{\3}
Administrative expenses	(1,435,905)	(1,618,692)	(1,980,000)
Total Expenditures and Transfers	<u>(\$313,792,822)</u>	<u>(\$1,667,098,801)</u>	<u>(\$298,955,322)</u>
Ending Balance Before Commitments	\$969,920,162	\$508,490,731	\$702,622,940
Less Fund Balance Commitments			
Potential oil and gas revenue disputes	(133,985,322)	(141,197,060)	(141,197,060)
Medical facility loan program		(50,000,000)	
School construction loans		(150,000,000)	
Biofuels loan guarantee	(25,000,000)	(25,000,000)	(25,000,000)
Total Assigned Fund Balance	<u>(\$158,985,322)</u>	<u>(\$366,197,060)</u>	<u>(\$166,197,060)</u>
Ending Unobligated Balance	\$810,934,840	\$142,293,671	\$536,425,880

^{\1} Preliminary revenue estimates through June 30, 2015, are based on the May 2015 legislative revenue forecast. The amount shown for the 2015-17 biennium reflect the May 2015 legislative revenue forecast adjusted for no trigger effect.

^{\2} Pursuant to NDCC Section 15-08.1-08, once the unobligated balance in this fund reaches \$300.0 million, 25.0 percent of fund revenues must be deposited into the Legacy Fund. Oil and gas taxes are shown net of amounts deposited directly into the Legacy Fund. The amount shown as the anticipated transfer to the Legacy Fund represents 25.0 percent of fund revenues other than oil and gas taxes estimated to be received after the unobligated fund balance exceeds the \$300.0 million threshold. The 2015 legislative assembly eliminated the transfer from the SIIF fund to the Legacy fund.

^{\3} 2015-17 appropriations and transfers include:

- (House Bill 1012) \$7.0 million transfer to the short line railroad revolving loan fund;
- (House Bill 1014) \$13.6 million appropriation to the Industrial Commission for a core library expansion project;
- (House Bill 1018) \$7.5 million contingent appropriation to the Dept. of Commerce for an enhanced use lease grant program;
- (House Bill 1020) \$18.0 million to Main Research Center for a veterinary diagnostics laboratory;
- (House Bill 1022) \$200,000 to Commission on Legal Counsel for Indigents for contract service fees;
- (House Bill 1285) \$650,000 to Dept. of Commerce for grants for domestic violence shelters;
- (House Bill 1443) \$50.0 million transfer to BND's infrastructure revolving loan fund;
- (Senate Bill 2012) \$50.0 million transfer to BND's medical facility infrastructure loan fund;
- (Senate Bill 2039) \$150.0 million transfer to the school construction assistance loan fund.

The amount shown does not include a contingent transfer of \$25.9 million included in Senate Bill 2015 to the highway fund. The contingent transfer is available only if actual general fund revenues for the period beginning July 1, 2015 and ending December 31, 2015 exceed legislative estimates for the same time period by at least \$126.0 million, or if actual general fund revenues for the period beginning July 1, 2015 and ending June 30, 2016 exceed legislative estimates for the same period by at least \$126.0 million.

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 receives a portion of state oil and gas taxes.

Tax Relief Fund
Status Statement

	2011-13 Actual ^{\1}	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$295,000,000	\$341,790,000 ^{\2}	\$657,000,000
Revenue:			
Transfers from general fund		\$315,210,000 ^{\3}	
Allocation of oil tax revenue	\$341,790,000	341,790,000	300,000,000
Total Revenues	<u>\$341,790,000</u>	<u>\$657,000,000</u>	<u>\$300,000,000</u>
Expenditures:			
Transfer to general fund for property tax relief	(295,000,000)	(341,790,000) ^{\4}	(657,000,000)
Total Expenditures	<u>(\$295,000,000)</u>	<u>(\$341,790,000)</u>	<u>(\$657,000,000)</u>
Ending Balance	\$341,790,000	\$657,000,000	\$300,000,000

\1 Final revenues and expenditures per state accounting system reports dated June 30, 2013.

\2 Actual July 1, 2013 balance.

\3 Section 3 of 2013 House Bill 1015 provides for a one-time transfer from the general fund to the Property Tax Relief Fund to set aside money for continuation of property tax relief programs during the 2015-17 biennium.

\4 Section 5 of 2013 House Bill 1013 provides for a transfer from the Property Tax Relief Fund to the general fund for property tax relief programs enacted by the 2013 legislature. Beginning with the 2013-15 biennium, property tax relief is provided through the integrated school funding formula and through a state-paid property tax credit program.

Notes:

The Property Tax Relief Fund was created by the 2009 Legislative Assembly to set aside funding for the continuation of the property tax relief initiative enacted during the 2009 legislative session. NDCC Section 57-51.1-07.5 provided that the first \$200.0 million of the state share of oil and gas taxes be allocated to the general fund each biennium. The next \$341.8 million was allocated to the Property Tax Relief Fund.

The 2015 Legislative Assembly changed the name of the fund to the Tax Relief Fund and decreased the amount of the state share of oil and gas tax revenue deposited into the fund from \$341.8 million to \$300.0 million each biennium.

Tobacco Prevention and Control Trust Fund
Status Statement

	2011-13 Actual ¹¹	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$29,556,426	\$40,654,657 ¹²	\$50,070,200
Revenue:			
Fiscal year 1 payments	\$11,392,521	\$11,205,876 ¹³	\$11,304,243 ¹⁴
Fiscal year 2 payments	11,402,609	11,182,355 ¹³	11,304,243 ¹⁴
Investment Income	62,014	41,353 ¹⁵	56,521 ¹⁵
Total Revenues	<u>\$22,857,144</u>	<u>\$22,429,584</u>	<u>\$22,665,007</u>
Expenditures:			
Appropriated expenditures	(\$11,758,913)	(\$13,014,041)	(\$16,548,039)
Total Expenditures and Transfers	<u>(\$11,758,913)</u>	<u>(\$13,014,041)</u>	<u>(\$16,548,039)</u>
Ending Balance	\$40,654,657	\$50,070,200	\$56,187,168

¹¹ Final revenue and expenditures per state accounting system reports dated June 30, 2011.

¹² Actual July 1, 2013 balance.

¹³ Actual revenue received during fiscal year 2014 and 2015

¹⁴ Estimated revenues based on average of fiscal years 2013 and 2014 actual amounts.

¹⁵ Investment income based on average actual interest earned to date during the 2013-15 biennium.

Notes:

In November 2008, voters approved Measure No. 3, which created a Tobacco Prevention and Control Trust Fund. All tobacco settlement strategic contribution payments received by the state will be deposited in the fund. After 2017, no additional strategic contribution 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 35, appropriates funding for the 2009-11 biennium. Section 36, provides retroactive funding for expenditures that occurred during the period of January 1, 2009, through June 30, 2009. Section 39 changes 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

	2011-13 Actual ¹	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$0	\$0 ²	\$0
Revenue:			
Fiscal year 1 payments	\$20,127,216	\$22,756,379 ³	\$20,000,000 ⁴
Fiscal year 2 payments	20,112,899	19,474,101 ³	20,000,000 ⁴
Total Revenues	<u>\$40,240,115</u>	<u>\$42,230,480</u>	<u>\$40,000,000</u>
Transfers:			
Attorney General (SB 2003) tobacco settlement agreement costs			(\$200,000) ⁵
Transfer to community health trust fund	(\$4,024,012)	(\$4,223,048)	(3,980,000)
Transfer to water development trust fund	(18,108,052)	(19,003,716)	(17,910,000)
Transfer to common schools trust fund	(18,108,052)	(19,003,716)	(17,910,000)
Total Expenditures and Transfers	<u>(\$40,240,115)</u>	<u>(\$42,230,480)</u>	<u>(\$40,000,000)</u>
Ending Balance	\$0	\$0	\$0

¹ Final revenues and expenditures per state accounting system reports dated June 30, 2013.

² Actual July 1, 2013 balance.

³ Actual revenues received in fiscal years 2014 and 2015.

⁴ Estimated revenues based on average actual receipts during the 2009-11 and 2011-13 biennia.

⁵ 2015 Senate Bill 2003 amended NDCC Section 57-27-25 to allow expenses related to the enforcement of the Master Settlement Agreement to be paid from the fund.

Notes:

NDCC Section 54-27-25, enacted in 1999, establishes the Tobacco Settlement Trust Fund. The fund is 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 for enforcement of the judgment, except amounts relating to the strategic contribution payments, must be deposited in the Tobacco Settlement Trust Fund. The principal of the Tobacco Settlement Trust Fund must be allocated as follows:

- 10.0 percent to the Community Health Trust Fund
- 45.0 percent to the Common Schools Trust Fund
- 45.0 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 payments received by the state will be deposited directly into that fund and are not reflected on this statement.

The 2015 Legislative Assembly amended NDCC Section 57-27-25 to allow payment of expenses related to enforcement of the Master Settlement Agreement from the principal and interest of the fund. Any remaining funds will continue to be distributed as initially established.

Tuition Apportionment Fund
Status Statement

	2011-13 Actual ^{\1}	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$1,262,358	\$1,262,358 ^{\2}	\$5,545,263
Revenue:			
Fines for violation of state laws	\$11,338,423	\$14,282,905 ^{\3}	\$10,800,000
Transfers from common schools	92,514,000	130,326,000 ^{\4}	206,134,000 ^{\4}
Total Revenues	\$103,852,423	\$144,608,905	\$216,934,000
Expenditures:			
Tuition fund distributions to schools	(\$103,852,423)	(\$140,326,000) ^{\5}	(\$219,134,000) ^{\6}
Ending Balance	\$1,262,358	\$5,545,263	\$3,345,263

\1 Final revenues and expenditures per state accounting system reports, dated June 30, 2013.

\2 Actual July 1, 2013 balance.

\3 Preliminary June 30, 2015 fine proceeds.

\4 Common Schools Trust Fund distribution estimates provided by Department of Trust Lands.

\5 Section 4 of 2013 House Bill 1013 appropriates State Tuition Fund moneys in excess of \$140.3 million, if they become available during the 2013-15 biennium. Tuition Fund moneys are budgeted through the DPI Fund.

\6 Section 3 of 2015 Senate Bill 2013 appropriates State Tuition Fund moneys in excess of \$219.1 million, if they become available during the 2015-17 biennium. Tuition Fund moneys are budgeted through the DPI Fund.

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 NDCC Section 15.1-28-01. Beginning with the 2007-09 biennium, tuition apportionment payments have been included in state school aid distributions to school districts.

Water Development Trust Fund
Status Statement

	2011-13 Actual ¹	2013-15 Projected	2015-17 Appropriated
Beginning Balance	\$25,209,356	\$26,550,736 ²	\$26,929,452
Revenue:			
Transfers from the tobacco settlement trust	18,108,052	19,003,716 ³	17,910,000 ⁵
Expenditures:			
Water Commission expenditures	(16,766,672)	(18,625,000) ⁴	(34,500,000)
Ending Balance	\$26,550,736	\$26,929,452	\$10,339,452

¹ Final revenues and expenditures per state accounting system reports.

² Actual July 1, 2013 balance.

³ Actual revenues received during fiscal year 2014 and fiscal year 2015.

⁴ Estimated expenditures for the 2013-15 biennium, as projected by the State Water Commission.

⁵ Estimated revenues based on fiscal year 2014 and 2015 actual amounts.

Notes:

The Water Development Trust Fund was established by the Legislative Assembly in 1999, upon enactment of NDCC Section 54-27-25. NDCC Section 54-27-25 established 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 45.0 percent to the Water Development Trust Fund, 45.0 percent to the Common Schools Trust Fund, and 10.0 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 moneys received by the state. Provisions of the measure were in effect prior to receipt of the 2009 strategic contribution payment in April 2009, resulting in a reduction of Water Development Trust Fund revenue for the 2007-09 and subsequent bienniums due to amounts deposited in the Tobacco Prevention and Control Trust Fund that would have otherwise been deposited in the Water Development Trust Fund.

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.

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 executive recommendation provided 9.00 additional FTE and \$885,278 from the general fund. Three of the nine positions were approved as one-time items in the previous biennium, and the Governor recommended they become permanent due to the increased workload, particularly in the business registration and information units. The legislature approved 6.00 of these FTE, which includes the conversion of the three positions which were previously funded as one-time FTE to permanent.

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. The legislature approved a \$66.7 million appropriation, of which \$44.0 million is from the general fund. Included in Senate Bill 2304 is \$5.0 million to construct a new Governor's Residence, \$4.0 million is from the capitol building

fund and \$1.0 million from private donations. Some of the major reductions from the executive recommendation include:

- \$5.0 million for a health insurance pool for temporary employees which was reduced from \$10.0 million due to fewer employees electing to enroll in the program;
- \$8.0 million for the Energy Development Impact pool (a reduction from the recommendation of \$14.7 million); and
- \$1.8 million for Facility Management projects (a reduction from the recommendation of \$7.5 million).

The legislative appropriation did not include funding for the Liberty Memorial building renovation and addition, or transfers from the general fund to the Highway Fund and Special Roads Fund. However, the OMB budget bill does provide for a number of contingent appropriations for various agencies. These contingent appropriations are detailed at the end of this section.

Information Technology Department

The Information Technology Department (ITD) is responsible for providing services to state agencies, higher education, counties, cities and school districts. The Governor recommended \$186.1 million budget with \$33.8 million from the general fund.

The budget approved by the legislature totaled \$179.6 million with \$27.9 million coming from the general fund, and an increase of 10.00 FTE. Items approved include:

- \$2.4 million total, with \$1.7 million from the general fund including 4.00 FTE to provide increases in staffing and resources for the Center for Distance Education, to keep pace with the growth of student enrollments and to provide for college and career readiness;

- \$1.0 million from the general fund to the Educational Technology Council for a matching grant program;
- \$4.8 million from the general fund to continue building the State Longitudinal Data System of which \$1.3 million is considered one-time and the remaining \$3.5 million is ongoing;
- \$1.8 million of special funds and 2.00 FTE to provide desktop support services to other state agencies;
- \$1.0 million, of which \$537,000 is from the general fund, and 4.00 FTE to improve the state's security and address audit recommendations; and
- The transfer of the Criminal Justice Information Sharing System (CJIS) from ITD to the Attorney General along with \$4.2 million and 3.00 FTE.

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 executive recommendation for the Office of the Attorney General was a \$101.7 million budget, including \$43.0 million from the general fund. The continued increase in state-wide economic activity and population growth has taxed law enforcement agencies at all levels of government. To address these impacts, the executive budget included \$24.5 million from the oil and gas impact grant fund, \$270,335 from the general fund and \$292,036 of federal funds to fund 19.50 new FTE

positions and provide \$20.0 million in grants to local law enforcement agencies impacted by energy development. The recommended FTE positions include criminal investigators, intelligence analysts, a forensic scientist, victim advocate, grants administrator, legal staff, and administrative assistants. An additional 5.00 FTE were recommended to support the activities of the various divisions of the Attorney General's office, for a total recommendation of 24.50 new FTE. The executive budget also recommended continuing a programmer analyst position which was authorized only for the 2013-15 biennium.

The legislature appropriated \$91.3 million to the Office of Attorney General, authorized 35.50 new FTE, and continued the programmer analyst authorized for the 2013-15 biennium. Although the total appropriation was less than what the Governor had recommended, the general fund appropriation exceeded the recommendation by \$12.3 million, and 11.00 more FTE than proposed in the executive budget. The new FTE positions authorized by the legislature include 16.50 FTE law enforcement positions, 4.00 FTE positions for the criminal justice information sharing system transferred from ITD, 6.00 FTE attorney positions and 2.00 administrative assistant positions transferred from the North Dakota University System, 2.00 FTE legal staff positions, 2.00 FTE concealed weapons positions, 2.00 FTE criminal history identification positions, and 1.00 FTE gaming position. House Bill 1003, which added 1.00 FTE intellectual property attorney position and \$700,000 for one-time contract attorney services, was also moved into the Attorney General budget as well as \$500,000 included in Senate Bill 2199 for providing prevention and treatment services related to human trafficking victims.

Office of State Tax Commissioner

The Office of the Tax Commissioner is the state agency responsible for the administration and collection of state tax revenues. The total executive budget recommendation for the Office of the State Tax Commissioner was \$70.8 million-including \$30.0 million to expand the Homestead Tax Credit, and \$8.4 million to continue the Disabled Veterans' Tax Credit.

The final legislative appropriation totaled \$58.9 million which includes 2.00 of the 4.00 recommended new FTEs, and a slight expansion to the Homestead Tax 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 \$120.3 million, of which \$117.9 million was from the general fund, representing an increase of \$21.0 million. The Legislative Assembly approved a total budget of \$115.0 million, of which \$112.6 million was from the general fund.

The judicial branch budget request included the addition of 28.00 FTE including 15.00 deputy clerks of court positions, nine of which are currently located in counties which have elected to

convert the deputy clerks of court to state employees, 4.00 district judge positions, 4.00 court reporter positions, 1.00 court recorder, 1.00 law clerk, 1.00 accountant analyst, 1.00 paralegal, and 1.00 guardian monitoring manager. The Legislative Assembly approved all 28.00 FTE positions. Senate Bill 2015 included \$65,693 for additional renovations to the judicial wing, which was also moved to the judicial branch budget.

Commission on Legal Counsel for Indigents

The Commission on Legal Counsel for Indigents is responsible for delivery of constitutionally-adequate services to criminal defendants and respondents in the state who financially qualify for indigent services in accordance with eligibility requirements. The agency has experienced a dramatic increase in caseloads, particularly in western North Dakota. To address the need to meet the constitutionally mandated services, the executive budget recommended 9.00 new FTE positions, including the conversion of five temporary positions to full-time positions, 2.00 FTE positions for a public defender office in Watford City, and 2.00 FTE positions for an adjunct public defender office in Dickinson. The legislature approved all but the 2.00 FTE positions for the adjunct public defender office in Dickinson. In addition, the legislature approved the executive budget recommendation to include a \$4.2 million increase from the general fund and added \$200,000 from the strategic investment and improvements fund for contract attorneys. The contract attorneys are used, in addition to full-time public defenders, in cases where there are conflicts for the public defenders offices or if the caseload requires additional attorneys.

EDUCATION

Higher Education

North Dakota University System (NDUS)

North Dakota's high-quality institutions of higher learning are preparing students for tomorrow's workforce and serve as an economic engine for the state. Multiple entities are included in the university system budget. The System is comprised of the following: two research universities, including a medical school; two master's institution; two baccalaureate institutions; five community colleges; the North Dakota Forest Service; and the University System Office

The 2015-17 NDUS appropriation is \$961.6 million, of which \$896.6 million is from the general fund. Ongoing funding makes up \$737.0 million of the general fund appropriation and represents an 8.50 percent increase over the 2013-15 ongoing appropriation. The remaining general fund budget consists of capital construction projects and other one-time initiatives totaling \$159.5 million.

As recommended by the Governor, the legislature approved continuing the higher education funding formula with minimal changes. First approved by the 2013 Legislative Assembly, the cost-based funding model provides a fixed amount per completed student credit hour (SCH) to institutions for operations. Per SCH rates vary by institutional tier. The 2015-17 formula funding totals \$614.3 million, an increase of \$51.3 million, or 9.1 percent from the 2013-15 biennium. Of this amount, \$12.5 million was included for extraordinary repairs and must be matched 2:1 by the institution.

The Legislative Assembly approved \$23.5 million for the North Dakota Higher Education Challenge matching grant fund, which is less than the \$29.0 million included in the executive recommendation. Appropriations include \$21.0 million from the general fund and \$2.5 million from the student loan trust fund. The program is designed to stimulate the spirit of philanthropy at the state's colleges and universities. Every \$2 in eligible, private donations will be matched with \$1 in state funding.

Additional general fund budget initiatives were focused in the following areas:

System Operations

- \$3.7 million to upgrade security surrounding system-wide IT systems;
- \$3.0 million to enhance campus security related to student and employee safety through one-time purchases;
- \$2.1 million to implement PAR/Starfish/Hobsons software targeted at student retention;
- \$350,000 for retention of nonstudent electronic mail messages;
- \$300,000 to procure necessary internal audit services;
- \$110,000 for a one-time open educational resources initiative; and
- \$1.0 million one-time funding that is available only after a NDUS Office restructuring plan has been approved by the Budget Section.
- The legislature directed the following deductions from the System Office budget:
 - \$2.0 million from general base operations;

- \$2.6 million because legal services will now be provided by the Office of the Attorney General; and
- \$771,964 because auditing functions were transferred to the Office of the State Auditor.

Capital Projects and Extraordinary Repairs

- \$165.7 million to be invested in capital projects and extraordinary repairs across the eleven campuses, with \$109.4 million from the general fund and \$56.3 million from revenue bonds, and other special revenue sources. The projects address approximately \$42.9 million in deferred maintenance. Highlights of the authorized projects include:
 - \$62.0 million to complete construction of the new medical school at UND;
 - \$14.3 million to replace the VCSU heating plant;
 - \$13.3 million for water and sewer infrastructure repairs at NDSCS; and
 - \$8.7 million to address deferred maintenance needs at NDSU, UND, BSC, MaSU and LRSC.
- Two capital projects were approved contingent on general fund revenues exceeding specific thresholds during the 2015-17 biennium:
 - \$25.9 million to demolish two buildings and construct a fine arts building at VCSU. The project will be approved if general fund revenues exceed legislative estimates by \$126.0 million at either December 31, 2015 or June 30, 2016; and
 - \$45.9 million to replace NDSU's Dunbar Hall and demolish the existing structure. The project will be approved if general fund revenues exceed legislative estimates by \$200.0 million at December 31, 2016.

Student Financial Aid Programs

- \$14.1 million - an increase of \$4.1 million - to sustain the career and technical education and academic scholarship program established in 2009. The program provides up to \$6,000 in scholarships to resident students who attend a ND institution and meet the statutory qualifications. Governor Dalrymple recommended increasing the maximum to \$10,000 per student; however, this was not approved by the legislature; and
- \$25.6 million - an increase of \$4.4 million - to increase needs-based financial aid to ND students from \$1,650 to \$1,950 per year.

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. For the 2015-17 biennium, the legislature appropriated to DPI \$2.33 billion, of which \$1.82 billion is from the general fund.

Integrated Formula – Property Tax Relief and School Funding

The Governor's recommended elementary and secondary education funding formula, first approved by the 2013 Legislative Assembly, was adopted with only minor changes. The funding plan provides for an integrated formula to deliver both expanded property tax relief and adequacy-based

education funding. For the 2015-17 biennium, the state will provide \$1.92 billion (SB 2013) for the integrated formula, an increase of \$164.1 million from the 2013-15 level. The integrated formula is funded with appropriations of \$1.70 billion from the general fund and \$219.1 million from the State Tuition Fund.

The integrated formula includes limitations on school district authority to levy property taxes and provides funding to replace locally raised taxes. The mill levy reduction grant program has been discontinued. Rather, the integrated formula assumes a district levy of 60 mills for the purpose of providing educational services, a property tax reduction of 125 mills for districts that were at the former statutory cap. Districts are allowed to levy an additional 10 mills, up to a total of 70 mills, for educational services.

Growth in a district’s educational levy is limited to no more than 12.0 percent per year based on the dollars raised through the property tax levy in the previous year. In addition, districts are allowed to levy up to 12 mills for miscellaneous purposes.

Various safeguards are included to protect districts from funding decreases and limit extraordinary gains as the transition is made to the new funding formula. A baseline funding rate per student is calculated for each district based on state and local funding received during the 2012-13 school year. Districts are guaranteed a per student rate of no less than 106.0 percent of the baseline funding rate for 2015-16 and no less than 108.0 percent for 2016-17. Districts with declining enrollment are protected with a guarantee that total state and local funding will not be less than 100.0 percent of the 2012-13 baseline funding level, regardless of the decline in students. Districts are limited to an increase of no more than 130.0

percent of the baseline funding per student for 2015-16 and no more than 140.0 percent for 2016-17.

The integrated formula can be summarized as follows:

				Local Share		State Share
Weighted	Per	Total Cost		60 mills	75%-	
Student	x Student	= of	=	X	100%of	State
Units	Rate	Education		Local Tax	+ Other	+ Adequacy
				Base	Local	Payment
					Revenue	

The inflation-adjusted per student payment rates used in the 2015-17 integrated formula are \$9,365 for 2015-16 and \$9,646 for 2016-17. The English language learner and small school weighting factors were increased slightly, while the cross-border and migrant factors were eliminated.

In addition to the formula payments, \$1.0 million was provided for grants to schools with the highest proportion of English language learner students.

Rapid Enrollment Grants

For the 2015-17 biennium, the Governor’s \$14.8 million, two-tiered rapid enrollment growth grant program was approved by the legislature as recommended. Districts increasing by 4.0 percent or 150 students, with a minimum growth of 20 students, will receive Tier 1 supplemental payments of \$4,000 per student. Districts with Tier 2 growth of at least 2.0 percent or 75 students, with minimum growth of 10 students, will receive \$2,000 per student.

Transportation and Special Education Contracts

SB 2013 includes an increase in transportation funding of \$3.5 million, to provide a total of \$57.0 million for the 2015-17

biennium. Other increases include \$800,000 for special education contracts, to provide a total of \$17.3 million.

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

SCHOOL AID AND OTHER GRANTS APPROPRIATED TO THE DEPT. OF PUBLIC INSTRUCTION

	2013-15 Adjusted Appropriation	2015-17 Recommendation	2015-17 Appropriation	2015-17 Appropriation Change From 2013-15
School Aid/Mill Levy Reduction Grant Program				
Appropriation				
Integrated formula payment	1,752,100,000	1,900,000,000	1,916,640,000	164,540,000
Total appropriation	1,752,100,000	1,900,000,000	1,916,640,000	164,540,000
Funding				
General fund	1,611,774,000	1,680,866,000	1,697,506,000	85,732,000
Tuition fund	140,326,000	219,134,000	219,134,000	78,808,000
Total funding	1,752,100,000	1,900,000,000	1,916,640,000	164,540,000
Other Grants				
Appropriation				
Rapid enrollment grants	13,600,000	14,800,000	14,800,000	1,200,000
Transportation	53,500,000	60,000,000	57,000,000	3,500,000
Special education contracts	16,500,000	17,300,000	17,300,000	800,000
College and career readiness	0	250,000	250,000	250,000
Powerschool	0	6,000,000	6,000,000	6,000,000
Adult Basic Education	3,110,411	3,734,411	4,110,411	1,000,000
Teacher support program	2,300,000	3,000,000	2,700,000	400,000
School Food and Nutrition	1,380,000	1,380,000	1,380,000	0
Gearing Up for Kindergarten	675,000	675,000	675,000	0
Teacher/principal evaluation system	0 *	240,000	240,000	240,000
North Central Council for School Television	535,000	535,000	535,000	0
North Dakota Governor's School	460,000	460,000	460,000	0
ND Museum of Art	415,000	435,000	435,000	20,000
Teacher Center Network	360,000	414,000	360,000	0
LEAD	260,000	267,500	267,500	7,500
Displaced Homemaker Program	225,000	225,000	225,000	0
Continuing Ed Grants for Pre-School	150,000	150,000	150,000	0

SCHOOL AID AND OTHER GRANTS APPROPRIATED TO THE DEPT. OF PUBLIC INSTRUCTION

	2013-15 Adjusted Appropriation	2015-17 Recommendation	2015-17 Appropriation	2015-17 Appropriation Change From 2013-15
Grants for Pre-Kindergarten Space	125,000	125,000	125,000	0
Young Entrepreneur Education Program	120,000	135,000	100,000	(20,000)
Atlantik-Brucke (Global Bridges) Program	150,000	150,000	250,000	100,000
Continuing education grants	150,000	150,000	150,000	0
Curriculum Alignment Grants	100,000	100,000	100,000	0
Northern Plains Writing Project	83,000	93,000	93,000	10,000
Red River Valley Writing Project	90,000	100,000	100,000	10,000
We the People	20,000	25,000	25,000	5,000
ESPB National Board Certification	120,000	120,000	120,000	0
Pathfinders Parent Project	131,106	146,106	120,000	(11,106)
CPR training reimbursement grants	450,000	0	450,000	0
School district safety grants	3,000,000	0	0	(3,000,000)
English language learner grants	0	0	1,000,000	1,000,000
Medicaid matching grants	0	0	323,611	323,611
Free breakfast grants	0	0	205,000	205,000
Civics education grant	0	0	200,000	200,000
<i>Governing North Dakota</i> textbook update	20,000	0	0	(20,000)
Total appropriation	98,029,517	111,010,017	110,249,522	12,220,005
Funding				
General fund	97,804,517	110,785,017	110,024,522	12,220,005
Special funds	225,000	225,000	225,000	0
Total funding	98,029,517	111,010,017	110,249,522	12,220,005
Grand Total - State Grants				
General fund	1,709,578,517	1,791,651,017	1,807,530,522	97,952,005
Special funds	140,551,000	219,359,000	219,359,000	78,808,000
Total funding	1,850,129,517	2,011,010,017	2,026,889,522	176,760,005

* Funded by the 2013 legislature as part of a \$2.75 million funding pool for various initiatives, including common core standards, teacher/principal evaluation systems, and other initiatives determined by the Superintendent of Public Instruction.

Department of Trust Lands

The Department of Trust Lands 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. The legislature approved a special funds budget of \$148.2 million for the 2015-17 biennium.

The 2015 legislature approved 2.00 of the 5.00 FTE included in the executive recommendation. A land management specialist was authorized to address the increased workload as the agency manages surface and mineral acres on behalf of the state. The compliance officer will assist in the department’s responsibilities administering the Oil and Gas Impact Grant program.

The \$140.0 million appropriation for the Oil and Gas Impact Grant program is authorized in two separate bills: House Bill 1013 and House Bill 1176. House Bill 1176, a bill that adjusts the state/local split of oil and gas gross production taxes and also changes how those moneys are allocated among local political subdivisions, includes an appropriation of \$139.3 million for oil and gas impact grants. House Bill 1013, the agency’s appropriation bill, includes an appropriation of approximately \$700,000 to administer the Oil and Gas Impact Grant program for the 2015-17 biennium. The legislature earmarked 132.5 of the grant funds to be used to address various priorities. Those priorities are listed in House Bill 1176.

Oil and Gas Impact Grant Priorities	Grant Amounts (In Millions)
Airports impacted by oil and gas development	\$48.0
School districts impacted by oil and gas development	30.0
Law enforcement grants	10.0
Eligible critical access hospitals	10.0
Eligible counties	8.0
Eligible emergency medical services providers	6.0
Eligible political subdivisions	5.0
Eligible nursing homes, basic care facilities, home health services and hospice programs	4.0
Fire protection districts	3.0
Developmental disabilities service providers	2.0
Domestic violence/sexual assault organizations	2.0
Local district health units	2.0
Eligible cities	2.5
Total grant priorities	\$132.5

State Library

The State Library provides statewide leadership to public and school libraries, comprehensive informational resources, training, cataloging of state documents, support for the development of the statewide online library catalog, facilitation of interlibrary loans, and coordination of online library resources. The legislature appropriated \$9.2 million, of which \$6.8 million is from the general fund, for the 2015-17 biennium.

The 2015 legislature approved the executive recommendation to provide \$2.1 million for state aid to public libraries, an increase of \$366,500. State aid provides an important source of funding for the state’s public libraries; funds are distributed on the basis of population and area served. The legislature also approved \$250,000 included in the executive recommendation as a one-time appropriation to provide matching grants for critical library repair and maintenance projects.

School for the Deaf/Resource Center for Deaf and Hard of Hearing

The School for the Deaf/Resource Center for Deaf and Hard of Hearing's mission has grown from being the state's educational institution for children with severe to profound hearing loss to include statewide services to the deaf and hard of hearing of all ages. For the 2015-17 biennium the legislature approved a budget of \$10.8 million, of which \$9.1 million is from the general fund.

The 2015 legislature supported the executive recommendation to add 1.00 FTE and \$129,600 from the general fund for a new adult services outreach specialist to address the state's growing, and increasingly aging population, particularly in western ND. Additionally, the legislature approved the recommendation to provide \$500,000 from the general fund for operating expenses previously funded with special fund sources. A recommendation for nearly \$1.7 million in building renovations, of which \$1.0 million was from the general fund, was not approved by the 2015 legislature.

ND Vision Services/School for the Blind

North Dakota Vision Services/School for the Blind provides a full range of services statewide to persons of all ages who are blind or visually impaired. The legislature appropriated \$5.7 million, of which \$5.1 million is from the general fund, for the 2015-17 biennium.

The legislature approved the executive recommendation to appropriate \$162,160 from the general fund to reclassify a position to an orientation and mobility specialist to serve

students and adults in western North Dakota, to establish a low vision clinic, and for other ongoing operation expenses. A recommendation for \$1.6 million, of which \$1.0 million was from the general fund, for phase two of a comprehensive building improvement project was not authorized by the 2015 Legislative Assembly.

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. For the 2015-17 biennium, the legislature approved a budget of \$43.6 million, of which \$34.0 million is from the general fund.

More than \$23.0 million will be provided to schools during the 2015-17 biennium to support and expand CTE offerings, providing more educational opportunities for students and important job skills for those students entering the workforce. The executive recommendation included \$2.0 million to increase reimbursement rates; however, the legislature approved an increase of \$700,000 to maintain reimbursement rates at the current level. An additional \$700,000 was recommended and approved to support new and expanded program offerings across the state. A recommendation to provide \$3.5 million in one-time CTE equipment matching grants was not approved by the 2015 legislature.

In the executive budget, workforce training grants were increased to \$4.0 million for the 2015-17 biennium. The legislature did not approve the increase, but sustained the grants at the present \$3.0 million level.

HEALTH AND HUMAN SERVICES

Department of Health

The Department of Health safeguards the quality of air, land and water resources and promotes healthy behaviors throughout the state. Additionally, the department oversees medical emergency preparedness, regulates food and lodging and healthcare facilities and provides state forensic examination services. The legislature approved an appropriation of \$195.7 million including \$51.5 million from the general fund.

In Environmental Health the legislature approved 10.00 of the additional FTE recommended by the Governor to assist with the rapidly increasing number of inspections and licensing that are a result of the growing energy development. Additional FTE will assist in the areas of air quality, public and drinking water safety and waste management. The legislature removed \$3.4 million for the Oilfield IT system recommended by the Governor. Funding of \$180,000 is provided for an air quality monitoring station and \$600,000 for equipment at the Lab.

Additional funding of \$576,853 is included in Medical Services to continue to provide free immunizations at local public health units as recommended by the Governor; a deficiency appropriation of \$470,900 for the current biennium was also approved in Senate Bill 2023. Funding was removed for the School Immunization Module of \$179,100. Additional funding of \$160,000 for forensic examiner autopsies done at UND was included in House Bill 1003. Also, the Legislature provides for a legislative management study of the feasibility of purchasing the building in Grand Forks that currently houses the UND Forensic Pathology Center.

In the Community Health section the legislature approved the following:

- Continues Women's Way funding at \$400,000 from the Community Health Trust Fund, \$100,000 less than the Governor's recommendation;
- Provides almost \$500,000 for behavioral risk factor survey from the Community Health Trust Fund to replace lost federal funding;
- Increases funding for tobacco prevention \$500,000 (special fund) from the tobacco prevention and control trust fund to replace lost federal funding;
- Provides \$150,000 increase in Suicide Prevention grants, reducing the Governor's recommendation by \$350,000;
- Provides \$200,000 increase for the Domestic Violence / Rape Crisis grants, reducing Governor's recommendation by \$300,000; and
- House Bill 1176 includes an additional \$2.0 million appropriated to Board of University and School Lands for oil-producing counties, \$250,000 of which must go to sexual assault nurse examiner programs (Senate Bill 2284).

Emergency Preparedness and Response received additional funding:

- Provides \$1.1 million increase to Rural EMS grants, \$500,000 less than the Governor's recommendation; also provides that of the \$7.5 million Rural EMS grants, at least 85.0 percent is to be distributed to providers that do not receive an oil impact grant; House Bill 1176 includes an additional \$6.0 million appropriated to Board of University and School Lands for Rural EMS grants in oil-impacted counties; and

- Adds \$200,000 for cardiac system of care not included in the Governor's recommendation.

In Health Resources the legislature provides 1.00 FTE and operating expenses for an additional food and lodging inspector; the Governor had recommended 5.00 FTE.

Highlights of funding included in other areas:

- Increases for local public health unit funding of \$250,000 and provides that the increase be provided only to non-oil-producing counties; House Bill 1176 includes \$2.0 million for local public health units in oil-producing counties appropriated to Board of University and School Lands; a \$1.0 million increase was recommended by the Governor for all local public health units;
- Changes Dental Loan Repayment program \$360,000 funding from community health trust fund to student loan trust fund;
- Increases Loan Repayment Program funds by \$157,500, reducing the Governor's recommendation by \$555,000; allows for behavioral health loan repayments by spreading all loan repayments out over 5 years per House Bill 1396;
- House Bill 1036 requires the department to study the loan repayment programs at an estimated unfunded cost of \$20,000; and
- Provides \$5.5 million additional federal fund authority for anticipated federal grants for Ebola, colorectal cancer and stroke prevention.

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's budget proposal for the Veterans Home totaled \$25.7 million, which included one-time funding of \$930,225 for the construction of a pedestrian bridge, and a \$126,800 one-time appropriation for increased costs of the addition to the resident workshop. The legislature approved a budget of \$23.7 million. The most significant reduction was the not funding of the pedestrian bridge.

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 legislature appropriated \$1.9 million to the Department, of which \$1.6 million is from the general fund. The budget includes \$20,000 for stand down events, \$50,000 to train service dogs to assist veterans with post-traumatic stress disorder and \$313,018 of federal authority to transfer the State Approving Agency from higher education. The Governor also signed House Bill 1372, to provide \$50,000 in grants to veterans exposed to Agent Orange.

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 Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Low Income Home Energy Assistance Program (LIHEAP), and Child Care Assistance
- Medical Services – Includes funding for hospitals, physicians, dentists, nursing homes developmental disability grants, Home and Community Based Services and the Children’s Health Insurance Program (CHIP)
- Child Support
- Aging Services - Older Americans Act programs
- Children and Family Services
- Mental Health and Substance Abuse
- Developmental Disability Services (DD)
- Vocational Rehabilitation - Including Disability Determination Services
- Autism Services
- Field 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, substance abuse and the civil commitment sex offender treatment program; and
- The Life Skills and Transitional Center, located in Grafton, is an educational and training facility for persons with developmental disabilities.

The legislature appropriated \$3.58 billion for the North Dakota Department of Human Services, with \$1.33 billion appropriated from the general fund. This budget provides valuable services to North Dakotans, especially the state’s most vulnerable citizens including seniors and the disabled. Senate Bill 2012 also provides funding for property tax relief by assuming the county share of certain county social service expenses. Highlights of the legislation include:

- An increase of more than \$4.0 million to enhance access to behavioral health services across the state. This includes funding for an expansion of the Department’s mobile crisis response program; additional services to help individuals with mental illness or traumatic brain injury secure and maintain employment; and an expansion to the supported living capacity available for those with a chemical dependency or mental illness;
- An investment of nearly \$3.5 million in home and community based services to help children and seniors remain in their homes and communities. Additional funding will be available for senior meals, vulnerable adult protective services, and autism services for children;
- An inflationary increase of 3.0 percent each year at a cost of more than \$67.0 million for Medicaid providers such as hospitals, nursing homes, physicians, dentists and those who serve individuals with developmental

disabilities. This funding enables important service providers to remain competitive and maintain a high standard of care across the state;

- \$19.3 million to assume the county share of certain social service expenses and to relieve local property owners from these expenses;
- Additional funding of \$1.2 million for Medicaid ambulance services to ensure ambulance providers remain viable and accessible throughout the state;
- An increase of about \$42.0 million to support cost and utilization changes in programs such as Medicaid, foster care, Autism, and home and community-based care;
- Medicaid Expansion is increased \$384.3 million, including \$8.2 million from the general fund due to the federal share decreasing from 100.0 percent to 95.0 percent beginning January 2017, as anticipated from the Affordable Care Act;
- \$2.8 million was included for increased Medicare Part D Clawback payments which is the state's cost for reimbursement of prescription drugs for "dual eligibles", those qualifying for both Medicare and Medicaid; and
- One-time funding of \$60.9 million was included to continue the Eligibility Systems Computer Modernization Project. Total project funding is \$103.8 million.

REGULATORY

Insurance Department

The Office of the Insurance Commissioner is the state's insurance regulatory agency. The agency receives no general

fund appropriation and is funded primarily from insurance premium taxes. For the 2015-17 biennium, the legislature approved a budget of \$28.2 million from special and federal funds.

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 continuing energy development activity in the state has significantly impacted the operations of this agency. As a result, the executive recommendation included and the legislature approved \$3.9 million to fund an additional 22.00 FTE and related operating expenses to meet the demands of regulating the state's booming energy development activity.

Other significant items approved by the legislature are \$5.0 million in one-time general fund dollars for Lignite Research Council grants and \$2.5 million in one-time general fund dollars for possible litigation and other administrative proceedings involving the federal government's efforts to regulate hydraulic fracturing, gas capture, and flaring reduction. The legislature also approved \$13.6 million from the strategic investment and improvements fund for the core library expansion project.

Public Service Commission

The Public Service Commission is responsible for regulating a number of the state's industries. The Commission has jurisdiction over the siting of energy plants, and electric and natural gas transmission facilities, telecommunications companies, mining companies, and to a lesser degree, railroads.

The Governor's budget recommended \$3.0 million for 9.00 new FTE. Of these new FTE, 6.00 would be used for creating a Hazardous Liquid Safety Program and a Railroad Safety Program (3.00 FTE each). The legislature approved only 2.00 FTE; 1.00 FTE for the Railroad Safety Program and 1.00 FTE for a Public Utility Analyst position. They also added two temporary positions; one to assist with the Railroad Safety Program and the other for a Weights and Measures inspector.

Bank of North Dakota

The executive budget recommended 2.00 new FTE for the Bank of North Dakota, including: an information security analyst position to ensure the safety and security of the Bank's assets; and a credit analyst position to provide customer service and expand correspondent services through loan officers and calling officers. These new FTE were approved by the legislature. The legislature also authorized the one-time use of \$17.0 million in Bank assets for a new financial center construction project contingent on Bank profits exceeding \$125.0 million in calendar year 2015.

ND Housing Finance

The executive recommendation provided for a \$20.0 million general fund transfer to the Housing Incentive Fund to promote affordable housing projects in North Dakota. Additionally, the Governor proposed increasing the maximum allowable credits to \$30.0 million, as well as extending the Housing Incentive Fund income tax credit through the upcoming biennium. The legislature provided a \$5.0 million transfer from Bank of North Dakota profits to the Housing Incentive Fund, with an additional \$5.0 million transfer contingent on the Bank of North Dakota's profits exceeding \$130.0 million for calendar year 2015. The legislature did approve extending the credits and increasing the cap to \$30.0 million.

ND Mill and Elevator

The executive budget recommended and the legislature approved 12.00 new FTE, including 6.00 new FTE to operate a new milling unit which is anticipated to begin operation in the fall of 2015 and 6.00 new FTE to meet the demands of increased production. These positions are funded entirely from Mill profits.

Workforce Safety and Insurance

The executive recommendation included funding of \$1.5 million to convert 12 temporary employees to regular FTE. The legislature approved 10.00 of these FTE. Several of these positions are considered hard to fill positions such as registered nurses and vocational rehab counselors. In addition, the budget provided \$6.0 million in special fund authority for the computer software replacement project.

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 executive budget provided a total budget of \$88.6 million including one-time funding of \$27.5 million, of which \$24.0 million is from the general fund, for the construction of a new Law Enforcement Training Academy. Also included in the executive recommendation was one-time funding of \$772,000 to replace obsolete radio equipment, to upgrade the outdoor firing range, and to purchase a skid car training system.

The Governor's budget also included 4.00 new FTE sworn officer positions to augment current staffing levels in the western area of the state.

The legislative appropriation was \$59.7 million. The legislature approved 2.00 of the 4.00 recommended FTE and the \$772,000 for equipment, firing range upgrades and a skid car training system but did not provide funding for the new Law Enforcement Training Academy

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 4 tribal emergency management organizations.

Governor Dalrymple recommended a budget of \$246.6 million for 2015-17, with \$40.1 million coming from the general fund and the remaining \$206.5 million from federal and other funds. The final legislative appropriation was \$239.0 million. Federal and other fund authority was reduced by \$400,000 to \$206.1 million, while the general fund recommendation was reduced by \$7.3 million, to \$32.8 million.

Additional investments were recommended and approved to upgrade and maintain critical State Radio electronic equipment and systems, including:

- \$386,000 for the initial implementation costs of the Next Generation 911 initiative;
- \$382,000 for maintenance of Base Map, which includes updating new roads and the mapping of residential, industrial and commercial development; and
- \$200,000 to purchase hardware that will be used to eliminate radio tower redundancy and cover the maintenance costs.

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

- \$550,000 for the purchase of emergency response supplies;

- \$139,000, of which \$69,500 is from the general fund, for the purchase of land adjacent to the Veteran's Cemetery;
- \$500,000 to continue the Veterans Bonus program; and
- \$1.0 million of disaster relief funds for contracted disaster recovery planning and technical services.

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

- \$400,000 was recommended and \$200,000 was approved from the disaster relief fund for contracted volunteer disaster coordination services;
- \$3.0 million was recommended to be used as grants for fire departments that are near railroads to purchase necessary equipment needed to deal with train derailments. Instead \$1.2 million was approved to be used for a training facility in Grand Forks and an additional \$500,000 will be taken from the insurance tax distribution fund to be used as stipends for firefighters to attend training; and
- \$5.0 million was recommended for a state-wide radio communication system. This amount was removed and \$1.5 million was instead added to ITD's budget for the planning and coordination of the project.

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. For the 2015-17 biennium, the

legislature approved a budget of \$253.7 million, of which \$215.4 million is from the general fund.

The approved budget includes an additional 22.00 FTE including 16.00 FTE parole officers to address the growing number of inmates under supervision. The legislature approved the executive recommendation to provide \$2.1 million in targeted salary equity increases for correctional officers.

The approved budget also includes \$23.4 million to contract with private entities, county jails, and the State Hospital for treatment and transition programming. Contract rates are increased 3.0 percent per year for most programs. Despite the recent completion of the prison expansion project, increases in the number of inmates will require the need to contract for overflow housing beds with county, regional, or out-of-state jails in the 2015-17 biennium. The legislature also approved \$8.5 million for the overflow housing of both male and female inmates.

Female inmates will continue to be housed through the department's contract with the Dakota Women's Correctional and Rehab Center (DWCRC). Funding for the contract with the DWCRC is increased by 25 percent, or \$2.3 million, to \$11.3 million for the 2015-17 biennium. The department's contract with the DWCRC provides for the secure housing of all state adult female inmates.

The legislature approved \$2.1 million for extraordinary repair projects, \$202,500 for security camera upgrades at the State Penitentiary, \$766,144 for IT programs and maintenance, and \$470,400 for equipment purchases. The legislature also carried over \$4.9 million of special fund authority for Roughrider Industries, the DOCR prison industries program, to cover the

costs of a general issuance of license plates, as provided by the 2013 legislature in Senate Bill 2012.

AGRICULTURE / ECONOMIC DEVELOPMENT

Department of Commerce

The North Dakota Department of Commerce budget encompasses the divisions of Community Services, Economic Development and Finance, Tourism, Workforce Development, Innovation and Entrepreneurship, as well as Administration. The divisions work together to attract, retain, and expand wealth by diversifying the state's economy, and generating quality jobs for state citizens.

The Governor recommended a \$142.1 million budget for the Department of Commerce comprised of \$71.0 million from the state general fund, \$55.5 million in federal funds, and \$15.6 million from special funds. The legislature reduced the Governor's general fund proposal by \$14.8 million. The resulting legislative appropriation totals \$131.4 million, of which \$56.2 million is from the general fund and the remaining \$75.2 million from other funds. This represents a 16.4 percent decrease in state general fund dollars from the 2013-15 biennial budget.

Office of Innovation and Entrepreneurship

Governor Dalrymple recommended \$8.0 million, but the legislature approved investing \$4.5 million in Research North Dakota (RND) which will grow and diversify the state's economy by commercializing technologies, including biotechnology. Funds will be directed into the following research areas:

- \$3.5 million for the general RND program; and
- \$1.0 million for grants to conduct research on and commercialization for the prevention, treatment, or cure of viral diseases, cancer and other pathogens.

The legislature allocated \$7.5 million from the strategic investment and improvements fund, which is \$2.5 million more than recommended, to provide infrastructure construction grants for the Grand Sky Unmanned Aerial System (UAS) Business and Aviation Park, a project which is made possible by an enhanced use lease agreement with the Grand Forks Air Force Base. The first \$3.1 million is available for taxi-way reconnection and alert pad refurbishment after an agreement for the first private sector single-tenant or multi-tenant building is reached. Remaining funds may be awarded after an agreement for either a second private sector or data intensive tenant is reached.

A redesigned entrepreneurship grant and vouchers program was authorized with a \$3.3 million budget, which is \$750,000 more than the Governor suggested. The department will award vouchers and grants to entrepreneurs to procure business development assistance from the state's certified entrepreneurial centers. \$900,000 of the amount will provide direct grants to entrepreneurial centers in Bismarck, Grand Forks and Fargo.

Other approved initiatives include:

- \$2.7 million for operations of the unmanned aircraft systems test site. Of the amount, \$1.2 million may only be used as matching funds to incentivize private sector business development related to the test site; and
- \$1.5 million for base realignment grants to the cities of Grand Forks, Minot and Fargo.

Economic Development & Finance

The legislature agreed with the Governor's recommendation to provide \$3.3 million for the Agricultural Products Utilization Commission (APUC) to provide grants to aid in the development of new and expanded uses of North Dakota's agricultural products. The budget consists of \$2.1 million from the APUC fund that receives 5.0 percent of the State Mill and Elevator's annual profits and \$1.2 million from the state general fund.

North Dakota Division of Tourism

The legislature approved the Governor's recommendation to provide an additional \$1.0 million to enhance tourism-related marketing in mid-western markets. A second recommendation for a one-time \$750,000 tourism infrastructure grant program aimed at expanding tourism opportunities within the state was also approved.

Workforce Development

The executive recommendation included \$14.1 million for multiple workforce initiatives. The legislatively-approved budget included \$7.6 million for similar initiatives, a reduction of \$6.5 million from the recommended level.

The Governor proposed and the legislature approved a new pre-kindergarten community grant program which will provide grants to pre-school education programs beginning in the second year of the 2015-17 biennium. As recommended, \$6.0 million in grants would have been available to any family that chose to enroll a four-year-old in a preschool program approved by the Department of Public Instruction. Legislative changes focused the grants solely on low-income children eligible for free or reduced meals and decreased the funding to \$3.0 million.

The Workforce Enhancement Fund, which provides grants to public two-year colleges to create or enhance industry-supported training programs, was provided \$1.0 million, or \$500,000 less than recommended.

Established by the 2013 legislature, the tribal college grant program provides grants to tribally controlled community colleges to develop certificate or degree programs in fields with job openings within the state. The Governor recommended \$6.0 million from the general fund for this program. The Legislative Assembly cut the budget by 50.0 percent, to \$3.0 million, with \$2.0 million coming from the general fund and \$1.0 million from the student loan trust fund.

Community Services

The executive recommendation included \$3.0 million for statewide program for grants to political subdivisions for new or expanded childcare facilities and to purchase equipment. The maximum grant available is \$187,500 and requires a one dollar of matching funds for every three state dollars received. The Legislative Assembly reduced program funding to \$2.3 million.

The Legislative Assembly approved the Governor's recommendation for \$1.0 million for grants to homeless shelters due to increasing pressures on these facilities, and increased the amount to \$1.5 million.

Additionally, the legislature provided \$650,000 for grants to domestic violence shelters located in non-oil-producing counties.

Office of the Commissioner of Agriculture

The Agriculture Commissioner's office is comprised of six divisions: Administration, Plant Industries, Marketing and Information, Animal Health, State Veterinarian, Livestock Development, and Pesticides and Fertilizer. Multiple agriculture-related programs are administered by the agency, including: Pride of Dakota, Board of Animal Health, Crop Harmonization Board, Wildlife Services, State Meat Inspection, Noxious Weeds Management, Agriculture in the Classroom, and Project Safe Send.

The Governor recommended for the Commissioner of Agriculture a total appropriation of \$30.8 million of which \$11.1 million was from the general fund and \$19.7 million from federal and special funds. The legislature approved a total budget of \$32.9 million with \$11.6 million from the general fund and \$21.3 million from special and federal funds.

Governor Dalrymple's recommended budget included, and the Legislative Assembly approved, the following proposals:

- \$82,297 to monitor, survey and inspect for Japanese beetle, emerald ash borer and issues impacting the apiary industry;
- \$50,000 to cover the costs of new venues for the Pride of Dakota showcases; and
- \$150,222 to do a department-wide analysis focusing on information technology and application infrastructure.

Additionally, the legislature made various additions and changes to the budget recommendation, including:

- Provided an additional \$300,000 in federal fund authority to cover the expenses related to the avian flu outbreak;
- Approved \$800,000 from the general fund for the National Genomics Center; and
- Approved \$1.2 million in special fund budget authority for the Waterbank Program.

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

The Legislative Assembly approved a \$260.9 million appropriation for the Upper Great Plains Transportation Institute (UGPTI), Northern Crops Institute (NCI), the Extension Service and the Research Centers, which represents a 13.0 percent increase above the 2013-15 biennium. State general fund dollars comprise \$115.7 million of the biennial budget and are \$4.5 million more than the previous biennium.

Governor Dalrymple recommended investing \$18.0 million in general fund dollars to construct a new veterinary diagnostic lab. The legislature changed the funding source for this to the strategic investment and improvements fund.

In addition to funding ongoing research and extension operations, the Governor's recommended budget provided \$2.8 million from the general fund to support the top research priorities of the State Board for Agriculture Research and Education. Major general fund components of the executive budget that were approved by the legislature include:

- \$800,000 and 2.00 FTE for two bioinformaticists;

- \$1.1 million will be used for the purchase of equipment at the Main and Branch RECs, to enhance research infrastructure;
- \$460,000 and 3.00 FTE for an additional scientist and technical support at two of the RECs;
- \$60,000 increase for each of the Extension centers for an increase in operating for a total of \$210,000; and
- \$200,000 and 1.00 FTE for an area livestock specialist.

The Legislative Assembly increased the Governor's recommendation for the following initiatives:

- \$350,000 to purchase land near the Langdon REC. Of this amount \$175,000 is from the general fund;
- \$793,000 for UGPTI to develop a road and bridge asset management system;
- \$72,500 to study flooded agricultural production lands; and
- \$12,500 for Junior Master Gardener internships in Burleigh County.

ND State Fair

The Governor's budget included \$1.7 million in one-time general fund dollars to finish the project on the asphalt overlay on the state fairgrounds that was damaged during the 2011 Souris River flood event. The legislature reduced this amount to \$500,000.

NATURAL RESOURCES / TRANSPORTATION

Historical Society

The mission of the Historical Society is to preserve and interpret North Dakota's history. The Governor recommended a budget of \$28.5 million which included 6.00 FTE to provide necessary staffing for the operation of the expanded Heritage Center. In addition, 7.00 FTE facility employees were transferred from OMB. The executive recommendation also provided for \$4.9 million in one-time projects, including \$1.0 million for repairs and renovations of Ft. Totten and the Stutsman County Courthouse as well as \$3.5 million to stabilize the ground at Double Ditch.

The legislature appropriated \$28.4 million to the Historical Society, including one-time funding for renovations to Ft. Totten and the Stutsman County Courthouse, Double Ditch repairs, and \$1.5 million for the purchase of Dakota the Dinosaur - one of the most complete triceratops skeletons ever found. The legislative assembly also approved 3.00 of the additional FTE, as well as the transfer of 7.00 existing FTE from OMB.

Game and Fish Department

The Game and Fish Department manages publicly owned wildlife resources for the State of North Dakota. Agency funding comes from a combination of federal funds and fees from hunting and fishing license sales. The Governor recommended a budget of \$77.8 million and 4.00 additional FTE.

A key initiative of the department has been the expansion of public hunting access on private land. The Governor's budget continues the focus on this initiative and recommends a \$16.9

million appropriation for the department's land habitat and deer depredation line item, which includes \$7.7 million for rental and lease payments to landowners.

The legislature approved \$77.2 million and 5.00 new FTE in the Game and Fish Department Budget. An additional FTE is included for the implementation of House Bill 1358, which removes the mandate of county auditors to issue game and fish licenses and transfers this responsibility to the Game and Fish Department.

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 Dakotan's and visitors to the state. Consequently, park visitation is at record levels. To preserve and improve the state's park system, the Governor proposed a \$30.4 million plan to make in improvements at state parks. The executive budget also recommended 10.00 new FTE.

For the 2015-17 biennium, the legislature approved a budget of \$48.2 million, of which \$33.3 million is from the general fund for the operation, maintenance, and improvement of the state park system. Significant funding items include:

- \$14.8 million to advance the Governor's park improvements initiative;
- \$335,297 for capital projects at the International Peace Garden;
- \$200,000 for demolition of Peace Towers; and
- \$278,000 for the acquisition of a portion of park land.

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 Governor's recommended budget for the State Water Commission was \$1.43 billion, with \$1.27 billion from the resources trust fund. The Governor also recommended an additional 10.00 FTEs, of which seven were approved by the Legislative Assembly. The Legislative Assembly appropriated \$1.16 billion to the State Water Commission.

The Legislative Assembly appropriated \$1.02 billion to the SWC for water related projects, such as Grand Forks water treatment plant, Central Dakota water supply, Fargo flood control, Stutsman County water reuse facility, Northwest Area Water Supply, Red River Valley water supply, Southwest Pipeline Project, Western Area Water Supply, Weather Modification, and other water programs. This includes \$34.0 million from the state disaster relief fund and provides \$30.0 million for Fargo interior flood protection and \$4.0 million for levees at the Missouri River Correctional Facility and Fox Island. Finally, the Legislative Assembly provided for a \$200.0 million line of credit at the Bank of North Dakota to be used as necessary for water supply and flood control projects.

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.

In addition, weather-related damage has caused serious deterioration to roads across the state. To address the need to make repairs and improvements to infrastructure at the state and local level, the executive budget provided a total of \$4.19 billion, including \$1.35 billion in one-time funding for enhanced state highway investments, and \$100.0 million in one-time funding for distributions to non-oil producing counties, cities and townships. Finally, the Governor’s recommendation also included \$5.0 million from the general fund for improvements to roads leading to recreational areas, as well as 2.00 new FTE.

The legislature appropriated \$2.70 billion to the DOT, with \$636.4 million coming from the general fund. The final budget approved by the legislative assembly also included one of the two new recommended FTE. The following chart summarizes Department of Transportation roadway funding for the 2015-17 biennium:

Funding	West Region (in millions)	Central & East Regions (in millions)	Total (in millions)
State Funds for State Highways – House Bill 1012/Senate Bill 2015/Senate Bill 2103	\$976.7		\$976.7
House Bill 1012 (Fed funds, state/local match)	136.3	576.0	712.3
State Funds Oil Producing Counties - Senate Bill 2103	240.0		240.0
State Funds Non-Oil Producing Counties/Townships – House Bill 1012/House Bill 1176/Senate Bill 2103		248.0	248.0
Total 2015-17 Biennium	\$1,353.0	\$824.0	\$2,177.0

The Legislative Assembly also provided \$91.9 million in contingent funding for state highway investments based on certain general fund revenue levels.

2015-17 Contingent Appropriations					
Agency	Purpose	Amount	Source	Contingency Trigger	
235	North Dakota State University	Demolition and construction of Dunbar Hall	\$46,000,000	General Fund	The funding is to be made available if general fund revenues exceed projections by \$250 million for the period beginning July 1, 2015 and ending December 31, 2016 (SB 2015).
242	Valley City State University	Construction of Fine Arts building and demolition of 2 existing buildings	\$25,850,000	General Fund	The appropriation is contingent upon general fund revenues exceeding legislative projections by \$126 million between July 1, 2015, and December 31, 2015 . If revenues do not satisfy this criteria during this period, the funding will become available if general fund revenues exceed projections by \$126 million between January 1, 2016 and June 30, 2016 (SB 2015).
405	Industrial Commision	1.00 FTE	\$166,878	General Fund	The funds and FTE authorization will be made available if the monthly average rig count exceeds 140 between July 1, 2015 and June 30, 2017 (HB 1014).
		2.00 FTE	\$305,943	General Fund	The funds and FTE authorization will be made available if the monthly average rig count exceeds 155 between July 1, 2015 and June 30, 2017 (HB 1014).
		3.00 FTE	\$417,195	General Fund	The funds and FTE authorization will be made available if the monthly average rig count exceeds 170 between July 1, 2015 and June 30, 2017 (HB 1014).
		4.00 FTE	\$500,634	General Fund	The funds and FTE authorization will be made available if the monthly average rig count exceeds 185 between July 1, 2015 and June 30, 2017 (HB 1014).
		5.00 FTE	\$556,260	General Fund	The funds and FTE authorization will be made available if the monthly average rig count exceeds 200 between July 1, 2015 and June 30, 2017 (HB 1014).
471	Bank of North Dakota	Transfer to Housing Incentive Fund	\$5,000,000	Bank of North Dakota Profits	The transfer will occur if the Bank of North Dakota's profits exceed \$130 million between July 1, 2015, and December 31, 2015 (HB 1014).
		Construction of North Dakota Financial Center	\$17,000,000	Bank of North Dakota Profits	This funding was included in the Bank of North Dakota's appropriation bill, however, it is only authorized if the bank's profits exceed \$125 million between July 1, 2015 and December 31, 2015 (HB 1014).
801	Department of Transportation	State Highway Enhancements	\$20,000,000	General Fund	The funding is to be transferred to the Highway fund if general fund revenues exceed legislative projections by \$20 million between February 1, 2015 and June 30, 2015 (SB 2015).
		State Highway Enhancements	\$25,850,000	Strategic Investments and Improvements Fund	The transfer to the Highway fund is contingent upon general fund revenues exceeding legislative projections by \$126 million between July 1, 2015, and December 31, 2015 . If revenues do not satisfy this criteria during this period, the funding will become available if general fund revenues exceed projections by \$126 million between January 1, 2016 and June 30, 2016 (SB 2015).
		State Highway Enhancements	\$46,000,000	General Fund	The funding is to be transferred to the Highway fund if general fund revenues exceed legislative projections by \$250 million for the period beginning July 1, 2015 and ending December 31, 2016 (SB 2015).
		Transfer to Public Transportation fund	\$100,000	General Fund	The transfer will occur if deposits in the Public Transportation fund are less than \$5.2 million between July 1, 2014 and June 30, 2015 (HB 1012).
		Transfer to Public Transportation fund	\$100,000	General Fund	The transfer will occur if deposits in the Public Transportation fund are less than \$5.2 million between July 1, 2015 and June 30, 2016 (HB 1012).
Totals			\$ 139,996,910	General Fund	
			\$ 25,850,000	Strategic Investments and Improvements Fund	
			\$ 22,000,000	Bank of North Dakota Profits	

CAPITAL ASSETS

The capital budget summarizes the 2015-17 biennium executive recommendation for state investments in capital assets. The term "capital assets" refers to: capital projects, extraordinary repairs, other capital payments, equipment over \$5,000 and information technology (IT) equipment and software over \$5,000. The executive recommendations 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 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 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 – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
108 Secretary of State	\$0	\$0	\$0	\$0	\$3,050,000	\$3,050,000
General Fund					3,050,000	3,050,000
Federal Funds						
Special Funds						
110 Office of Management and Budget	\$5,000,000	\$3,657,928	\$665,081	\$267,000	\$110,000	\$9,700,009
General Fund		1,947,928	665,081	67,000		2,680,009
Federal Funds						
Special Funds	5,000,000	1,710,000		200,000	110,000	7,020,000
112 Information Technology	\$0	\$0	\$0	\$250,000	\$9,500,000	\$9,750,000
General Fund					600,000	600,000
Federal Funds						
Special Funds				250,000	8,900,000	9,150,000
125 Office of the Attorney General	\$0	\$0	\$765,483	\$1,668,072	\$237,632	\$2,671,187
General Fund			765,483	236,344		1,001,827
Federal Funds				1,431,728	237,632	1,669,360
Special Funds						
127 Office of State Tax Commissioner	\$0	\$0	\$0	\$0	\$24,000	\$24,000
General Fund					24,000	24,000
Federal Funds						
Special Funds						
150 Legislative Assembly	\$0	\$0	\$0	\$400,000	\$16,800	\$416,800
General Fund				400,000	16,800	416,800
Federal Funds						
Special Funds						
160 Legislative Council	\$0	\$0	\$0	\$30,000	\$0	\$30,000
General Fund				30,000		30,000
Federal Funds						
Special Funds						
180 Judicial Branch	\$0	\$894,420	\$0	\$1,194,460	\$957,650	\$3,046,530
General Fund		894,420		1,194,460	957,650	3,046,530
Federal Funds						
Special Funds						

Capital Assets Appropriations by Category – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
215 ND University System	\$0	\$8,700,000	\$8,368,836	\$0	\$0	\$17,068,836
General Fund		8,700,000	8,368,836			17,068,836
Federal Funds						
Special Funds						
227 Bismarck State College	\$2,175,000	\$417,673	\$0	\$0	\$0	\$2,592,673
General Fund	1,575,000	417,673				1,992,673
Federal Funds						
Special Funds	600,000					600,000
228 Lake Region State College	\$1,648,423	\$155,367	\$0	\$0	\$0	\$1,803,790
General Fund	1,648,423	155,367				1,803,790
Federal Funds						
Special Funds						
229 Williston State College	\$0	\$197,801	\$0	\$0	\$0	\$197,801
General Fund		197,801				197,801
Federal Funds						
Special Funds						
230 University of North Dakota	\$74,000,000	\$5,171,566	\$0	\$0	\$0	\$79,171,566
General Fund	68,000,000	5,171,566				73,171,566
Federal Funds						
Special Funds	6,000,000					6,000,000
235 North Dakota State University	\$11,600,000	\$2,732,244	\$0	\$0	\$0	\$14,332,244
General Fund		2,732,244				2,732,244
Federal Funds						
Special Funds	11,600,000					11,600,000
238 ND State College of Science	\$13,298,000	\$1,012,379	\$0	\$0	\$0	\$14,310,379
General Fund	13,298,000	1,012,379				14,310,379
Federal Funds						
Special Funds						
239 Dickinson State University	\$11,500,000	\$409,078	\$0	\$0	\$0	\$11,909,078
General Fund		409,078				409,078
Federal Funds						
Special Funds	11,500,000					11,500,000

Capital Assets Appropriations by Category – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
240 Mayville State University	\$0	\$358,992	\$0	\$0	\$0	\$358,992
General Fund		358,992				358,992
Federal Funds						
Special Funds						
241 Minot State University	\$0	\$899,620	\$0	\$0	\$0	\$899,620
General Fund		899,620				899,620
Federal Funds						
Special Funds						
242 Valley City State University	\$30,289,000	\$408,319	\$0	\$0	\$0	\$30,697,319
General Fund	14,289,000	408,319				14,697,319
Federal Funds						
Special Funds	16,000,000					16,000,000
243 Dakota College at Bottineau	\$11,746,983	\$114,007	\$0	\$0	\$0	\$11,860,990
General Fund	1,098,789	114,007				1,212,796
Federal Funds						
Special Funds	10,648,194					10,648,194
244 North Dakota Forest Service	\$0	\$44,962	\$0	\$56,248	\$0	\$101,210
General Fund		44,962		56,248		101,210
Federal Funds						
Special Funds						
252 School for the Deaf	\$0	\$792,174	\$0	\$75,000	\$0	\$867,174
General Fund		192,174				192,174
Federal Funds						
Special Funds		600,000		75,000		675,000
253 ND Vision Services	\$0	\$49,454	\$19,000	\$0	\$13,500	\$81,954
General Fund		49,454				49,454
Federal Funds						
Special Funds			19,000		13,500	32,500
301 ND Department of Health	\$0	\$336,170	\$637,940	\$2,717,622	\$27,500	\$3,719,232
General Fund		80,243	456,335	346,000		882,578
Federal Funds		32,380	181,605	1,804,622	17,500	2,036,107
Special Funds		223,547		567,000	10,000	800,547

Capital Assets Appropriations by Category – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
313 Veterans Home	\$126,800	\$83,000	\$344,883	\$158,830	\$0	\$713,513
General Fund						
Federal Funds						
Special Funds	126,800	83,000	344,883	158,830		713,513
321 Department of Veterans' Affairs	\$0	\$0	\$0	\$15,000	\$0	\$15,000
General Fund				15,000		15,000
Federal Funds						
Special Funds						
325 Department of Human Services	\$0	\$3,574,956	\$0	\$518,900	\$26,000	\$4,119,856
General Fund		3,574,956		508,900	13,000	4,096,856
Federal Funds				10,000	13,000	23,000
Special Funds						
360 Protection and Advocacy	\$0	\$0	\$0	\$0	\$10,500	\$10,500
General Fund					10,500	10,500
Federal Funds						
Special Funds						
380 Job Service North Dakota	\$0	\$0	\$20,000	\$0	\$0	\$20,000
General Fund						
Federal Funds			20,000			20,000
Special Funds						
401 Insurance Department	\$0	\$0	\$0	\$0	\$90,000	\$90,000
General Fund						
Federal Funds						
Special Funds					90,000	90,000
405 Industrial Commission	\$13,625,322	\$0	\$0	\$41,500	\$0	\$13,666,822
General Fund				41,500		41,500
Federal Funds						
Special Funds	13,625,322					13,625,322
406 Department of Labor and Human Rights	\$0	\$10,000	\$0	\$0	\$56,135	\$66,135
General Fund		10,000			56,135	66,135
Federal Funds						
Special Funds						

Capital Assets Appropriations by Category – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
408 Public Service Commission	\$0	\$0	\$0	\$0	\$26,400	\$26,400
General Fund					26,400	26,400
Federal Funds						
Special Funds						
412 Aeronautics Commission	\$0	\$300,000	\$0	\$0	\$0	\$300,000
General Fund						
Federal Funds		270,000				270,000
Special Funds		30,000				30,000
471 Bank of North Dakota	\$0	\$0	\$0	\$250,000	\$495,000	\$745,000
General Fund						
Federal Funds						
Special Funds				250,000	495,000	745,000
485 Workforce Safety and Insurance	\$0	\$0	\$0	\$0	\$6,000,000	\$6,000,000
General Fund						
Federal Funds						
Special Funds					6,000,000	6,000,000
504 Highway Patrol	\$80,000	\$0	\$0	\$66,000	\$0	\$146,000
General Fund	70,000			58,000		128,000
Federal Funds						
Special Funds	10,000			8,000		18,000
530 Dept of Corrections and Rehabilitation	\$202,500	\$3,212,000	\$1,279,524	\$470,400	\$157,778	\$5,322,202
General Fund	202,500	2,962,000	1,279,524	244,400	157,778	4,846,202
Federal Funds						
Special Funds		250,000		226,000		476,000
540 Adjutant General	\$30,139,000	\$0	\$224,046	\$845,000	\$546,000	\$31,754,046
General Fund	69,500		224,046	203,277	546,000	1,042,823
Federal Funds	30,000,000			641,723		30,641,723
Special Funds	69,500					69,500
602 Department of Agriculture	\$800,000	\$0	\$0	\$0	\$8,000	\$808,000
General Fund	800,000					800,000
Federal Funds						
Special Funds					8,000	8,000

Capital Assets Appropriations by Category – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
627 Upper Great Plains Transportation Institute	\$0	\$0	\$0	\$58,000	\$0	\$58,000
General Fund						
Federal Funds						
Special Funds				58,000		58,000
628 Branch Research Centers	\$350,000	\$0	\$149,556	\$5,654,950	\$0	\$6,154,506
General Fund	175,000		149,556	1,050,000		1,374,556
Federal Funds						
Special Funds	175,000			4,604,950		4,779,950
630 NDSU Extension Service	\$0	\$0	\$0	\$660,000	\$0	\$660,000
General Fund						
Federal Funds						
Special Funds				660,000		660,000
638 Northern Crops Institute	\$0	\$0	\$0	\$350,000	\$0	\$350,000
General Fund						
Federal Funds						
Special Funds				350,000		350,000
640 NDSU Main Research Center	\$22,650,000	\$1,340,465	\$421,569	\$7,241,516	\$0	\$31,653,550
General Fund	1,500,000	1,340,465	421,569	550,000		3,812,034
Federal Funds						
Special Funds	21,150,000			6,691,516		27,841,516
649 Agronomy Seed Farm	\$0	\$0	\$0	\$295,000	\$0	\$295,000
General Fund						
Federal Funds						
Special Funds				295,000		295,000
665 ND State Fair	\$0	\$500,000	\$0	\$0	\$0	\$500,000
General Fund		500,000				500,000
Federal Funds						
Special Funds						
701 Historical Society	\$0	\$4,935,959	\$1,358,335	\$81,000	\$0	\$6,375,294
General Fund		1,510,959	1,358,335	81,000		2,950,294
Federal Funds						
Special Funds		3,425,000				3,425,000

Capital Assets Appropriations by Category – 2015-17

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
720 Game and Fish Department	\$400,000	\$2,660,000	\$1,800,000	\$852,996	\$0	\$5,712,996
General Fund						
Federal Funds		653,900		628,500		1,282,400
Special Funds	400,000	2,006,100	1,800,000	224,496		4,430,596
750 Parks and Recreation Department	\$15,563,297	\$1,470,620	\$73,591	\$1,050,000	\$0	\$18,157,508
General Fund	15,285,297	1,220,615	73,591	750,000		17,329,503
Federal Funds	278,000			300,000		578,000
Special Funds		250,005				250,005
770 State Water Commission	\$0	\$0	\$184,000,000	\$602,500	\$40,000	\$184,642,500
General Fund						
Federal Funds						
Special Funds			184,000,000	602,500	40,000	184,642,500
801 Department of Transportation	\$10,897,400	\$0	\$1,855,896,416	\$42,644,817	\$258,327	\$1,909,696,960
General Fund						
Federal Funds			481,578,110	250,280		481,828,390
Special Funds	10,897,400		1,374,318,306	42,394,537	258,327	1,427,868,570
Total All Agencies	\$ 256,091,725	\$ 44,439,154	\$ 2,056,024,260	\$ 68,514,811	\$ 21,651,222	\$ 2,446,721,172
General Fund	118,011,509	34,905,222	13,762,356	5,832,129	5,458,263	177,969,479
Federal Funds	30,278,000	956,280	481,779,715	5,066,853	268,132	518,348,980
Special Funds	107,802,216	8,577,652	1,560,482,189	57,615,829	15,924,827	1,750,402,713

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 – 2015-17

Agency	Capital Project	Total	General Fund	Federal Funds	Special Funds
110 Office of Management and Budget	Governor's Residence	\$5,000,000	\$0	\$0	\$5,000,000
227 Bismarck State College	Major Campus Infrastructure	1,575,000	1,575,000		
	Student Union Lower Level Renovation	600,000			600,000
	Total	\$2,175,000	\$1,575,000	\$0	\$600,000
228 Lake Region State College	Switchgear, Electrical Service, and Window Replacement	\$1,648,423	\$1,648,423	\$0	\$0
230 University of North Dakota	School of Medicine and Health Sciences Completion	62,000,000	62,000,000		
	UND Airport Project	6,000,000	6,000,000		
	Student Engagement	6,000,000			6,000,000
	Total	\$74,000,000	\$68,000,000	\$0	\$6,000,000
235 North Dakota State University	Aquatic Center	11,000,000			11,000,000
	Minard Hall	600,000			600,000
	Total	\$11,600,000	\$0	\$0	\$11,600,000
238 ND State College of Science	Campus Water and Sewer Infrastructure	\$13,298,000	\$13,298,000	\$0	\$0
239 Dickinson State University	Woods Hall Renovation/Student Housing Purchase	\$11,500,000	\$0	\$0	\$11,500,000
242 Valley City State University	Heating Plant Replacement	14,289,000	14,289,000		
	Health, Wellness, and Physical Education Facility	16,000,000			16,000,000
	Total	\$30,289,000	\$14,289,000	\$0	\$16,000,000
243 Dakota College at Bottineau	Nelson Science Center Renovation	1,098,789	1,098,789		
	Dormitory Updates and Remodeling	3,784,076			3,784,076
	Allied Health and Wellness Center	6,864,118			6,864,118
	Total	\$11,746,983	\$1,098,789	\$0	\$10,648,194
313 Veterans Home	Resident Workshop Addition	\$126,800	\$0	\$0	\$126,800
405 Industrial Commission	Wilson Laird Core and Sample Library Expansion	\$13,625,322	\$0	\$0	\$13,625,322
504 Highway Patrol	Upgrade Outdoor Gun Range	\$80,000	\$70,000	\$0	\$10,000
530 Dept of Corrections and Rehabilitation	ND State Penitentiary Security Campera Upgrade	\$202,500	\$202,500	\$0	\$0
540 Adjutant General	Federal Construction	30,000,000		30,000,000	
	North Dakota Veterans Cemetary Land Purchase	139,000	69,500	0	69,500
	Total	\$30,139,000	\$69,500	\$30,000,000	\$69,500
602 Dept of Agriculture	National Genomics Center	\$800,000	\$800,000	\$0	\$0
628 Research and Extension Center	Land purchase near Langdon REC	\$350,000	\$175,000	\$0	\$175,000

Capital Projects Appropriations – 2015-17

Agency	Capital Project	Total	General Fund	Federal Funds	Special Funds
640 NDSU Main Research Center	Vetrinary Diagnostic Lab Replacement	18,000,000			18,000,000
	Seed Cleaning Plants	4,500,000	1,500,000		3,000,000
	Agronomy Laboratory- CREC	150,000			150,000
	Total	\$22,650,000	\$1,500,000	\$0	\$21,150,000
720 Game and Fish Department	Devils Lake Storage Building	200,000			200,000
	State Fair Shooting Skills Building	200,000			200,000
	Total	\$400,000	\$0	\$0	\$400,000
750 Parks and Recreation Department	State Parks Initiative	14,750,000	14,750,000		
	International Peace Garden Capital Projects	335,297	335,297		
	Adjutant General Acquisition of a Portion of Park Land	278,000		278,000	
	Demolition of Peace Towers	200,000	200,000		
	Total	\$15,563,297	\$15,285,297	\$278,000	\$0
801 Department of Transportation	Land and Buildings	9,697,400			9,697,400
	Radio Sites, Prefabricated Buildings	1,200,000			1,200,000
	Total	\$10,897,400	\$0	\$0	\$10,897,400
		\$256,091,725	\$118,011,509	\$30,278,000	\$107,802,216

CAPITAL PROJECTS DESCRIPTIONS

110 – Office of Management and BudgetNew Governor's Residence

The legislature provided \$4.0 million dollars from the capitol building fund to be used for the construction of a new Governor's residence. In order to access these dollars, \$1.0 million must be raised from private donations. The new residence will be built at the same location of the current structure and must include space to accommodate meetings and events.

227– Bismarck State CollegeMajor Campus Infrastructure

This project contains four components. The first part will replace 40-year old, 60 percent efficient boilers with new 95 percent efficient hot water boilers. The second part will replace the primary electrical distribution system. The third part replaces the existing telephone system with a voice over internet protocol (voip) system. The final part will provide an inline filter system for the irrigation system.

The project includes \$1.6 million from the general fund. Decreased general fund operating and maintenance costs are estimated at \$40,000 per biennium. The project provides a reduction in deferred maintenance of \$1.2 million.

Student Union Lower Level Renovation

This project will remodel 8,500 square feet in the lower level of the existing student union including the addition of two meeting rooms in vacated space resulting from the main level renovation and provides an entrance upgrade on the east. The

project includes \$600,000 in special funds. Equipment and furnishings are included in the cost. The project will result in minimal additional special fund operating and maintenance costs. The project provides a reduction in deferred maintenance of \$30,000.

228 – Lake Region State CollegeSwitchgear, Electrical Service, and Window Replacement

This project contains two components. The first part will replace the electrical distribution switchgear including the primary building disconnect and electrical service panels. The second part will replace failed windows including adjacent masonry repair. The project includes \$1.6 million from the general fund. The addition will result in minimal additional general fund operating and maintenance costs. The project provides a reduction in deferred maintenance of \$1.6 million

230 – University of North DakotaSchool of Medicine and Health Sciences Completion

The 63rd Legislative Assembly authorized \$122.5 million for the construction of the new Medical School. Included in the authorization was \$60.5 million from the general fund. The remaining \$62.0 million consisted of loan authorization from the Bank of North Dakota. This project provides \$62.0 million from the general fund to complete construction without borrowing from the Bank of North Dakota.

UND Airport Project

Phase I of this multi-phase project will repair and reconstruct the Aerospace program's apron and aircraft parking area. The project includes \$6.0 million from the general fund and is not eligible for Federal Aviation Administration (FAA) or ND

Aeronautics Commission funds. The project will not result in additional operating and maintenance costs.

Student Engagement

This \$6.0 million special fund project will be used to expand and tailor space to enhance student engagement in the academic learning process. Funds raised will be used for renovation and/or new construction for a variety of facility needs. The change in special fund operating and maintenance costs is unknown at this time.

235 – North Dakota State University

Aquatic Center

This project will provide a 29,000 square foot addition to the existing Wellness Center, including indoor leisure and competition swimming pools, locker facilities and related support areas. The \$11.0 million project will be funded entirely through revenue bonds and local funding. Increased annual operating and maintenance costs of \$700,000 will be paid with special funds.

Minard Hall

This authorization will provide an additional \$600,000 special fund authority for costs related to the lawsuit from the wall collapse at Minard Hall.

238 – North Dakota State College of Science

Campus Water and Sewer Infrastructure

This project will replace the sewer and water mains serving the campus. This project also includes restoration of roadways and parking lots. The project includes \$13.3 million from the general fund. No net additional operating or maintenance

costs are anticipated. The project provides a reduction in deferred maintenance of \$13.3 million.

239 – Dickinson State University

Woods Hall Renovation / Student Housing Purchase

This \$11.5 million special fund project allows for the renovation of Woods Hall and the purchase of student housing properties. Funding includes \$9.6 million of revenue bonds and \$1.5 from local funds. Renovations to Woods Hall will remove 8,000 square feet of asbestos and upgrade the existing interior of the building to serve approximately 140 students. Minimal increase in operating costs will be paid through special funds.

242 – Valley City State University

Heating Plant Replacement

This project will replace three inefficient boilers with two high efficiency boilers. The project also includes a new physical plant building. The existing building has significant deferred maintenance, ventilation, and egress issues. The project includes \$14.3 million from the general fund. Operating and maintenance expenses are expected to decrease, but the amount is unknown at this time. The project provides a reduction in deferred maintenance of \$12.4 million.

Health, Wellness, and Physical Education Facility

This project will provide a 61,735 square foot facility primarily for Valley City State University and Valley City Parks and Recreation. The project includes 6,957 square feet of space for VCSU and 24,570 square feet of shredding space. The project includes \$16.0 million of special funds. The increase in operating and maintenance expenses is included in the lease.

243 – Dakota College at BottineauNelson Science Center Renovation

This project will replace mechanical and ventilation systems for the existing 16,000 square foot science center. The project also includes replacing laboratory work stations and fume hoods. The project includes \$1.1 million from the general fund. No net increase in operating and maintenance funds is anticipated. The project provides a reduction in deferred maintenance of \$525,000.

Dormitory Updates and Remodeling

This project has 3 components. The first project is at Gross Hall. This project will renovate 39 dorm rooms and 2 central restrooms. Renovations include new furniture, fixtures, ceiling tiles, carpeting, lighting, windows and doors. The second part is at Mead Hall. This project will provide an elevator for the building and renovate the central restrooms for more student privacy. The last part is at Milligan Hall. This project will renovate the existing 600 square foot single rooms into double suite units. Renovations include new furniture, fixtures, ceiling tiles, carpeting, lighting, windows and doors. This project also includes an overhaul of the mechanical and electrical systems. The project includes \$3.8 million of special funds. No net increase in operating or maintenance is expected.

Allied Health and Wellness Center

This 17,000 square foot new construction facility is a joint venture (50/50 split) with the City of Bottineau. The facility would include both recreational use and space for the college's 23 allied health courses. The project includes \$6.9 million of special funds. Any increase in operating and maintenance will be paid with special funds.

313 – Veterans HomeResident Workshop Addition

This project authorization will be combined with the 2013-15 appropriation of \$788,200. This project will provide an addition to the Veterans Home for a resident workshop. The workshop will be 4,504 square feet with space for wood working, arts and crafts, ceramics and various pieces of equipment. The project includes \$126,800 of special funds for a total project cost of \$915,000. Any increase in operating and maintenance will be paid with special funds.

405 – Industrial CommissionWilson Laird Core and Sample Library Expansion

This project will provide 13,500 square feet of office space and 32,400 square feet of core storage area. Due to increased oil and gas drilling, the existing facility is estimated to completely full in 2017. The project includes \$13.6 million from the strategic investments and improvements fund. The project will result in additional general fund operating and maintenance costs of \$42,000 per biennium.

504 – Highway PatrolUpgrade Outdoor Gun Range

This project will provide an upgraded backstop at the existing range to allow the use of patrol rifles with higher power rounds. The project includes \$70,000 from the general fund and \$10,000 of special funds for a total project cost of \$80,000. No increase in operating or maintenance is anticipated.

530 – Department of Corrections and RehabilitationND State Penitentiary Security Camera Upgrade

This project will expand camera coverage for areas not part of the recent expansion and/or replace the existing cameras that were not part of the recent expansion. The project includes \$202,500 from the general fund. A minimal increase in operating and maintenance funds is anticipated.

540 – Adjutant GeneralFederal Construction

This authority request represents the historical expenditures for the Army Guard Contracts line. The spending authority includes \$30.0 million of federal funding. The National Guard Bureau has not yet approved funding or specific projects for the 2015-17 biennium. Any increase in operating and maintenance costs will be paid within the agency's budget.

North Dakota Veterans Cemetery Land Purchase

This project will allow the purchase of 36 acres from the North Dakota Parks and Recreation that are adjacent to the Veterans Cemetery. The project includes \$69,500 from the general fund and \$69,500 of special funds for a total project cost of \$139,000. The project will result in minimal additional operating and maintenance expenses.

602 – Department of AgricultureNational Genomics Center

This project represents a cost effective way of utilizing existing research infrastructure and an opportunity for collaboration with existing private and North Dakota university research scientists including the regional USDA wheat genomicist. In addition to providing the highest value in terms of maximum collaboration

and the opportunity to expand in the most cost effective manner, the project also provides access to the widest variety of crop and livestock breeding programs. \$800,000 was appropriated from the general fund to match committed funds. The department plans to include all or a portion of this amount in their biennial budget.

628 – Research and Extension CenterLand Purchase-LREC

There was \$350,000 (\$175,000 from general fund and \$175,000 from special funds) appropriated for the purchase of land in Cavalier County for the Langdon REC.

640 – NDSU Main Research CenterVeterinary Diagnostic Laboratory Replacement

This project will provide 20,000 square feet of laboratory, and support space including a Biosafety Level 3 space, to replace the existing 8,000 square foot facility. The project includes \$18.0 million from the strategic investments and improvements fund. The project will result in additional special fund operating and maintenance costs of approximately \$175,000 per biennium.

Seed Cleaning Plants

Funding of \$1.5 million from the general fund and \$3.0 million from special funds have been appropriated for seed cleaning projects at North Central REC and Carrington REC.

Agronomy Laboratory– CGREC

This project authorization will be combined with the 2013-15 appropriation of \$400,000. The project includes \$150,000 from special funds for a project total \$550,000. The lab includes needed space for forage agronomy research at the REC.

720 – Game and Fish DepartmentDevils Lake Storage Building

This project provides for the construction of a 6,000 square foot cold storage building. The project includes a 120 square foot climate controlled evidence storage room. The project includes \$200,000 in special funds. The project will result in minimal additional operating and maintenance expenses.

State Fair Shooting Skills Building

This project will replace the existing shooting range and includes a 2,340 square foot classroom/meeting room. The project also includes 780 square feet of storage space. The project includes \$200,000 in special funds. The project will result in additional special fund operating and maintenance expenses of \$8,000 per biennium.

750 – Department of Parks and RecreationState Parks Initiative

The parks initiative includes multiple projects at multiple parks. Highlights include development of additional campsites at several parks, new comfort stations, construction and updates to cabins and upgrades to roadways and parking lots. The project includes \$14.7 million from the general fund. An increase in operating and maintenance is unknown at this time.

International Peace Garden Capital Projects

This project includes three components. The first part includes replacing roofing and flooring. The second part is the acquisition of several mowers. The final part is to replace the dishwasher and water heater. The project includes \$335,297 from the general fund. No net additional operating or maintenance costs are anticipated.

Adjutant General Acquisition of a Portion of Park Land

This authorization will allow the agency to purchase land to replace the land being sold to the Adjutant General for expansion of the Veterans Cemetery. The exact location is unknown at this time. The project includes \$278,000 of federal funds. No net additional operating or maintenance costs are anticipated.

Demolition of Peace Towers

During the 2013-15 biennium a study was done by an engineering firm to determine what repairs were needed on the towers. The study determined that the towers were irreparable and should be removed. A general fund appropriation of \$200,000 was approved for the removal of the Peace Towers.

801 – Department of TransportationLand and Buildings

This project includes three section/equipment buildings, a district Truck Storage facility, a district office, fifteen salt storage buildings, and four tractor sheds. The locations are based on highest needs and priorities. The project includes \$9.9 million of special funds. Any increase in operating and maintenance will be paid within the agency's budget.

Radio Sites, Prefabricated Buildings

This project will provide eight prefabricated buildings including a generator, concrete pad, propane tank, and fencing. The project includes \$1.2 million of special fund authority. 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 was used to guide agencies in requesting repair dollars, actual requests 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 2016, the mid-

year in the 2015-17 biennium. For example, if a building was built or renovated in 1973, the building age is 43 (2016-1973).

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 5.0 percent.

Infrastructure Replacement Value

Infrastructure is valued at replacement cost. Expertise from the Facility Management Division of OMB 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 2015-17 biennium. The chart also compares the appropriation to the amount calculated through the building and infrastructure formulas.

Extraordinary Repairs Appropriations - 2015-17

No.	AgencyName	Building Formula	Infrastructure Formula	Total Formula	Total Appropriation	% of Formula Appropriated
110	Office of Management and Budget	\$7,603,281	\$861,361	\$8,464,642	\$3,657,928	43.2%
112	Information Technology Department	63,961		63,961		0.0%
180	Judicial Branch				894,420	
215	ND University System				8,700,000	
227	Bismarck State College	2,228,516	954,862	3,183,378	417,673	13.1%
228	Lake Region State College	876,586	608,330	1,484,916	155,367	10.5%
229	Williston State College	1,457,603	506,187	1,963,790	197,801	10.1%
230	University of North Dakota	23,566,737	9,849,955	33,416,692	5,171,566	15.5%
235	North Dakota State University	16,687,633	5,619,143	22,306,776	2,732,244	12.2%
238	ND State College of Science	5,857,661	2,129,781	7,987,442	1,012,379	12.7%
239	Dickinson State University	3,625,622	423,084	4,048,706	409,078	10.1%
240	Mayville State University	1,953,540	613,890	2,567,430	358,992	14.0%
241	Minot State University	5,836,314	1,178,021	7,014,335	899,620	12.8%
242	Valley City State University	1,966,031	803,988	2,770,019	408,319	14.7%
243	Dakota College - Bottineau	636,736	218,575	855,311	114,007	13.3%
244	North Dakota Forest Service	125,737	320,374	446,111	44,962	10.1%
252	School for the Deaf	756,770	204,102	960,872	792,174	82.4%
253	ND Vision Services/School for Blind	247,269		247,269	49,454	20.0%
301	ND Department of Health	401,215		401,215	336,170	83.8%
313	Veterans Home	1,448,811	556,052	2,004,863	83,000	4.1%
325	Department of Human Services	6,931,797	4,494,460	11,426,257	3,574,956	31.3%
380	Job Service North Dakota	805,755		805,755		0.0%
406	Department of Labor & Human Rights				10,000	
412	Aeronautics Commission		100,506	100,506	300,000	298.5%
471	Bank of North Dakota	442,341	47,133	489,474		0.0%
485	Workforce Safety and Insurance	921,750	89,948	1,011,698		0.0%
504	Highway Patrol	98,275		98,275		0.0%
530	Dept of Corrections and Rehabilitation	5,890,941	1,792,726	7,683,667	3,212,000	41.8%
540	Office of the Adjutant General	10,177,915	6,318,748	16,496,663		0.0%
640	NDSU Main Research Center	2,892,467	1,308,339	4,200,806	1,340,465	31.9%
649	Agronomy Seed Farm	87,525	61,067	148,592		0.0%
665	ND State Fair				500,000	
701	Historical Society	774,374	1,280,422	2,054,796	4,935,959	240.2%
720	Game and Fish Department	834,105		834,105	2,660,000	318.9%
750	Parks and Recreation Department	958,286	6,394,815	7,353,101	1,470,620	20.0%
770	State Water Commission	48,773	14,629	63,402		0.0%
801	Department of Transportation	4,015,186	1,051,226	5,066,412		0.0%
TOTALS		\$110,219,513	\$47,801,724	\$158,021,237	\$44,439,154	28.1%

Other Capital Payments Appropriations – 2015-17

Agency	Project Description	Total	General Fund	Federal Funds	Special Funds
110 Office of Management and Budget	Capital Bond Payments	\$665,081	\$665,081	\$0	\$0
125 Office of Attorney General	Capital Bond Payments	\$765,483	\$765,483	\$0	\$0
215 ND University System	Capital Bond Payments	\$8,368,836	\$8,368,836	\$0	\$0
227 Bismarck State College	Special Assessments	\$0	\$0	\$0	\$0
229 Williston State College	Special Assessments	\$0	\$0	\$0	\$0
230 University of North Dakota	Special Assessments	\$0	\$0	\$0	\$0
235 North Dakota State University	Special Assessments	\$0	\$0	\$0	\$0
238 ND State College of Science	Special Assessments	\$0	\$0	\$0	\$0
240 Mayville State University	Special Assessments	\$0	\$0	\$0	\$0
242 Valley City State University	Special Assessments	\$0	\$0	\$0	\$0
243 Dakota College at Bottineau	Special Assessments	\$0	\$0	\$0	\$0
253 ND Vision Services/ School for the Blind	Special Assessments	\$19,000	\$0	\$0	\$19,000
301 ND Department of Health	Capital Bond Payments	\$407,066	\$246,991	\$160,075	\$0
	Remove Prior Biennium Bond Payments	\$230,874	\$209,344	\$21,530	\$0
	Total Department of Health	\$637,940	\$456,335	\$181,605	\$0
313 Veterans Home	Capital Bond Payments	\$344,883	\$0	\$0	\$344,883
380 Job Service North Dakota	Special Assessments	\$20,000	\$0	\$20,000	\$0
530 Dept of Corrections and Rehabilitation	Capital Bond Payments	\$1,279,524	\$1,279,524	\$0	\$0
540 Adjutant General	Special Assessments	174,046	174,046		
	Payment in Lieu of Taxes	50,000	50,000		
	Total Adjutant General	\$224,046	\$224,046	\$0	\$0
628 Branch Research Centers	Capital Bond Payments - CGREC	56,878	56,878		
	Capital Bond Payments - NCREC	92,678	92,678		
	Total Branch Research Centers	\$149,556	\$149,556	\$0	\$0
640 NDSU Main Research Center	Capital Bond Payments	\$421,569	\$421,569	\$0	\$0
701 Historical Society	Base Adjustment	\$1,358,335	\$1,358,335	\$0	\$0
720 Game and Fish Department	Land Acquisition	800,000			800,000
	Payment in Lieu of Taxes	1,000,000			1,000,000
	Total Game and Fish Department	\$1,800,000	\$0	\$0	\$1,800,000
750 Parks and Recreation Department	Capital Bond Payments	\$73,591	\$73,591	\$0	\$0
770 Water Commission	NAWS and SWPP	\$184,000,000	\$0	\$0	\$184,000,000
801 Department of Transportation	Additional Infrastructure Investment	1,215,215,558			1,215,215,558
	Other Capital Payments	640,680,858		481,578,110	159,102,748
	Total Department of Transportation	\$1,855,896,416	\$0	\$481,578,110	\$1,374,318,306
		\$2,056,024,260	\$13,762,356	\$481,779,715	\$1,560,482,189