

State of North Dakota

Legislative Appropriations 2017-2019 Biennium



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For the Biennium Beginning

July 1, 2015

Jeffrey R. Emswiler

Executive Director

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EXECUTIVE SUMMARY



Governor Doug Burgum's budget recommendation for the 2017-19 biennium centered around realigning spending priorities to spur innovation, creativity and the reinvention of government.

Throughout the 2015-17 biennium, revenues fell short of projections. In his budget message the Governor said, "My budget proposal reflects this reality while prioritizing K-12 education and support for our state's most vulnerable people." He further stated, "These measures, while difficult in the short term, will position our state for long-term success with a leaner budget that is more adaptable to volatile swings in commodity prices."

Governor Burgum's executive budget recommendation totaled \$13.30 billion, of which \$4.60 billion was General Fund.

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

- Continued funding of Medicaid expansion;
- Support for a long-term care provider assessment, which is used by more than 40 states and will ensure quality care continues in North Dakota's nursing homes;
- A combined \$250.0 million to address behavioral health issues, including funding for adult and youth corrections programs;
- Strategic Investment and Improvement Fund funding for the Williston and Dickinson airports (\$24.0 million), unmanned aerial systems (\$2.0 million), and lignite coal research (\$3.0 million);
- Transferring \$275.0 million to transition the cost of county social services to the state, ending the 12 percent property tax buydown. The administration emphasized the need to find efficiencies in social services as the legislation moves forward;
- Funding of \$10.0 million for the Higher Education Challenge Grant program;
- Reducing the number of state employees by 633.0 FTE to realign state government priorities;
- Replenishing the Budget Stabilization Fund with \$300.0 million;
- Utilizing a \$140.0 million transfer of Bank of North Dakota profits; and
- Utilizing \$200.0 million from the Foundation Aid Stabilization Fund to maintain state aid to K-12 schools at current levels.

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

Changes from Executive Recommendation

The 2017 Legislative Assembly increased the Governor's budget by \$275.8 million or 2.1 percent. The increases were a result of adding capital projects such as Sudro Hall at NDSU, the Integrated Carbon Plant at VCSU and additional water projects; technology projects for a Statewide Interoperable Radio Network (SIRN) and North Dakota Health Information Network (NDHIN); dollars for mineral reserve payments where title to minerals are in dispute; and additional dollars related to costs incurred due to protests over the Dakota Access Pipeline project. These changes are summarized in the table below:

Executive Budget Comparison to Total Legislative Appropriations for 2017-19			
	Executive Recommendation	Legislative Appropriations	Change
General Fund	\$ 4,621,022,479	\$ 4,310,262,641	\$ (310,759,838)
Other Funds	8,656,595,506	9,243,123,811	586,528,305
Total	\$ 13,277,617,985	\$ 13,553,386,452	\$ 275,768,467

2017-19 General Fund Budget

The estimated July 1, 2017 beginning balance in the general fund is \$30.3 million and revenues are projected to be \$4.33 billion during the 2017-19 biennium. Legislative appropriations

from the general fund total \$4.31 billion for the biennium leaving an estimated June 30, 2019 ending balance of \$50.4 million. The following table shows the general fund budget summary for the 2017-19 biennium:

2017-19 General Fund Budget Status		
Estimated General Fund Beginning Balance	\$ 30,890,381	\1
Estimated 2017-19 General Fund Revenues	4,329,815,889	
Total General Fund Available	\$ 4,360,706,270	
2017-19 General Fund Appropriations	(4,310,262,641)	
Estimated General Fund Ending Balance	\$ 50,443,629	\2

\1 Estimated July 1, 2017 balance based on estimated revenues using the 2017 legislative revenue forecast.
 \2 Estimated General Fund balance for June 30, 2019.

Balances of Major Special Funds

Balances of Select Special Funds		
Fund	Estimated Balance June 30, 2017	Estimated Balance June 30, 2019
Legacy Fund	\$ 4,265,170,944	\$ 5,130,998,806
Strategic Investments and Improvements Fund	\$ 346,750,641	\$ 363,189,777
Budget Stabilization Fund	\$ 6,121,006	\$ 81,121,006

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2015-17 AND 2017-19 LEGISLATIVE APPROPRIATIONS AND 2017-19 EXECUTIVE RECOMMENDATION

<u>Agency</u>	<u>2015-17 Legislative Appropriation¹</u>		<u>2017-19 Executive Recommendation</u>		<u>2017-19 Legislative Appropriation</u>	
	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>	<u>General Fund</u>	<u>Total Funds</u>
General Government						
Executive Branch						
101 Office of the Governor	\$4,499,475	\$4,499,475	\$3,985,149	\$3,985,149	\$4,007,758	\$4,007,758
108 Office of the Secretary of State	10,085,308	13,668,844	6,152,994	8,595,080	5,808,732	9,046,887
110 Office of Management and Budget	42,488,258	65,213,648	304,982,950	317,189,690	31,220,260	42,454,347
112 Information Technology Department	27,905,987	179,619,026	20,148,458	215,332,505	20,532,334	245,099,322
117 Office of the State Auditor	10,461,832	13,967,702	8,914,036	12,507,763	9,498,608	12,910,095
120 Office of the State Treasurer	260,057,355	260,057,355	1,527,990	1,527,990	1,747,399	1,747,399
125 Office of the Attorney General	55,376,870	91,277,655	45,558,288	75,128,836	44,795,840	93,010,160
127 Office of the State Tax Commissioner	58,769,918	58,894,918	51,416,104	51,541,104	51,264,499	51,389,499
140 Office of Administrative Hearings		2,965,651		2,912,175		2,918,634
188 Comm on Legal Counsel for Indigents	18,304,103	20,411,017	17,813,973	19,732,365	17,983,876	20,930,623
190 Retirement and Investment Office		5,413,425		5,337,040		5,340,054
192 Public Employees Retirement System		9,496,373		9,327,808		9,258,390
Total Executive Branch	\$487,949,106	\$725,485,089	\$460,499,942	\$723,117,505	\$186,859,306	\$498,113,168
Legislative and Judicial Branches						
150 Legislative Assembly	\$15,885,367	\$15,885,367	\$14,419,838	\$14,419,838	\$14,159,170	\$14,159,170
160 Legislative Council	13,439,133	13,509,133	12,154,460	12,224,460	11,891,138	11,961,138
180 Judicial Branch	112,630,994	114,997,800	101,366,116	103,187,955	102,257,770	105,579,609
Total Legislative and Judicial Branches	\$141,955,494	\$144,392,300	\$127,940,414	\$129,832,253	\$128,308,078	\$131,699,917
Total General Government	\$629,904,600	\$869,877,389	\$588,440,356	\$852,949,758	\$315,167,384	\$629,813,085
Education						
Elementary, Secondary, and Other Education						
201 Department of Public Instruction	\$1,820,982,952	\$2,329,615,425	\$1,524,993,346	\$2,316,349,085	\$1,435,601,984	\$2,333,149,049
226 Land Department		148,243,153		37,383,741		238,481,273
250 State Library	6,773,655	9,212,406	5,836,547	8,079,192	5,618,301	7,865,861
252 School for the Deaf	9,140,590	10,829,800	7,967,525	11,307,544	7,488,526	10,686,970
253 ND Vision Services/School for the Blind	5,081,484	5,706,809	4,422,133	5,597,654	4,394,146	5,608,893
270 Dept. of Career & Technical Education	33,920,062	43,617,949	31,685,131	41,301,797	29,556,283	41,649,949
Total Elementary, Secondary, and Other Educ.	\$1,875,898,743	\$2,547,225,542	\$1,574,904,682	\$2,420,019,013	\$1,482,659,240	\$2,637,441,995
Higher Education						
215 North Dakota University System Office	\$154,629,019	\$159,640,235	\$101,677,240	\$137,538,173	\$103,909,530	\$130,321,636
227 Bismarck State College	38,155,826	38,755,826	30,408,635	103,075,033	30,724,971	103,716,969
228 Lake Region State College	16,635,979	16,635,979	12,620,950	36,617,549	12,751,580	36,862,672
229 Williston State College	12,748,265	12,748,265	8,308,056	28,096,989	8,395,347	28,250,945
230 University of North Dakota	240,445,904	246,445,904	133,228,033	950,542,635	134,896,566	954,767,016
232 UND Medical Center	71,437,396	71,437,396	56,918,137	196,689,901	57,811,281	211,889,901
235 North Dakota State University	157,410,540	169,010,540	129,076,791	788,568,998	129,126,235	818,512,564
238 ND State College of Science	58,029,764	58,029,764	34,869,256	92,236,521	35,241,463	92,847,076

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2015-17 AND 2017-19 LEGISLATIVE APPROPRIATIONS AND 2017-19 EXECUTIVE RECOMMENDATION

<u>Agency</u>	<u>2015-17 Legislative Appropriation</u>		<u>2017-19 Executive Recommendation</u>		<u>2017-19 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	27,015,931	40,515,931	20,133,835	49,791,943	26,091,469	55,829,296
240 Mayville State University	16,739,145	16,739,145	14,158,561	44,257,898	14,306,518	44,613,666
241 Minot State University	48,758,181	48,758,181	39,496,998	101,206,020	39,916,756	104,259,672
242 Valley City State University	39,758,668	55,758,668	20,298,972	48,617,763	20,516,098	71,486,755
243 Dakota College at Bottineau	9,802,405	20,450,599	7,604,937	17,171,165	7,682,539	17,311,712
244 North Dakota Forest Service	5,007,844	6,657,844	4,391,545	15,042,293	4,426,427	15,077,175
Total Higher Education	\$896,574,867	\$961,584,277	\$613,191,946	\$2,609,452,881	\$625,796,780	\$2,685,747,055
Total Education	\$2,772,473,610	\$3,508,809,819	\$2,188,096,628	\$5,029,471,894	\$2,108,456,020	\$5,323,189,050
Health and Human Services						
301 ND Department of Health	\$51,521,680	\$195,692,644	\$44,788,207	\$195,935,289	\$43,474,460	\$201,494,418
305 Tobacco Control Advisory Committee		16,548,039		0		0
313 Veterans Home	8,697,725	23,712,023	5,942,990	24,575,996	5,951,439	24,692,032
316 Indian Affairs Commission	1,217,245	1,217,245	1,106,943	1,106,943	1,112,111	1,112,111
321 Department of Veterans Affairs	1,612,495	1,900,513	1,203,673	3,293,991	1,155,162	3,246,733
325 Department of Human Services	1,332,202,833	3,577,971,750	1,307,574,615	3,802,116,906	1,339,231,350	3,913,112,132
360 Protection and Advocacy Project	3,034,111	6,466,964	2,991,532	6,433,889	2,958,999	6,447,600
380 Job Service North Dakota	2,116,191	72,584,057	444,243	54,389,426	545,793	55,444,949
Total Health and Human Services	\$1,400,402,280	\$3,896,093,235	\$1,364,052,203	\$4,087,852,440	\$1,394,429,314	\$4,205,549,975
Regulatory						
401 Office of the Insurance Commissioner		\$28,246,346		\$25,674,876		\$25,793,430
405 Industrial Commission	\$34,966,173	65,585,942	\$22,063,784	38,397,964	\$25,408,987	47,702,193
406 Office of the Labor Commissioner	2,511,761	2,949,593	2,285,899	2,725,815	2,303,986	2,743,902
408 Public Service Commission	7,935,207	22,235,782	6,688,580	19,287,246	6,630,762	19,051,778
412 Aeronautics Commission	1,000,000	11,322,827	900,000	10,726,369	900,000	10,885,412
413 Dept. of Financial Institutions		8,455,767		8,371,155		8,409,912
414 Securities Department	2,237,326	2,407,326		2,443,086	2,184,714	2,354,714
471 Bank of North Dakota		76,287,301		59,064,075		59,299,204
473 North Dakota Housing Finance Agency		37,520,089		44,472,102		44,530,239
475 North Dakota Mill and Elevator		64,315,898		68,014,356		68,213,519
485 Workforce Safety and Insurance		68,865,170		70,765,289		72,481,659
Total Regulatory	\$48,650,467	\$388,192,041	\$31,938,263	\$349,942,333	\$37,428,449	\$361,465,962
Public Safety						
504 Highway Patrol	\$46,656,563	\$59,719,104	\$43,033,421	\$56,772,518	\$42,527,428	\$60,866,706
530 Department of Corrections & Rehab	215,387,242	253,749,948	207,216,331	245,412,617	214,336,704	253,600,864
540 Adjutant General	33,033,118	241,185,645	26,515,857	203,508,807	25,886,422	224,354,902
Total Public Safety	\$295,076,923	\$554,654,697	\$276,765,609	\$505,693,942	\$282,750,554	\$538,822,472

STATE OF NORTH DAKOTA

APPROPRIATION COMPARISONS

2015-17 AND 2017-19 LEGISLATIVE APPROPRIATIONS AND 2017-19 EXECUTIVE RECOMMENDATION

Agency	2015-17 Legislative Appropriation		2017-19 Executive Recommendation		2017-19 Legislative Appropriation	
	General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
<u>Agriculture and Economic Development</u>						
601 Dept of Commerce	\$56,203,701	\$131,373,174	\$31,451,913	\$94,715,744	\$31,342,680	\$100,228,338
602 North Dakota Department of Agriculture	13,081,056	34,799,109	9,245,375	30,973,381	9,109,101	31,316,777
627 Upper Great Plains Transportation Institute	4,847,099	23,022,756	3,429,841	22,007,274	3,543,174	22,360,242
628 Branch Research Centers	20,073,447	40,065,577	17,044,892	37,285,792	17,155,257	38,936,948
630 NDSU Extension Service	29,788,188	55,614,896	25,765,815	52,239,955	25,648,320	52,295,009
638 Northern Crops Institute	2,102,158	3,849,893	1,873,790	3,627,218	1,886,891	3,642,721
640 NDSU Main Research Center	59,067,612	137,166,137	49,256,020	108,175,286	49,557,415	108,642,243
649 Agronomy Seed Farm		1,521,007		1,532,253		1,536,129
665 North Dakota State Fair	1,070,000	1,070,000	497,610	497,610	515,665	515,665
670 Racing Commission	415,004	573,734	377,037	539,594	379,621	542,178
Total Agriculture and Econ Dev	\$186,648,265	\$429,056,283	\$138,942,293	\$351,594,107	\$139,138,124	\$360,016,250
<u>Natural Resources</u>						
701 State Historical Society	\$21,592,039	\$28,366,940	\$16,831,114	\$19,978,843	\$16,673,644	\$20,829,439
709 Council on the Arts	1,744,723	3,490,190	1,573,417	3,386,339	1,564,876	3,351,798
720 Game and Fish Department		77,231,739		82,063,960		83,976,222
750 Department of Parks and Recreation	33,294,213	48,157,048	14,382,596	31,280,978	14,654,276	33,693,856
770 State Water Commission		1,158,935,836		688,702,433		722,173,475
Total Natural Resources	\$56,630,975	\$1,316,181,753	\$32,787,127	\$825,412,553	\$32,892,796	\$864,024,790
<u>Transportation</u>						
801 Department of Transportation	\$636,375,558	\$3,237,531,577		\$1,274,700,958		\$1,270,504,868
Total Transportation	\$636,375,558	\$3,237,531,577	\$0	\$1,274,700,958	\$0	\$1,270,504,868
TOTAL ALL BUDGETS	\$6,026,162,678	\$14,200,396,794	\$4,621,022,479	\$13,277,617,985	\$4,310,262,641	\$13,553,386,452

¹¹ Reflects May 2015 legislative appropriations prior to any reductions for allotments.

¹² Department of Trust Lands Includes:

- 2017-19 Executive Recommendation:

-- (Senate Bill 2013) \$24.1 million from the Strategic Investment and Improvements Fund for airport grants to Williston and Dickinson

- 2017-19 Legislative Appropriation:

-- (Senate Bill 2013) \$25.0 million from the oil and gas impact grant fund and \$15.0 million from the energy impact fund for grants to airports in Williston and Dickinson.

-- (Senate Bill 2134) \$187.0 million for potential mineral reserve payments.

¹³ House Bill 1003, Section 21 passed during the 64th Legislative Assembly amended NDCC 54-44.1-04 to require all entities under the control of the State Board of Higher Education to complete budget requests in the same manner as all other state agencies. As a result, the total state budget increased by over \$2.00 billion from the campus other funds (such as tuition, auxiliary, and grants and contracts) being added into the state budget. Prior to this change, only General Fund expenditures were reflected in the Higher Education budget requests.

One-Time Expenditures 2017-19

	Executive Budget Gen. Fund	Legislative Budget Gen. Fund
110 OMB		
Theodore Roosevelt Center Grant		\$ 500,000
Agency Total	\$ -	\$ 500,000
125 Attorney General		
DOS-based Deposit System Rewrite	-	100,000
Agency Total	\$ -	\$ 100,000
215 NDUS		
Open Education Resources	\$ 150,000	\$ -
ND Higher Education Challenge Grant	10,000,000	2,000,000
Institution Operations Distribution	-	2,000,000
Two-Year Campus Study	-	40,000
Midwestern Higher Education Compact Dues	-	230,000
Agency Total	\$ 10,150,000	\$ 4,270,000
239 Dickinson State University		
University Operations and Debt Repayment	\$ -	\$ 8,284,626
Agency Total	\$ -	\$ 8,284,626
270 Career and Technical Education		
Marketplace for Children	\$ -	\$ 250,000
Agency Total	\$ -	\$ 250,000
321 Department of Veterans' Affairs		
Transport Vans	\$ -	\$ 18,600
Agency Total	\$ -	\$ 18,600
380 Job Service North Dakota		
Renovation of Bismarck Office	\$ -	\$ 100,000
Agency Total	\$ -	\$ 100,000
601 Commerce		
Enhanced Use Lease Grants	\$ -	\$ 1,000,000
Agency Total	\$ -	\$ 1,000,000
627 Upper Great Plains Transportation Institute		
Road and Bridge Management System	\$ -	\$ 100,000
Agency Total	\$ -	\$ 100,000
630 NDSU Extension Service		
Junior Master Gardener Program	\$ -	\$ 15,000
Agency Total	\$ -	\$ 15,000
Total	\$ 10,150,000	\$ 14,638,226

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	2013-15 Legislatively Authorized FTE	2015-17 Legislatively Authorized FTE	2017-19 Executive Recommendation	2017-19 Legislatively Authorized FTE	Change from 2015-17 to 2017-19
General Government					
<i>Executive Branch</i>					
101 Office of the Governor	18.00	18.00	18.00	18.00	0.00
108 Office of the Secretary of State	31.00	34.00	31.00	32.00	(2.00)
110 Office of Management and Budget	130.50	122.50	118.00	117.00	(5.50)
112 Information Technology Department	340.30	350.30	344.30	344.30	(6.00)
117 Office of the State Auditor	53.80	59.80	53.80	56.00	(3.80)
120 Office of the State Treasurer	8.00	8.00	7.00	7.00	(1.00)
125 Office of the Attorney General	213.50	250.00	232.00	237.00	(13.00)
127 Office of the State Tax Commissioner	134.00	136.00	133.00	133.00	(3.00)
140 Office of Administrative Hearings	5.00	5.00	5.00	5.00	0.00
188 Commission on Legal Counsel of Indigents	33.00	40.00	40.00	40.00	0.00
190 Retirement and Investment Office	19.00	19.00	19.00	19.00	0.00
192 Public Employees Retirement System	33.00	34.50	33.50	34.50	0.00
Total Executive Branch	1019.10	1077.10	1034.60	1042.80	(34.30)
<i>Legislative and Judicial Branches</i>					
150 Legislative Assembly	0.00	0.00	0.00	0.00	0.00
160 Legislative Council	37.00	37.00	36.00	36.00	(1.00)
180 Judicial Branch	363.00	391.00	354.50	355.50	(35.50)
Total Legislative and Judicial Branches	400.00	428.00	390.50	391.50	(36.50)
Education					
<i>Elementary, Secondary, and Other Education</i>					
201 Department of Public Instruction	99.75	99.75	97.75	91.75	(8.00)
226 Department of Trust Lands	31.00	33.00	31.00	31.00	(2.00)
250 State Library	29.75	29.75	29.75	28.75	(1.00)
252 School for the Deaf	44.61	45.61	44.61	45.61	0.00
253 ND Vision Services/School for the Blind	30.00	30.00	29.50	28.50	(1.50)
270 Dept. of Career and Technical Education	27.00	26.50	25.50	24.50	(2.00)
Total Elementary, Secondary and Other Education	262.11	264.61	258.11	250.11	(14.50)
<i>Higher Education</i>					
215 North Dakota University System Office	112.91	104.39	146.40	149.40	45.01
227 Bismarck State College	126.96	133.53	358.35	358.35	224.82
228 Lake Region State College	40.22	50.19	129.61	129.61	79.42
229 Williston State College	44.15	49.96	100.75	100.75	50.79
230 University of North Dakota	633.60	630.20	2,218.07	2218.07	1,587.87
232 UND Medical School	156.55	184.58	435.75	435.75	251.17
235 ND State University	491.21	537.10	1,895.66	1895.66	1,358.56
238 ND State College of Science	171.87	168.30	345.04	345.04	176.74
239 Dickinson State University	100.32	120.26	168.90	168.90	48.64

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	2013-15 Legislatively Authorized FTE	2015-17 Legislatively Authorized FTE	2017-19 Executive Recommendation	2017-19 Legislatively Authorized FTE	Change from 2015-17 to 2017-19
240 Mayville State University	62.78	66.23	210.53	210.53	144.30
241 Minot State University	201.76	204.10	441.65	441.65	237.55
242 Valley City State University	97.29	105.59	202.75	202.75	97.16
243 Dakota College at Bottineau	36.12	46.96	84.30	84.30	37.34
244 ND Forest Service	29.00	28.96	27.00	27.00	(1.96)
Total Higher Education	2,304.74	2,430.35	6,764.76	6,767.76	4,337.41
Health and Human Services					
301 ND Department of Health	354.00	365.00	376.00	364.00	(1.00)
305 Tobacco Prevention and Control Committee	8.00	8.00	0.00	0.00	(8.00)
313 Veterans Home	120.72	120.72	120.72	120.72	0.00
316 Indian Affairs Commission	5.00	5.00	4.00	4.00	(1.00)
321 Department of Veterans Affairs	8.00	9.00	8.00	7.00	(2.00)
325 Department of Human Services	2,201.08	2,211.08	2,204.23	2,162.23	(48.85)
360 Protection and Advocacy Project	27.50	27.50	27.50	27.50	0.00
380 Job Service North Dakota	250.76	237.76	181.61	181.61	(56.15)
Total Health and Human Services	2,975.06	2,984.06	2,922.06	2,867.06	(117.00)
Regulatory					
401 Office of the Insurance Commissioner	49.50	49.50	46.00	46.00	(3.50)
405 Industrial Commission	98.75	121.75	103.25	110.25	(11.50)
406 Office of the Labor Commissioner	13.00	15.00	14.00	14.00	(1.00)
408 Public Service Commission	44.00	46.00	45.00	45.00	(1.00)
412 Aeronautics Commission	6.00	7.00	7.00	7.00	0.00
413 Dept. of Banking and Financial Institutions	29.00	30.00	30.00	30.00	0.00
414 Securities Department	9.00	9.00	9.00	9.00	0.00
471 Bank of North Dakota	179.50	181.50	181.50	181.50	0.00
473 North Dakota Housing Finance Agency	46.00	46.00	46.00	44.00	(2.00)
475 North Dakota Mill and Elevator Association	135.00	147.00	152.00	153.00	6.00
485 Workforce Safety and Insurance	250.14	260.14	253.14	260.14	0.00
Total Regulatory	859.89	912.89	886.89	899.89	(13.00)
Public Safety					
504 Highway Patrol	213.00	215.00	206.00	204.00	(11.00)
530 Department of Corrections and Rehabilitation	814.29	836.29	846.29	845.29	9.00
540 Office of the Adjutant General	246.00	234.00	234.00	234.00	0.00
Total Public Safety	1,273.29	1,285.29	1,286.29	1,283.29	(2.00)
Agriculture and Economic Development					
601 Department of Commerce	69.25	69.40	66.40	66.40	(3.00)
602 North Dakota Department of Agriculture	77.00	77.00	75.00	73.00	(4.00)

FTE COMPARISON

LEGISLATIVELY AUTHORIZED AND EXECUTIVE RECOMMENDATION

Department	2013-15 Legislatively Authorized FTE	2015-17 Legislatively Authorized FTE	2017-19 Executive Recommendation	2017-19 Legislatively Authorized FTE	Change from 2015-17 to 2017-19
627 Upper Great Plains Transportation Institute	53.75	54.98	43.88	43.88	(11.10)
628 Branch Research Centers	107.04	113.94	110.29	110.29	(3.65)
630 NDSU Extension Service	258.26	263.91	252.98	252.98	(10.93)
638 Northern Crops Institute	12.00	12.00	11.80	11.80	(0.20)
640 NDSU Main Research Station	351.49	353.85	336.12	336.12	(17.73)
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	933.79	950.08	901.47	899.47	(50.61)
Natural Resources					
701 State Historical Society	69.00	78.00	75.00	75.00	(3.00)
709 Council on the Arts	5.00	5.00	5.00	5.00	0.00
720 Game and Fish Department	158.00	163.00	157.00	163.00	0.00
750 Department of Parks and Recreation	55.00	66.00	62.50	62.50	(3.50)
770 State Water Commission	90.00	97.00	93.00	93.00	(4.00)
Total Natural Resources	377.00	409.00	392.50	398.50	(10.50)
Transportation					
801 Department of Transportation	1,079.50	1,080.50	1,049.00	1,047.00	(33.50)
Grand Total FTE	11,484.48	11,821.88	15,886.18	15,847.38	4,025.50 ^{/1}

/1 House Bill 1003, Section 21 passed during the 64th Legislative Assembly amended NDCC 54-44.1-04 and required higher education entities to enter all their budget data (including a pay plan) into the state's budget system in the same manner as other state agencies. This action increased the FTE count by 4,337.41.

State agencies reduced the FTE count by 326.91 and higher education reduced their General Fund FTE count by 315.27 for a total FTE reduction of 642.18.

Two state agencies received additional FTE totaling 15.00.

The total net change in FTE with state agencies and higher education is 4,025.50.

EMPLOYEE COMPENSATION

Full health insurance coverage for state employees and their families was approved and funded by the legislature. The total cost for health insurance in 2017-19 is \$1,240.82 per month per employee. This is a \$110.60 or a 10.0 percent increase over last biennium.

Due to budget constraints, no general salary increases were recommended or funded for the 2017-19 biennium.

2015 – 17 SUPPLEMENTAL APPROPRIATIONS

Supplemental appropriations were recommended and approved from the Strategic Investment and Improvements Fund as follows:

- The Commission on Legal Counsel for Indigents received \$189,000 to cover increased costs associated with Section 25 of Article 1 of the North Dakota Constitution relating to victim's rights (Marcy's Law).
- The Department of Health received \$250,000 to cover a shortfall associated with ongoing litigation costs.
- The Department of Human Services received \$9.0 million for higher than anticipated Medicaid program costs.
- The Adjutant General received funding to repay a \$79,500 loan from the Bank of North Dakota (including interest) to cover response costs to fires in Burleigh County in 2015.
- The State Historical Society received \$50,000 for litigation expenses related to the Heritage Center expansion project.
- North Dakota State University received \$1.6 million to pay unreimbursed costs related to the collapse of Minard Hall.

Additional supplemental appropriations approved by the legislature from the Strategic Investment and Improvements Fund are as follows:

- The Office of the State Treasurer received \$8.1 million for property tax relief credits.
- The Office of the Attorney General received \$15.9 million for the purpose of providing any court-ordered payment to a bankruptcy estate or payments to be made pursuant to the terms of a settlement agreement approved by order of the court pending the outcome of *PW Enterprises, Inc. v. State of North Dakota*.

Dakota Access Pipeline

During the 2015-17 biennium, the State of North Dakota incurred costs for law enforcement and other legal proceedings as a result of protests against the construction of the Dakota Access Pipeline. Prior to the 65th Legislative Assembly, the emergency commission and the legislative assembly had authorized the Office of the Adjutant General to borrow \$17.0 million from the Bank of North Dakota for these costs. The 65th Legislative Assembly authorized an additional \$11.0 million in borrowing authority in Senate Bill 2174 and \$10.0 million in borrowing authority in House Bill 1024. This borrowing authority is authorized through the 2017-19 biennium. Various state agencies were involved in the response to the protests. Those agencies can apply to the Office of the Adjutant General for funds to cover the costs of the agency from the beginning of the protests through June 30, 2019. Those amounts are as follows:

• Attorney General	\$ 200,000
• Judicial Branch	\$1,500,000
• Comm. on Legal Counsel for Indigents	\$1,027,000
• Department of Health	\$1,420,000
• Highway Patrol	\$3,234,000
• Dept. of Corrections and Rehabilitation	\$ 500,000
• Game and Fish	\$ 423,724
• Parks and Recreation	\$ 200,000
• Department of Transportation	\$ 709,000

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***2015-17**

The 2015-17 biennium began with a general fund balance of \$877.2 million. A significant downturn in oil prices and agricultural commodity prices resulted in revenues falling short of projections throughout the first 20 months of the biennium. As a result of the decline in revenues, agencies were asked to reduce expenditures by 6.55 percent through two allotment processes. These reductions saved the State \$359.5 million in general fund expenditures. Other sources used to bolster the general fund were transfers of \$572.5 million from the Budget Stabilization Fund, \$100.0 million from Bank of North Dakota profits, and \$155.0 million from the Strategic Investment and Improvements Fund.

Total general fund expenditures, after the allotments, are estimated to be \$5.77 billion. Based on legislative estimates for revenues and expenditures, the ending general fund balance is projected to be \$30.9 million on June 30, 2017.

2017-19

With slight increases in oil prices, general fund revenues are expected to increase modestly from the 2015-17 biennium to the 2017-19 biennium.

Comparing the 2015-17 biennium revised forecast to the 2017-19 legislative forecast:

- **Sales tax** collections, the state's largest tax source, are expected to grow by \$3.6 million, or .2 percent.
- **Motor vehicle excise tax** collections are expected to grow by \$1.2 million, or .6 percent.
- **Individual income tax** collections are expected to increase by \$30.1 million or 4.5 percent.

- **Corporate income tax** collections are anticipated to decline by \$59.5 million or 36.4 percent. This reduction is primarily related to the net effect of previous reductions in corporate income tax rates, and 2015 Senate Bill 2292, which authorized corporations to elect alternative methods for apportioning business income. Additionally, some industry sectors have suffered economic hardship in recent years, contributing to some net operating losses which can be carried forward reducing expected corporate tax liabilities into the forecast periods.
- **Insurance premium taxes** are anticipated to increase from \$111.1 million to \$129.6 million, or 16.7 percent.
- The Legislative Assembly amended NDCC Section 57-51.1-07.5 to increase the amount of **Oil and gas taxes** deposited in the general fund from \$300.0 million to \$400.0 million.
- **Interest income** is anticipated to decrease from \$15.9 million to \$8.0 million, primarily due to the decrease in the budget stabilization fund balance. This is a 49.6 percent decrease.
- **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. With oil prices and production expected to remain stable over the course of the biennium, the 2017-19 forecast for mineral leasing fees was increased to \$30.5 million, an 11.7 percent decrease from the 2015-17 revised forecast.
- The statutory cap for the **State Mill Profits transfer** was increased in 2017 House Bill 2014 from 50 percent of profits after any transfers for other state agriculture-related programs to 75 percent, resulting in a \$18.6 million transfer, which is over \$9.0 million more than the 2015-17 transfer. The increase is effective for the 2017-19 biennium only.

- The 2011 legislature created the **Strategic Investment and Improvements Fund** to receive all revenues previously deposited in the Lands and Minerals Trust Fund, as well as a portion of oil and gas taxes. A \$248.0 million transfer from the Strategic Investment and Improvements Fund to the general fund is authorized for the 2017-19 biennium.
- A portion of oil tax revenues and other funds determined by the legislature are deposited into the **Tax Relief Fund**. For the 2017-19 biennium, \$183.0 million will be transferred to the general fund.
- The **Legacy Fund** was approved by North Dakota voters in November 2010. Thirty percent of oil and gas tax revenues are deposited in the fund. Interest and investment earnings are retained in the fund until after June 30, 2017. After that time the earnings will be transferred to the general fund at the end of each biennium. A transfer of \$200.0 million is anticipated for the 2017-19 biennium.

Based on the May 2017 legislative revenue forecast, the July 1, 2017, general fund balance is projected to be \$30.9 million. The legislative budget assumes a June 30, 2017 ending balance of \$50.4 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 \$9.24 billion other funds appropriation includes the following:

Federal funds	\$ 3.78 billion
Special funds	5.46 billion
Total other funds	\$ 9.24 billion

Federal funds represent 27.9 percent of the legislative budget. Agencies receiving significant federal funds include the Adjutant General, Department of Commerce, Department of Health, Department of Human Services, Department of Public Instruction, Department of Transportation, and Job Service North Dakota.

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 40.3 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 “even with recovering oil prices, North Dakota will be slow to improve and will lag the nation for several years. More activity in the Bakken and recovering farm incomes will help top-line growth, but the state’s metro areas will have to shoulder much of the burden when it comes to lifting employment and incomes, particularly in private service industries.” (Précis U.S. State, February 2017) In recent years, North Dakota has led the nation in personal income growth and employment growth, and has enjoyed one of the nation’s lowest unemployment rates. Moody’s predicts total employment in North Dakota will continue to grow at annual rates of 1.4 and 1.2 percent during the 2017-19 biennium, compared to 1.3 and 1.1 percent nationally. During that time, North Dakota’s unemployment rate is projected to remain at historically low levels around 2.5 percent, compared to an estimated 4.2 percent nationally. Personal income is expected to grow over 1.0 percent per year in North Dakota compared to growth of over 2.0 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 4.7 percent in fiscal year 2018 and 5.5 percent in fiscal year 2019.
- Motor vehicle taxable sales will grow by 2.3 percent in fiscal year 2018 and 7.6 percent in fiscal year 2019.
- Nonfarm adjusted gross income will grow by 2.4 percent in calendar year 2017 and by 5.5 percent in calendar year 2018.

- Farm adjusted gross income will grow by 4.1 percent in calendar year 2017 and by 2.5 percent in calendar year 2018.
- Corporate taxable income will decrease by 1 percent in calendar year 2017 and grow by 3 percent in calendar year 2018.

Oil and Gas Taxes

2015-17 Biennium

The sharp decline in oil prices experienced in the final months of the 2013-15 biennium continued into the first year of the 2015-17 biennium before rallying to over \$40 per barrel of oil. The legislative forecast assumes prices will average just over \$46 per barrel for the remaining months of the biennium (April through June); the actual average price during this period has been just under \$45 per barrel through the end of May. Meanwhile, production has been slightly higher than the 935,000 barrels per day as assumed in the legislative forecast. The actual monthly average production through May has been just short of 1.1 million barrels per day with one month remaining in the biennium.

Based on actual collections through June 30, 2017, oil extraction and gross production tax allocations are projected to total \$2.95 billion during the 2015-17 biennium, allocated as shown on the table at the end of this section.

2017-19 Biennium

Oil prices are anticipated to remain at \$47 per barrel during the 2017-19 biennium, and production is assumed to remain constant at 925,000 barrels per day throughout the first year of the biennium and 950,000 barrels per day throughout the second year.

The 2017 legislature enacted several changes affecting the allocation and rates of oil and gas taxes:

- **House Bill 1152** – Increases the allocation to the general fund from \$300.0 million to \$400.0 million only for the 2017-19 biennium, adds an allocation of \$75.0 million to the Budget Stabilization Fund, provides for a \$3.0 million dollar allocation to the lignite research fund, and decreases the allocation to the State Disaster Fund from \$22.0 million to \$20.0 million per biennium.
- **Senate Bill 2013** – This bill includes the following:
 - Requires a hub city to have more than two percent mining employment compared to one percent in current law.
 - Identifies the employment percentage for Williston, Dickinson and Minot for the first year of the biennium.
 - Directs the State Treasurer to allocate the first one-fifth of the oil and gas gross production tax in a specific order.
 - Changes the annual allocation for supplemental school districts to provide a specific amount based on the oil and gas tax allocations received by the county in the most recently completed even-numbered year. The specific amounts range from \$500,000 to \$1.5 million.
- Decreases the amount allocated to the North Dakota Outdoor Heritage Fund from \$20.0 million per fiscal year to \$10.0 million per biennium only for the 2017-19 biennium.
- Decreases the amount allocated to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund from \$7.5 million per fiscal year to \$4.0 million per fiscal year for the 2017-19 biennium only.
- Decreases the amount allocated to the Oil and Gas Impact Grant Fund from \$100.0 million per biennium to \$25.0 million for the 2017-19 biennium only and provides for a \$5.0 million allocation per biennium after the 2017-19 biennium.
- Creates the Energy Impact Fund and allocates \$2.0 million per year from the first \$5.0 million allocated to counties that previously received more than \$5.0 million per year. This allocation change is effective for the 2017-19 biennium only.
- Removes the distributions to political subdivisions from the Political Subdivision Allocation Fund and repeals the fund effective September 1, 2017.

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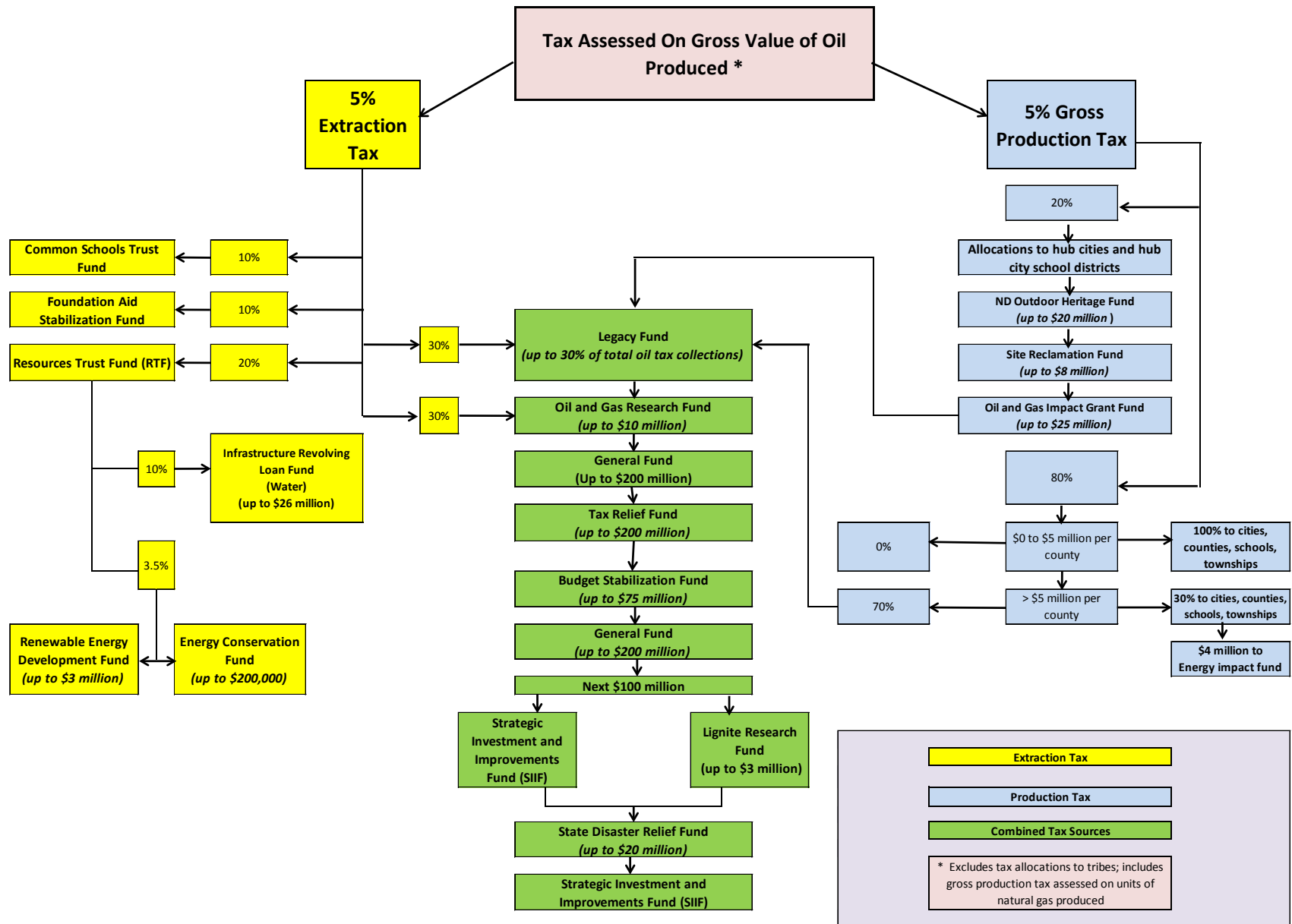
2015-17 and 2017-19 Estimated Oil Tax Allocations

	Revised ^{\1} 2015-17	Legislative ^{\2} 2017-19
Counties and Cities	\$ 546,014,934	\$ 499,644,769
Tribal Allocations	224,767,410	233,972,756
Legacy Fund	816,081,715	865,827,862
Foundation Aid Stabilization Fund	120,933,871	130,926,961
Common Schools Trust Fund	120,933,871	130,926,961
Resources Trust Fund	237,699,488	258,653,920
Renewable Energy Development Fund	3,000,000	3,000,000
Energy Conservation Fund	1,168,254	200,000
Oil and Gas Research Fund	10,000,000	10,000,000
Oil and Gas Impact Grant Fund	77,728,682	29,145,670
ND Outdoor Heritage Fund	19,927,071	10,871,198
Well Plugging and Site Reclamation Fund	10,288,642	8,435,599
General Fund	300,000,000	400,000,000
Tax Relief Fund	300,000,000	200,000,000
Budget Stabilization Fund	-	75,000,000
State Disaster Fund	12,959,303	-
Energy Impact Fund	-	4,000,000
Political Subdivision Allocation Fund	12,577,490	-
Lignite Research Fund	-	3,000,000
Strategic Investment & Improvements Fund	130,959,598	256,459,930
Total Oil and Gas Taxes	\$ 2,945,040,329	\$ 3,120,065,625

\1 Preliminary revenue estimates through June 30, 2017, based on the May 2017 legislative revenue forecast.

\2 The May 2017 Legislative forecast assumes an average price of \$47 per barrel for the entire biennium and production holding constant at 925,000 BOPD throughout the first year of the biennium and 950,000 BOPD throughout the second year.

OIL EXTRACTION AND PRODUCTION TAX ALLOCATIONS - 2017-19 BIENNIUM



2017-19 Agency Fund Matrix

Agency	General Fund	Major Special Funds ¹¹							Other Special Funds ¹²							Non-Major Special Funds	Federal Funds
		ITD	Tuition Apprtm-nt	Foundation Aid Stabil	DHS	Water Comm	Highway	Higher Ed Funds 13	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															X	X
110 Office of Management and Budget	X															X	
112 Information Technology Department (ITD)	X	X														X	X
117 Office of the State Auditor	X															X	X
120 Office of the State Treasurer	X																
125 Office of the Attorney General	X												X			X	X
127 Office of the State Tax Commissioner	X																X
140 Office of Administrative Hearings																X	
188 Comm on Legal Counsel for Indigents	X															X	
190 Retirement and Investment Office																X	
192 Public Employees Retirement System																X	
Legislative and Judicial Branches																	
150 Legislative Assembly	X																
160 Legislative Council	X															X	
180 Judicial Branch	X															X	X
Education																	
Elementary, Secondary, and Other Education																	
201 Department of Public Instruction (DPI)	X		X	X												X	X
226 Trust Lands														X		X	
250 State Library	X															X	X
252 School for the Deaf	X															X	X
253 ND Vision Services/School for the Blind	X															X	
270 Dept. of Career & Technical Education	X			X												X	X
Higher Education																	
215 North Dakota University System Office	X															X	X
227 Bismarck State College	X							X									
228 Lake Region State College	X							X									
229 Williston State College	X							X									
230 University of North Dakota	X							X									
232 UND Medical Center	X							X									
235 North Dakota State University	X							X									
238 ND State College of Science	X							X									
239 Dickinson State University	X							X									
240 Mayville State University	X							X									
241 Minot State University	X							X									
242 Valley City State University	X							X									
243 Dakota College at Bottineau	X							X									
244 North Dakota Forest Service	X															X	
Health and Human Services																	
301 ND Department of Health	X									X			X	X	X	X	X
313 Veterans Home	X															X	
316 Indian Affairs Commission	X																
321 Department of Veterans Affairs	X																X
325 Department of Human Services (DHS)	X					X				X			X		X	X	X
360 Protection and Advocacy Project	X															X	X
380 Job Service North Dakota	X															X	X

2017-19 Agency Fund Matrix

Agency	General Fund	Major Special Funds ¹							Other Special Funds ²							Non-Major Special Funds	Federal Funds
		ITD	Tuition Apprtn-mnt	Foundation Aid Stabil	DHS	Water Comm	Highway	Higher Ed Funds ³	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	X
412 Aeronautics Commission	X															X	X
413 Dept. of Financial Institutions																X	
414 Securities Department	X															X	
471 Bank of North Dakota																X	
473 North Dakota Housing Finance Agency																X	X
475 North Dakota Mill and Elevator																X	
485 Workforce Safety and Insurance																X	
Public Safety																	
504 Highway Patrol	X													X		X	X
530 Department of Corrections & Rehab	X													X		X	X
540 Adjutant General	X										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	X
627 Upper Great Plains Transportation Institute	X															X	X
628 Branch Research Centers	X															X	
630 NDSU Extension Service	X															X	X
638 Northern Crops Institute	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															X	
Natural Resources																	
701 State Historical Society	X										X					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	X
Transportation																	
801 Department of Transportation							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.

\3 Higher Education funds are comprised of Tuition Revenue, Auxiliary Funds, and Grants and Contracts.

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.

Consolidated Funds Statement - All Appropriated Funds 2017-19 Biennium

	General Fund\2	Major Special Funds\1							Non-Major		Combined Total
		ITD Service\3	Tuition Apportionment\3	Foundation Aid Stabilization \3	Human Services\3	Water Commission\3	Highway\3	Higher Ed Funds \3	Special Funds\3	Federal Funds\4	
Revenues											
Sales and excise taxes	\$1,993,080,285										\$1,993,080,285
Income taxes	800,816,415										800,816,415
Oil and gas taxes	400,000,000			130,926,961							530,926,961
Charges for services/permits/licenses	37,801,480	\$133,980,000			\$110,393,485		\$42,600,000	\$2,058,943,803			2,383,718,768
Insurance premium taxes	129,637,121										129,637,121
Investment and interest income	8,000,000		\$288,264,000				1,000,000				297,264,000
Fines and forfeitures											0
Transfers from general fund											0
Transfers from special funds	838,932,724		17,282,905			\$560,500,000	337,500,000				1,754,215,629
Reimbursement for political subdivisions							55,500,000				55,500,000
Sale of materials							3,900,000				3,900,000
Miscellaneous	121,547,864					83,451,628	50,400,000				255,399,492
Non-major special fund revenue									\$1,061,164,245		1,061,164,245
Federal funds										\$3,777,958,780	3,777,958,780
Total revenues	\$4,329,815,889	\$133,980,000	\$305,546,905	\$130,926,961	\$110,393,485	\$643,951,628	\$490,900,000	\$2,058,943,803	\$1,061,164,245	\$3,777,958,780	\$13,043,581,696
Expenditures											
General government	\$315,167,384	\$135,206,630							\$156,280,333	\$23,158,738	\$629,813,085
Elementary and secondary education	1,482,659,240		\$305,546,905	\$304,077,000					244,882,487	300,276,363	2,637,441,995
Higher education	625,796,780							2,058,943,803	0	1,006,472	2,685,747,055
Health and human services	1,394,429,314				\$142,194,278				262,041,635	2,406,884,748	4,205,549,975
Regulatory	37,428,449								279,739,091	44,298,422	361,465,962
Public safety	282,750,554								76,002,214	180,069,705	538,822,473
Agriculture and economic development	139,138,124								148,103,501	72,774,625	360,016,250
Natural resources	32,892,796					\$642,569,444			112,557,212	76,005,338	864,024,790
Transportation	0						\$502,616,486		94,404,013	673,484,369	1,270,504,868
Total expenditures	\$4,310,262,641	\$135,206,630	\$305,546,905	\$304,077,000	\$142,194,278	\$642,569,444	\$502,616,486	\$2,058,943,803	\$1,374,010,486	\$3,777,958,780	\$13,553,386,453

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 2017 legislative revenue forecast. General fund expenditures are based on original legislative appropriations authorized by the 2017 legislature.

\3 Revenue and expenditure estimates are amounts included in each agency's budget request for the 2017-19 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

	2013-15 Actual ^{\1}	2017 Legislative Projection	
		2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$ 1,651,436,847	\$ 877,182,532 ^{\2}	\$ 30,890,381
Revenues:			
Total revenues	\$ 5,801,797,506	\$ 4,921,787,709	\$ 4,329,815,889
Expenditures:			
One time appropriations	\$ (2,447,378,201)	\$ (1,115,025,205)	\$ (14,638,226)
Special session appropriations		-	
Ongoing appropriations	(4,426,209,153)	(4,571,649,698)	(4,295,624,415)
Emergency authority used prior to July 1	163,812,041	9,858,196	
Authorized carryover from previous biennium	(89,503,462)	(147,653,143)	
2015 emergency appropriations	(9,858,196)		
Supplemental appropriations	(6,084,026)	(1,925,010)	
Obligated carryover to 2015-17 biennium	147,653,143		
Unspent authority/adjustments	92,432,516	58,315,000	
Total expenditures	\$ (6,575,135,338)	\$ (5,768,079,860)	\$ (4,310,262,641) ^{\5}
Ending balance before transfers	\$ 878,099,015	\$ 30,890,381	\$ 50,443,629
Transfers and adjustments:			
Transfer to budget stabilization fund ^{\4}			
Adjustments and cash certifications	(916,483)		
Total transfers and adjustments	\$ (916,483)	\$ -	\$ -
Ending Fund Balance	\$ 877,182,532	\$ 30,890,381	\$ 50,443,629

^{\1} Final revenues and expenditures per state accounting system reports dated June 30, 2015.

^{\2} Actual July 1, 2015 balance.

^{\3} Based on preliminary June 30, 2017 revenues and estimated remaining revenues using the 2017 legislative revenue forecast.

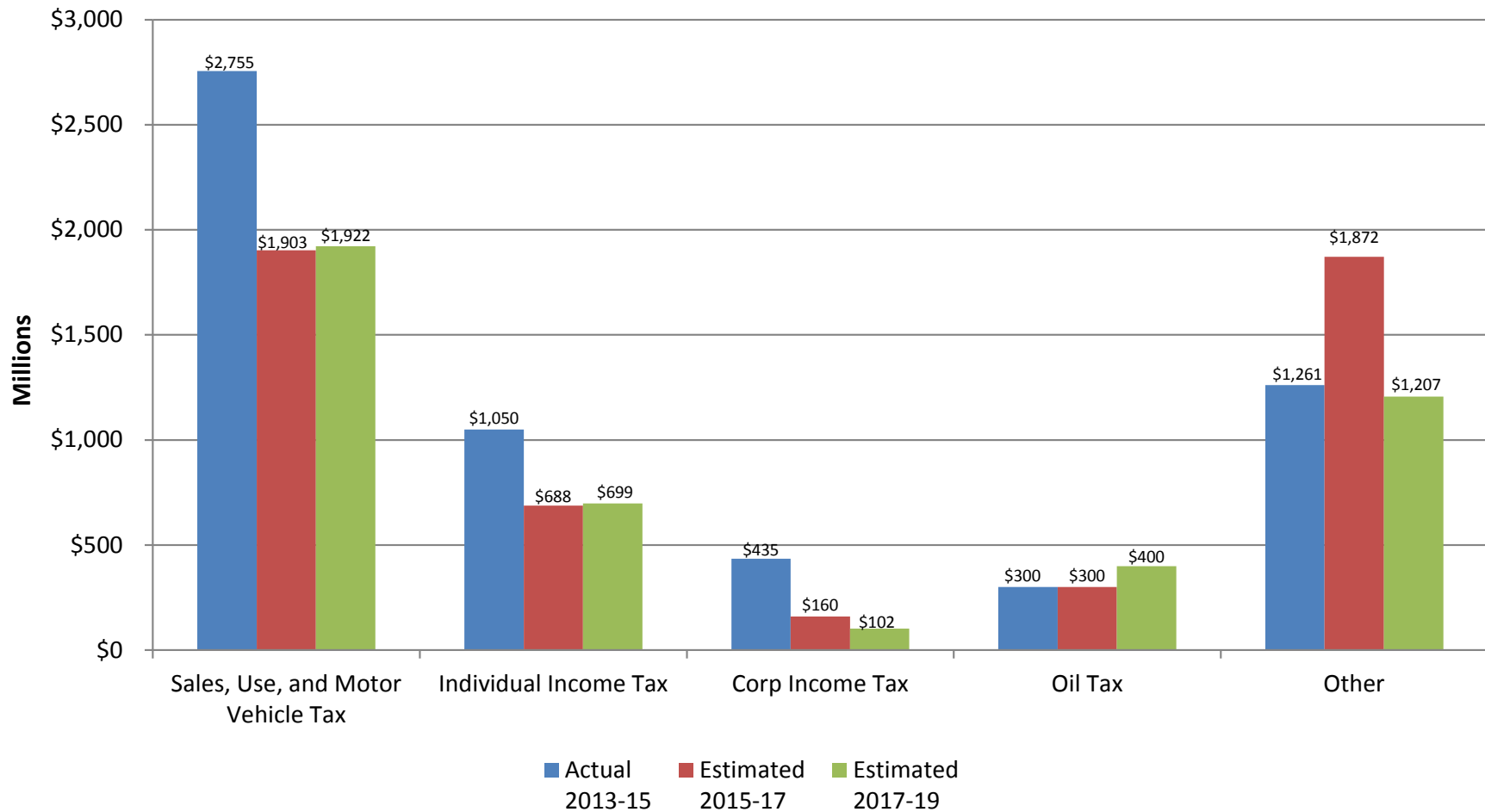
^{\4} Transfer to the general fund based on appropriations for the 2015-17 biennium. NDCC Section 54-27.2-01 requires the balance retained in the fund to be below 9.5 percent of appropriations, and as a result a transfer from the Budget Stabilization fund to the General Fund. Transfers from the fund are not required for the 2015-17 or 2017-19 biennia.

^{\5} The amount shown for the 2017-19 total expenditures reflects a reduction of \$25,000 from the Office of Management and Budget's budget relating to a line item veto of funding provided for a consultant.

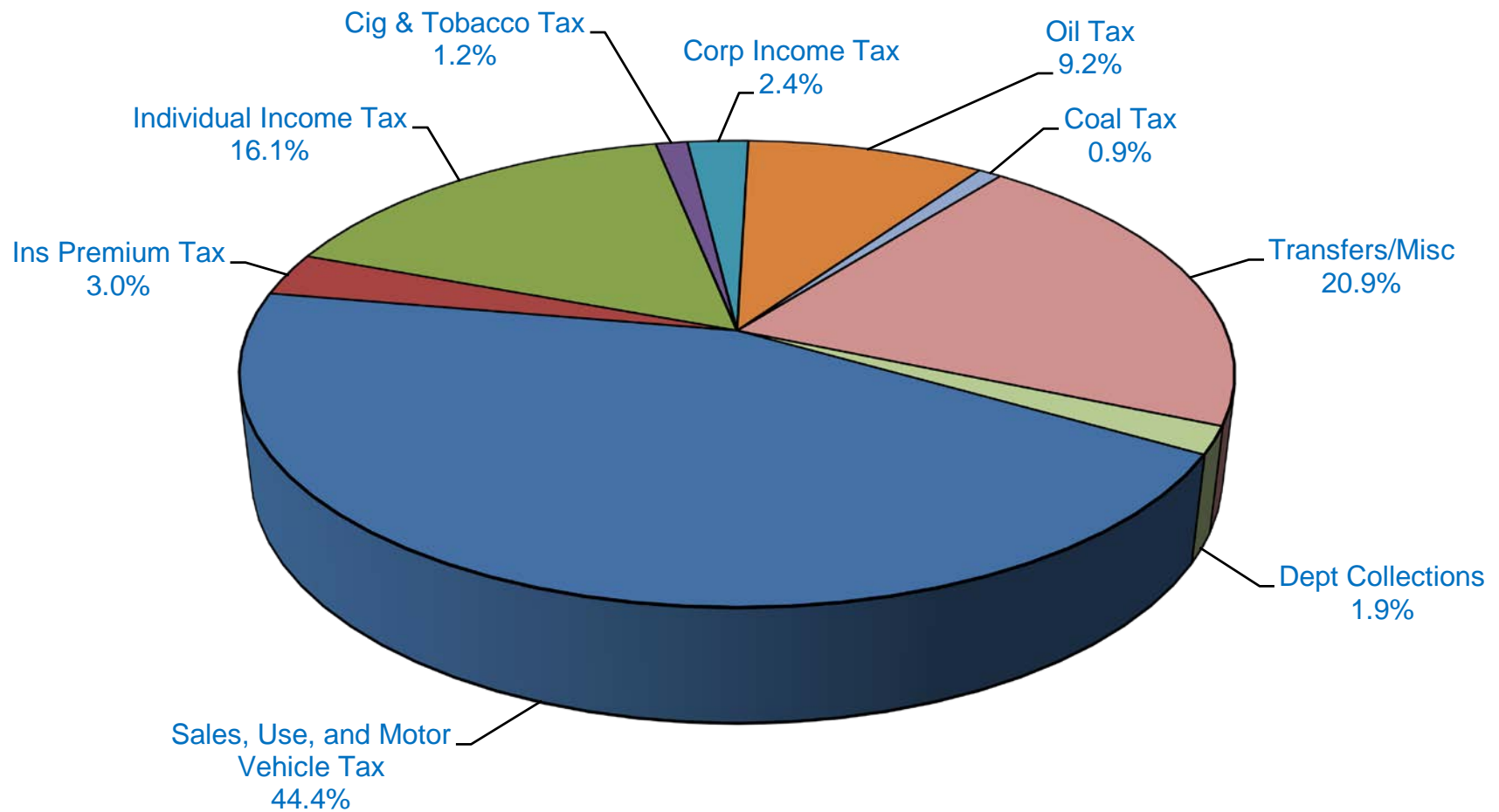
STATE OF NORTH DAKOTA
COMPARISON OF GENERAL FUND REVENUE BY MAJOR SOURCE
2009-11 THROUGH 2017-19

REVENUE SOURCE	Actual 2009-11	Actual 2011-13	Actual 2013-15	Revised Forecast 2015-17	Legislative Forecast 2017-19
Tax Revenue:					
Sales and use taxes	\$1,267,211,331	\$2,196,977,793	\$2,478,246,782	\$1,689,030,574	\$1,701,747,285
Motor vehicle excise tax	124,425,401	252,725,403	277,152,752	213,712,785	220,003,000
Individual income tax	729,255,895	1,046,161,236	1,050,062,577	687,556,749	698,728,000
Corporate income tax	234,364,296	385,814,247	435,243,053	159,867,800	102,088,415
Insurance premium tax	63,150,948	82,857,729	92,526,177	108,352,655	129,637,121
Financial institutions tax	6,748,753	11,236,510	(4,985,620)	1,299,254	0
Oil and gas production tax	32,718,333	133,834,000	146,071,108	113,000,000	163,000,000
Oil extraction tax	38,281,667	166,166,000	153,928,892	187,000,000	237,000,000
Gaming tax	16,189,991	11,136,421	7,195,937	6,757,233	7,301,480
Lottery	10,400,000	14,300,000	13,300,000	17,210,000	15,000,000
Cigarette and tobacco tax	46,253,470	53,723,649	60,262,693	57,082,715	53,247,000
Wholesale liquor tax	15,163,855	17,617,501	18,704,869	18,195,988	18,083,000
Coal conversion tax	39,064,299	38,399,414	40,767,149	42,725,976	39,564,000
Mineral leasing fees	17,521,635	43,052,074	41,348,389	26,367,218	30,500,000
Departmental collections	68,577,582	76,994,265	83,270,753	81,331,217	81,983,864
Interest income	43,684,825	13,671,280	38,103,283	16,517,493	8,000,000
Total Tax Revenue	\$2,753,012,281	\$4,544,667,522	\$4,931,198,794	\$3,426,007,657	\$3,505,883,165
Transfers:					
Bank of North Dakota profits transfer				\$100,000,000	\$140,000,000
Legacy Fund transfer					200,000,000
State Mill profits transfer	\$13,902,268	\$9,448,922	\$6,817,200	9,184,894	18,566,604
Gas tax administration transfer	1,288,000	1,485,000	1,777,360	2,030,496	2,016,120
Other transfers*	474,556,650	600,253,116	862,004,153	1,384,564,662	463,350,000
Total Transfers	\$489,746,918	\$611,187,038	\$870,598,713	\$1,495,780,052	\$823,932,724
TOTAL REVENUE	\$3,242,759,199	\$5,155,854,560	\$5,801,797,507	\$4,921,787,709	\$4,329,815,889
* OTHER TRANSFERS INCLUDE:	2009-11	2011-13	2013-15	2015-17	2017-19
Lands & Minerals Trust Fund	\$35,000,000				
Strategic Investment and Improvements Fund		\$305,000,000	\$520,000,000	\$155,000,000	\$248,000,000
Permanent Oil Tax Trust Fund	435,000,000				
Tax Relief Fund		295,000,000	341,790,000	657,000,000	183,000,000
Budget Stabilization Fund				572,485,454	
Research ND Fund					4,000,000
Loan repayment					25,000,000
Miscellaneous Transfers	4,556,650	253,116	214,153	79,208	3,350,000
	\$474,556,650	\$600,253,116	\$862,004,153	\$1,384,564,662	\$463,350,000

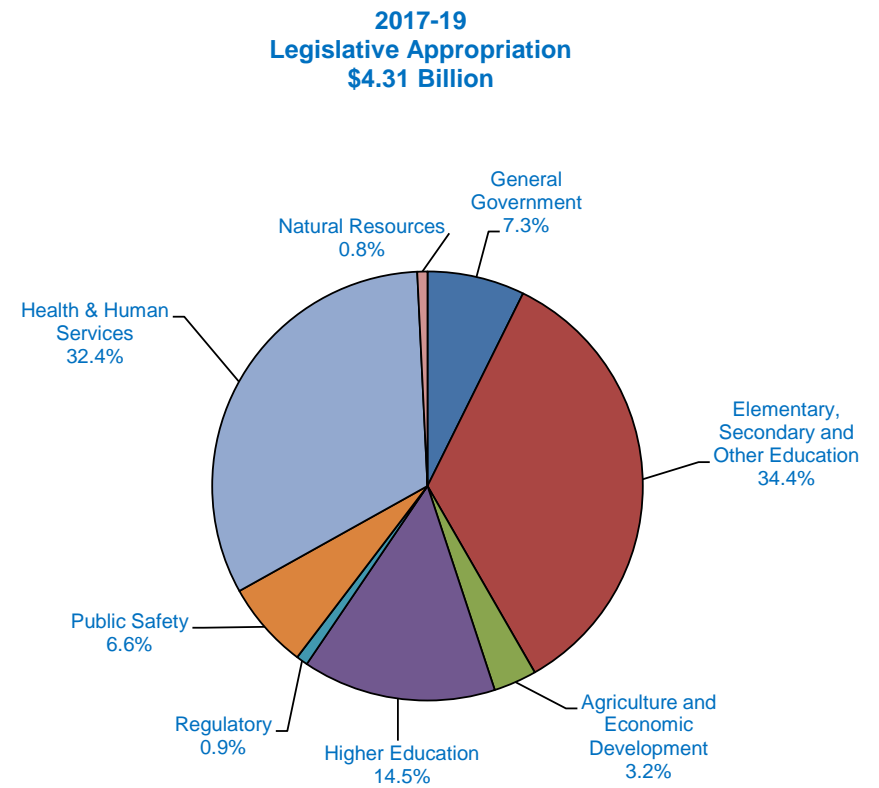
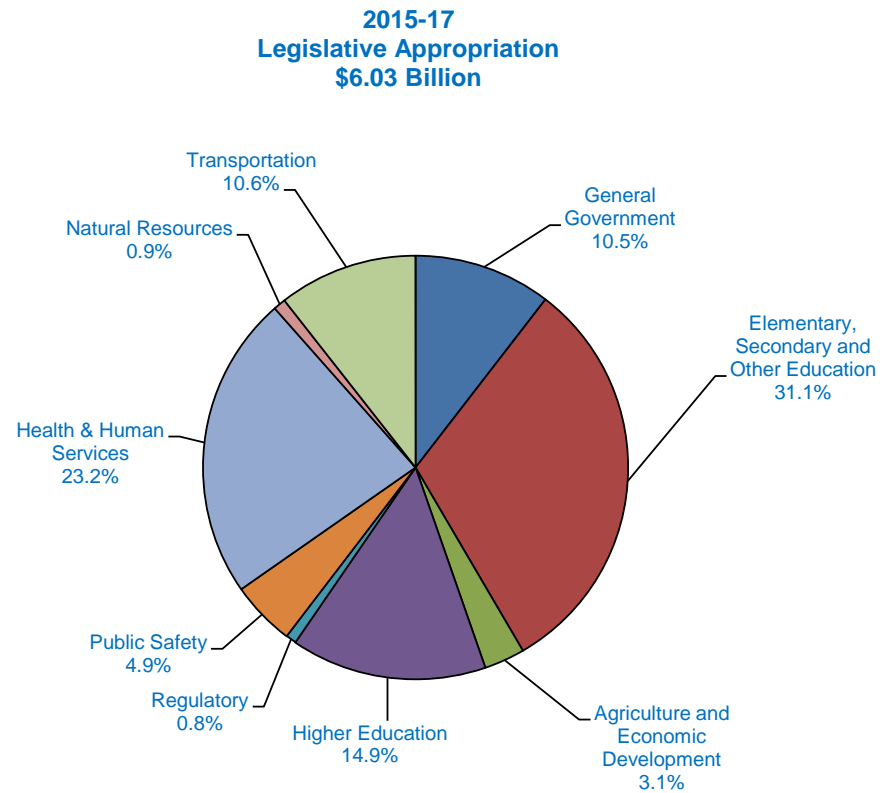
Comparison of General Fund Revenue by Major Source 2013-15 Through 2017-19

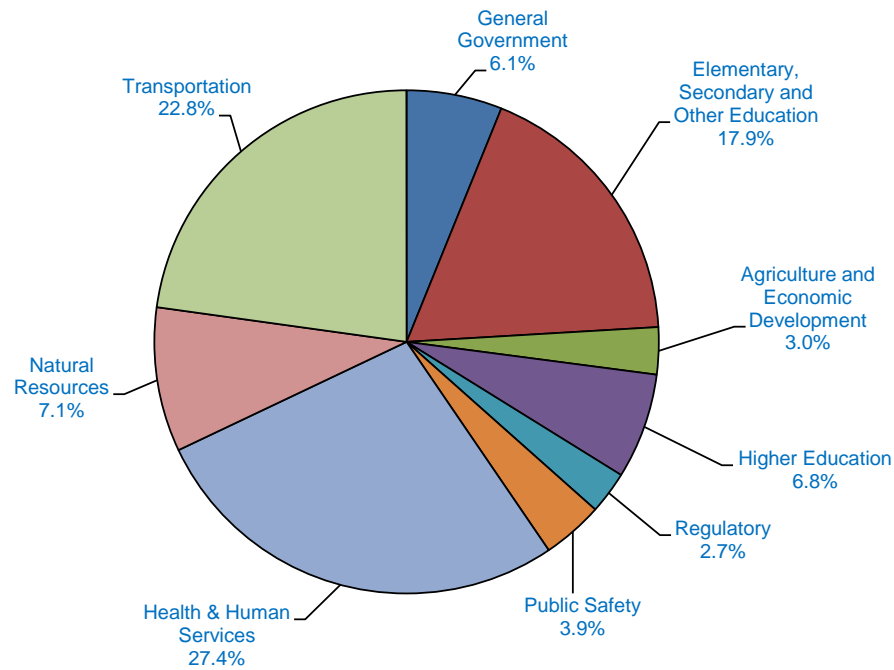
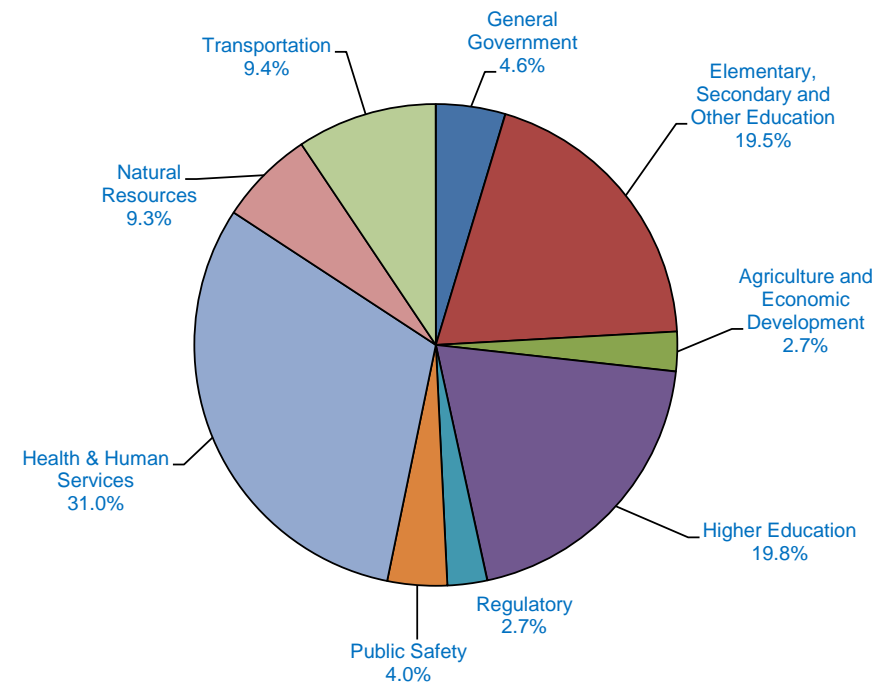


2017-19
General Fund Revenue by Major Source
\$4.33 Billion



General Fund Budget 2015-17 and 2017-19



Total Funds Budget 2015-17 and 2017-19**2015-17
Legislative Appropriation
\$14.20 Billion****2017-19
Legislative Appropriations
\$13.55 Billion**

Bonding Fund
Status Statement

	2013-15 Actual	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$3,408,932	\$3,412,483 ^{\1}	\$3,393,670
Revenue:			
Premiums	\$0 ^{\2}	\$0 ^{\2}	\$0 ^{\2}
Investment revenue	164,504	175,000	175,000
Claims restitution	43,401	50,000	50,000
Other revenue	6,872	7,000	7,000
Total Revenues	<u>\$214,777</u>	<u>\$232,000</u>	<u>\$232,000</u>
Expenditures:			
Claims liabilities/payments/write-offs	(\$140,593) ^{\3}	(\$155,000) ^{\3}	(\$155,000) ^{\3}
Claims related expenses	(38,071)	(35,000)	(35,000)
Investment expense	(7,320)	(10,000)	(10,000)
Administration	(25,242)	(50,813)	(52,004)
Total Expenditures	<u>(\$211,226)</u>	<u>(\$250,813)</u>	<u>(\$252,004)</u>
Ending Fund Balance	\$3,412,483 ^{\1}	\$3,393,670	\$3,373,666

^{\1} From June 30, 2015, 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} 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

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$583,545,799	\$572,485,454 ^{\2}	\$6,121,006
Revenue:			
Retention of earnings to increase balance		\$6,121,006	
Oil and gas tax allocations			\$75,000,000 ^{\3}
Transfer from general fund	0	0 ^{\4}	0 ^{\4}
Total Revenue	\$0	\$6,121,006	\$75,000,000
Transfers:			
Transfers to general fund	(\$11,060,345) ^{\5}	(\$572,485,454) ^{\6}	\$0 ^{\6}
Ending Fund Balance	\$572,485,454	\$6,121,006	\$81,121,006

^{\1} Final revenues and expenditures per state accounting system reports dated June 30, 2015.

^{\2} Actual July 1, 2015 balance.

^{\3} 2017 House Bill 1152 provides for an allocation of oil and gas tax revenues of up to \$75.0 million, to the Budget Stabilization Fund each biennium, but not in an amount that would bring the balance of the fund above the limit in Section 54-27.2-01.

^{\4} Estimated transfer from the General Fund based on recommended appropriation levels and provisions included in Section 54-27.2-01. No transfers from the General Fund are anticipated for the 2015-17 and 2017-19 bienniums.

^{\5} Transfer to the General Fund based on appropriations for the 2015-17 biennium and the provisions of NDCC 54-27.2-01 requiring a transfer sufficient to bring the balance of the fund to 9.5 percent of appropriations.

^{\6} Actual General Fund collections fell short of revenue projections in the 2015-17 biennium. As provided in Section 54-27.2-03, \$572,484,454 was transferred to the General Fund. No transfer from the Budget Stabilization Fund to the General Fund is anticipated for the 2017-19 biennium.

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.

Capital Building Trust Fund

Status Statement

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$2,841,003	\$5,903,878 ^{\2}	\$2,059,083
Revenue:			
Rent, Royalties and Bonuses	\$4,193,372	\$2,469,708	\$1,818,500
Governor's Residence Fundraising		500,000	500,000
Investment Income	18,413	166,742	140,000
Total Revenue	<u>\$4,211,785</u>	<u>\$3,136,450</u> ^{\3}	<u>\$2,458,500</u>
Expenditures/Transfers:			
Capitol Grounds Continuing Approp		(\$175,000) ^{\4}	(\$175,000) ^{\4}
Capitol Grounds Planning Meetings		(25,000)	(25,000)
Facilities Management Projects	(\$1,092,000)		
Facilities Management Projects			
Capitol Building Entrance and Signage		(1,400,000)	
Legislative Electrical and Ceiling Repairs		(310,000)	
Facilities Management Extraordinary Repairs			
Governor's Residence		(5,000,000) ^{\5}	
Administrative Expense	(50,883)	(64,343)	(80,000)
Income Payments to Counties	(6,027)	(6,902)	(7,000)
Total Expenditures	<u>(\$1,148,910)</u>	<u>(\$6,981,245)</u> ^{\6}	<u>(\$287,000)</u>
Ending Fund Balance	\$5,903,878	\$2,059,083	\$4,230,583

\1 Final revenues and expenditures per state accounting system reports dated June 30, 2015.

\2 Actual July 1, 2015 balance.

\3 Based on actual revenues through April 30, 2017 and estimated revenues for the remainder of the biennium.

\4 Section 48-10-02 provides a continuing appropriation to the Capitol Grounds Planning Commission to spend up to \$175,000 per biennium of income and interest of the Capitol Building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the first day of the biennium.

\5 Funding of \$4.0 million was appropriated from the Capitol Building fund in 2015 Senate Bill 2304, for the demolition of the existing Governor's residence and the construction of a new residence. The bill also included an appropriation of \$1.0 million from private donations for a total appropriation of \$5.0 million for the project.

\6 Estimated expenditures for the 2015-17 biennium.

Community Health Trust Fund

Status Statement

	2013-15 Actual ¹	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$47,258	\$429,184 ¹²	\$318,639
Revenue:			
Transfers from the tobacco settlement trust	\$4,223,048	\$4,046,319	\$22,000,000
Total Revenues	\$4,223,048	\$4,046,319	\$22,000,000
Expenditures:			
<i>Health Department:</i>			
Dental loan program	(\$360,000)		
Dental new practice grant	(5,000)		
Tobacco prevention and control	(3,228,768)	(\$3,440,864) ^{13,14}	(\$3,200,000)
Women's way program	(247,354)	(400,000) ¹³	(329,500)
Behavioral Risk Factor State Survey (BRFSS)	0	(316,000)	(470,500)
<i>Department of Human Services:</i>			
Medical Services			(18,000,000)
Total Expenditures	(\$3,841,122)	(\$4,156,864)	(\$22,000,000)
Ending Fund Balance	\$429,184	\$318,639	\$318,639

¹ Final revenue and expenditures per state accounting system reports dated June 30, 2015.

¹² Actual July 1, 2015 balance.

¹³ Estimated expenditures for the 2015-17 biennium projected by the Department of Health.

¹⁴ Approved by voters in 2008, Measure #3 provides that 80 percent of the tobacco settlement revenue allocated to the Community Health Trust Fund must be spent on tobacco related programs. 2017, Senate Bill 2004 eliminates the 80 percent requirement.

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 percent to the Community Health Trust Fund
- 45 percent to the Common Schools Trust Fund
- 45 percent to the Water Development Trust Fund

In November 2008, voters approved Measure No. 3, which creates a Tobacco Prevention and Control Trust Fund that will receive all tobacco settlement strategic contribution 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 percent distribution to the Community Health Trust Fund.

2017 Senate Bill 2004 eliminated the requirement that 80 percent of the revenue be spent on tobacco related programs. House Bill 1012 amended NDCC Section 54-27-25 to increase the distribution to the Community Health Trust Fund to 55 percent and to eliminate the distribution to the Common Schools Trust Fund for the 2017-19 biennium.

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

	2013-15 Actual ¹¹	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$77,651,986	\$75,867,942 ¹²	\$37,292,597
Revenue:			
Transfers from oil and gas taxes	\$22,000,000 ¹³	\$3,326,865 ¹⁴	\$0 ¹⁵
Interest earnings	81,030	50,000	70,000
Miscellaneous reimbursements	1,007,480	2,823,013 ¹⁶	500,000
Total Revenues	\$23,088,510	\$6,199,878	\$570,000
Expenditures:			
Loan repayment (disaster 09-11)	(\$1,306,121)		
2009 flood disaster	(2,530,274)	(\$239,705)	(\$191,143)
January 2010 winter storm	(310,392)		
2010 flood	(320,896)	(245,971)	(1,114,037)
April 2010 ice storm	(565,976)	(102,560)	
2011 flood	(7,430,968)	(5,793,339)	(7,220,494)
2011 ice storm (2013 HB1016)	(616,217)	(925)	
Housing rehab and retention (2013 HB1016)	(2,461,072)	(1,088,468)	
Transfer to Housing Finance for flood-impact housing assistance (2013 HB1016)	(1,500,000)		
Volunteer response coordination	(400,000)	(175,000)	(25,000)
Road grade raising projects (2013 HB1016)	(91,986)	(2,562)	(100,000)
Flood mitigation in incorporated cities	(1,461,014)		
Disaster coordination contract	(1,031,218)	(34,810)	
Valley City flood protection	(3,000,000)		
Chronic flooding (2015 SB2016)		(2,000,000)	
Flood control (2015 SB2020)		(34,000,000)	
Double Ditch historic site repairs (2015 SB2018)		(384,497)	(1,615,503)
2013 Red River Valley flood disaster	(1,591,134)	(569,645)	(1,024,823)
2013 snow storm	(36,116)	(59,539)	(836,932)
2014 summer flooding	(219,170)	(78,202)	(164,665)
Total Expenditures	(\$24,872,554)	(\$44,775,223) ¹⁷	(\$12,292,597)
Ending Fund Balance	\$75,867,942	\$37,292,597	\$25,570,000

¹¹ Final revenues and expenditures per state accounting system reports.

¹² Actual July 1, 2015 balance.

¹³ 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.

¹⁴ NDCC 57-51.1-07.5 states that \$22.0 million in oil tax revenues should get transferred to the Disaster Relief Fund, but Section 3 of 2015 House Bill 1377 amends this part of code to decrease the transfer if it would make the unobligated balance of the fund more than \$25.0 million.

¹⁵ Because the unobligated balance of the fund is at \$25.0 million the fund is projected to receive no oil tax revenues during the 2017-19 biennium.

¹⁶ Includes a reimbursement of \$2.3 million from DOT for appropriation from Section 14 of 2011 SB2371. Funding was to be used by June 20, 2017.

¹⁷ Based on actual expenditures through April 30, 2017 and agency estimated expenditures through June 30, 2017.

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

	2013-15 Actual	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$24,772,838	\$23,173,071 ^{\1}	\$21,832,323
Revenue:			
Premium revenue	\$5,706,268	\$9,400,000	\$9,500,000
Investment revenue	3,346,180	3,100,000	3,000,000
Claims recovery	418,599 ^{\2}	925,000 ^{\2}	900,000
Boiler inspection fee	704,529	865,000	850,000
Total Revenues	<u>\$10,175,576</u>	<u>\$14,290,000</u>	<u>\$14,250,000</u>
Expenditures:			
Insurance claims	(\$3,439,082)	(\$6,690,000)	(\$6,400,000)
Claims related payments	(7,047,985)	(7,150,000)	(6,850,000)
Administration/investment expenses	(1,153,356)	(1,660,748)	(1,797,218)
Fire Marshal inspection fees	(134,920)	(130,000)	(130,000)
Total Expenditures	<u>(\$11,775,343)</u>	<u>(\$15,630,748)</u>	<u>(\$15,177,218)</u>
Ending Fund Balance	\$23,173,071 ^{\1}	\$21,832,323	\$20,905,105

^{\1} From June 30, 2015, Comprehensive Annual Financial Report (CAFR).

^{\2} 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

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$335,364,942	\$617,625,443 ^{\2}	\$622,506,021
Revenue:			
Oil extraction tax allocations	282,260,501	120,933,871 ^{\3}	130,926,961 ^{\4}
Transfers:			
Transfer to state school aid	\$0	(\$116,053,293) ^{\5}	(\$295,000,000) ^{\6}
Transfer to Department of Public Instruction			(6,600,000) ^{\7}
Transfer to Career and Tech Ed			(2,477,000) ^{\8}
Transfer to school construction assistance revolving loan fund			(75,000,000) ^{\9}
Total Transfers	<u>\$0</u>	<u>(\$116,053,293)</u>	<u>(\$379,077,000)</u>
Ending Fund Balance	<u>\$617,625,443</u>	<u>\$622,506,021</u>	<u>\$374,355,982</u>
15% to be retained in Fund Balance	<u>0</u>	<u>252,266,100 ^{\10}</u>	<u>269,168,800 ^{\10}</u>
Ending Fund Balance Available	\$617,625,443	\$370,239,921	\$105,187,182

\1 Final revenues and expenditures per state accounting system reports, dated June 30, 2015.

\2 Actual July 1, 2015 balance.

\3 Based on the May 2017 legislative revenue forecast.

\4 Revenue estimates based on the May 2017 legislative revenue forecast, which assumes oil prices averaging \$47 per barrel for the 2017-19 biennium and production at 925,000 barrels per day for fiscal year 2018 and 950,000 barrels per day for fiscal year 2019.

\5 The Governor ordered two allotments during the 2015-17 biennium. In February, 2016 the allotment was for 4.05 percent. A transfer was made for \$71.7 million to the Department of Public Instruction to cover the state student aid portion of this allotment. The second allotment was in August, 2016 for 2.5 percent. The transfer to cover this allotment was \$44.3 million.

- \6 Section 6 of 2017 HB1013 appropriates \$110.0 million as on-going funding and \$185.0 million as one-time funding for state school aid.
- \7 Section 14 and 15 of 2017 SB2272 appropriates funding to the Department of Public Instruction; \$6.0 million is for rapid enrollment grants and \$500,000 is for English learner grants to school districts. Section 6 of 2017 HB1013 appropriates \$100,000 to the Department of Public Instruction for regional education association merger grants. These appropriations are all considered one-time.
- \8 Section 4 of 2017 SB2019 appropriates one-time funding to Career and Technical Education for providing grants to school districts.
- \9 Section 13 of 2017 SB2272 provides for a one-time transfer to the school construction assistance revolving loan fund.
- \10 The 15 percent to be retained in the fund is calculated off of the General Fund appropriation of state student aid for the most recently completed biennium. The amount listed for 15-17 does not include the grants to school districts portion at Career and Technical Education as that section of law is not in effect until July 1, 2017. It is included in the 2017-19 amount.

Notes:

The Foundation Aid Stabilization Fund was created in 1994 upon voter approval of Article X, Section 24 of the Constitution of North Dakota. This section was amended with the approval of Measure 2 (from 2015 SCR4003) in the 2016 general election so that oil extraction taxes are to be allocated as follows:

10 percent to the Common Schools Trust Fund

10 percent to the Foundation Aid Stabilization Fund

The measure also states that 15 percent of the General Fund appropriation for state aid to school districts for the most recently completed biennium must be retained in the fund. Any amount over the 15 percent may be appropriated for education-related purposes, as provided by law.

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. Section 6 of 2017 SB2272 amends this section of code to include the General Fund portion of appropriation to Career and Technical Education for grants to school districts.

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Health Care Trust Fund
Status Statement

	2013-15 Actual	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$397,589	\$605,594 \1	\$834,810
Revenue:			
Investment earnings	\$1,068	\$1,035	\$1,595
Principal and interest repayments	1,224,173	999,499	1,014,012
Total Revenues	<u>\$1,225,241</u>	<u>\$1,000,534</u>	<u>\$1,015,607</u>
Expenditures:			
Nursing home grants			
Nursing home and basic care salary increase			
Increase nursing home bed limit			
Grant for Dunseith nursing facility			
Grant for McVile hospital			
Continuation of Bed Layaway Program from 2011-13	(\$546,786)	(\$546,786)	(\$546,786)
Grant to an assisted living facility that accepts low-income tenants	(425,000)		
Increased nursing home per bed limit (HB 1234)		(139,405)	(139,405)
Increased nursing home operating margin (Effective 1/1/18)			(1,000,000)
Nurse aid registry - Health Dept.	(45,450)	(85,127)	(93,768)
Total Expenditures	<u>(\$1,017,236)</u>	<u>(\$771,318)</u>	<u>(\$1,779,959)</u>
Ending Fund Balance	<u>\$605,594</u>	<u>\$834,810</u>	<u>\$70,458</u>

\1 Actual July 1, 2015 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

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$0	\$0 ^{\2}	\$0
Revenue:			
Motor vehicle fuel tax	\$208,366,727	\$190,562,783	\$189,000,000
Special fuel taxes	239,731,378	173,100,000	181,700,000
Motor vehicle registration fees	198,045,754	178,100,000	171,200,000
Total Revenues	<u>\$646,143,859</u>	<u>\$541,762,783</u>	<u>\$541,900,000</u> ^{\3}
Transfers:			
State highway fund allocation	(\$384,986,744)	(\$321,531,911)	(\$321,487,096)
Counties allocation	(138,198,479)	(115,400,000)	(115,400,000)
Cities allocation	(78,496,063)	(65,500,000)	(65,500,000)
Townships allocation	(17,007,542)	(14,100,000)	(14,100,000)
Transit allocation	(9,399,745)	(7,900,000)	(7,900,000)
Highway Patrol	(6,841,116)	(6,687,330)	(6,912,904)
Motorboat safety account	(260,220)	(320,000)	(200,000)
State snowmobile fund	(157,617)	(123,542)	(200,000)
Hwy-rail grade crossing safety projects fund	(500,000)		
Administrative assistance to transferees	(5,500,000)	(5,500,000)	(5,500,000)
Ethanol production incentive	(4,796,333)	(4,700,000)	(4,700,000)
Total Transfers	<u>(\$646,143,859)</u>	<u>(\$541,762,783)</u>	<u>(\$541,900,000)</u>
Ending Fund Balance	\$0	\$0	\$0

\1 Final revenues and expenditures per Department of Transportation.

\2 Revenues and expenditures based on actual collections through May 31, 2017, and estimates for the remaining months of the 2015-17 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 \$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 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 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

	2013-15 Actual	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$1,194,228,388 ^{\1}	\$3,289,089,229	\$4,265,170,944
Revenue:			
Transfers from oil and gas taxes	\$1,881,734,081	\$816,081,715 ^{\2}	\$865,827,862 ^{\2}
Realized Investment Earnings	145,255,008	160,000,000 ^{\3}	200,000,000 ^{\3}
Unrealized Investment Earnings	67,871,752		
Total Revenues	<u>\$2,094,860,841</u>	<u>\$976,081,715</u>	<u>\$1,065,827,862</u>
Expenditures:			
Transfer to general fund			(\$200,000,000)
Legislative appropriations	\$0	\$0	0 ^{\4}
Total estimated expenditures	<u>\$0</u>	<u>\$0</u>	<u>(\$200,000,000)</u>
Ending Fund Balance	\$3,289,089,229	\$4,265,170,944	\$5,130,998,806

^{\1} Actual July 1, 2013 balance per financial statements as they appear on the website for the Retirement and Investment Office.

^{\2} Revenue estimate based on preliminary June 30, 2015 collections and the May 2017 revised revenue forecast for the 2015-17 biennium and the May 2017 legislative forecast for the 2017-19 biennium.

^{\3} Preliminary earnings through May 31, 2017 and projected earnings for the remainder of the 2015-17 biennium and the 2017-19 biennium. Projected earnings estimated by Retirement and Investment Office utilizing the May 2017 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. The 2017 Legislative Assembly did not make any appropriations from the Legacy Fund for the 2017-19 biennium.

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

	2013-15 Actual	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$0 ^{\1}	(\$5,217,411) ^{\1}	\$9,718,699
Revenue:			
Oil and gas gross production tax	\$18,641,973	\$19,927,071 ^{\2}	\$10,871,198 ^{\2}
Interest income	8,182	17,600	8,800
Total estimated revenues	\$18,650,155	\$19,944,671	\$10,879,998
Expenditures:			
Grant awards/available for commitment	(\$23,777,531)	(\$4,858,561)	(\$20,448,697) ^{\3}
Administrative expenses	(90,035)	(150,000)	(150,000)
Total estimated expenditures	(\$23,867,566)	(\$5,008,561)	(\$20,598,697)
Ending Fund Balance	(\$5,217,411)	\$9,718,699	\$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 and \$40.0 million for the biennium, the current forecast for oil and gas taxes will result in approximately \$20.0 million being allocated to the fund during the 2015-17 biennium. The 2017 legislative assembly, in Senate Bill 2013, limited the allocation to \$10.0 million per biennium for the 2017-19 biennium only.

^{\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 2017-19 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.

Resources Trust Fund
Status Statement

	2013-15 Actual ¹	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$292,961,846	\$576,346,704 ¹²	\$307,748,310
Revenue:			
Repayments and reimbursements	\$11,583,054	\$14,576,000	\$12,400,000
Oil extraction tax collections	564,521,002	241,867,742	261,853,920 ¹⁵
Interest	3,438,666	3,500,000	2,700,000
Total Revenues	<u>\$579,542,722</u>	<u>\$259,943,742</u> ¹³	<u>\$276,953,920</u>
Expenditures:			
Water Commission expenditures	(\$280,550,000)	(\$509,750,000) ¹⁴	(\$581,015,358) ¹⁶
Transfer to renewable energy development fund	(3,000,000)	(3,000,000)	(3,000,000) ¹⁷
Transfer to energy conservation grant fund	(1,200,000)	(1,200,000)	(200,000) ¹⁷
Total Expenditures and Transfers	<u>(\$284,750,000)</u>	<u>(\$513,950,000)</u>	<u>(\$584,215,358)</u>
Ending Fund Balance before restricted income	\$587,754,568	\$322,340,446	\$486,872
Restricted Fund income			
Infrastructure revolving loan fund	<u>(\$11,407,864)</u>	<u>(\$14,592,136)</u> ¹⁸	<u>\$0</u> ¹⁸
Ending Fund Balance - unrestricted	<u>\$576,346,704</u>	<u>\$307,748,310</u>	<u>\$486,872</u>

¹ Final revenues and expenditures per state accounting system reports.

¹² Actual July 1, 2015 balance.

¹³ Preliminary revenue estimates through June 30, 2017, based on the May 2017 legislative revenue forecast.

¹⁴ Estimated agency expenditures for the 2015-17 biennium.

¹⁵ The May 2017 Legislative forecast assumes an average price of \$47 per barrel for the entire biennium and production holding constant at 925,000 BOPD throughout the first year of the biennium and 950,000 BOPD throughout the second year.

¹⁶ Estimated agency expenditures for the 2017-19 biennium include estimated carryover for projects not completed in the 2015-17 biennium.

¹⁷ 2013 Senate Bill 2014 provides that 5 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 energy conservation grant fund. 2017 House Bill 1020 reduces the percentage for deposit in the renewable energy fund from 5 percent to 3 percent and for the 2017-19 biennium only reduces the deposit in the energy conservation grant fund from \$1.2 million to \$200,000.

¹⁸ 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. 2017 House Bill 1020 caps the allocation to the Infrastructure revolving loan fund at \$26.0 million.

Notes:

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

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 percent of oil extraction tax collections will be deposited in the Resources Trust Fund.

State Aid Distribution Fund
Status Statement

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$26,987,197	\$0 ^{\2}	\$0
Revenue:			
Sales tax revenue	\$226,508,279	\$161,817,406	\$162,159,927
Motor vehicle excise tax revenue	25,125,244	20,845,201	20,964,141
Total Revenues	<u>\$251,633,523</u>	<u>\$182,662,607^{\3}</u>	<u>\$183,124,068^{\4}</u>
Expenditures:			
Distributions to cities and counties	<u>(\$278,620,720)</u>	<u>(\$182,662,607)</u>	<u>(\$183,124,068)</u>
Ending Fund Balance	\$0	\$0	\$0

\1 Final revenues and expenditures per state accounting system reports dated June 30, 2015.

\2 Actual July 1, 2015 balance.

\3 Based on preliminary actual revenues through June 30, 2017, and estimated receipts for the remainder of the biennium using the May 2017 legislative revenue forecast.

\4 Estimated revenues based on the May 2017 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 percent of an amount determined by multiplying 1 percent, divided by the general sales tax rate, times the net sales, use, and motor vehicle excise tax collections. The calculation results in 8 percent of all sales and motor vehicle excise taxes being distributed through the State Aid Distribution Fund to cities and counties. For fiscal year 2015 and subsequent fiscal years, the State Aid Distribution Fund share is increased from 40 percent to 43.5 percent, multiplied by the quotient of 1 percent divided by the general sales tax rate of 5 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

	2013-15 Actual	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$969,920,162	\$793,726,995	\$346,750,641
Revenue:			
Mineral royalties	\$220,997,679	\$126,830,021	\$167,525,625
Mineral rents	290,430	1,127,348	400,000
Mineral bonus	22,706,090	12,352,014	8,000,000
Oil and gas taxes	1,004,342,045	130,959,598 ^{\1}	256,459,930 ^{\1}
Loan income	2,533,544		
Investment income	3,775,510	8,067,205	8,577,380
Total Revenue	<u>\$1,254,645,298</u>	<u>\$279,336,186</u>	<u>\$440,962,935</u>
Expenditures:			
Transfer to General Fund	(\$520,000,000)	(\$155,000,000)	(\$248,000,000)
Transfer to Legacy Fund ^{\2}	(21,730,109)		
Appropriations	(887,250,000)	(569,342,258)	(14,943,907) ^{\3}
Administrative expenses	(1,858,356)	(1,970,282)	(2,040,000)
Total Expenditures and Transfers	<u>(\$1,430,838,465)</u>	<u>(\$726,312,540)</u>	<u>(\$264,983,907)</u>
Ending Fund Balance Before Commitments	\$793,726,995	\$346,750,641	\$522,729,669
Less Fund Balance Commitments			
Potential oil and gas revenue disputes	(\$141,197,060)	(\$142,325,049)	(\$142,325,049)
Medical facility loan program	(50,000,000)		
School construction loans	(150,000,000)		
Biofuels loan guarantee	(18,000,000)	(17,214,843)	(17,214,843)
Total Assigned Fund Balance	<u>(\$359,197,060)</u>	<u>(\$159,539,892)</u>	<u>(\$159,539,892)</u>
Ending Unobligated Fund Balance	<u>\$434,529,935</u>	<u>\$187,210,749</u>	<u>\$363,189,777</u>

^{\1} Preliminary revenue estimates through June 30, 2015, are based on the March 2017 revised revenue forecast for the 2015-17 biennium. The amount shown for the 2017-19 biennium reflects the May 2017 legislative revenue forecast.

^{\2} Pursuant to NDCC Section 15-08.1-08, once the unobligated balance in this fund reaches \$300.0 million, 25 percent of fund revenues must be deposited into the Legacy Fund. The 2015 legislative assembly eliminated the transfer from the SIIF fund to the Legacy fund.

\3 2017-19 appropriations and transfers include:

- (House Bill 1008) \$100,000 transfer to the Public Service Commission for specialized legal service costs;
- (House Bill 1009) \$1.0 million appropriation to the environmental law impact review fund;
- (House Bill 1016) \$300,000 appropriation to the Dept. of Emergency Services for mobile and programming radios;
- (Senate Bill 2004) \$500,000 appropriation to the State Health Department legal fees related to federal environmental lawsuits;
- (Senate Bill 2011) \$358,000 appropriation to the Highway Patrol for equipment replacement;
- (Senate Bill 2013) \$3.0 million transfer to the energy impact fund;
- (Senate Bill 2014) \$4.0 million appropriation to the Industrial Commission for litigation (\$1.0 million) and a transfer to the lignite research fund (\$3.0 million);
- (Senate Bill 2015) \$935,907 appropriation to the Dept. of Corrections and Rehabilitation for an electronic medical records system;
- (Senate Bill 2018) \$4.6 million appropriation to the Dept. of Commerce for enhanced use lease grants (\$2.0 million), unmanned aircraft systems (\$2.0 million) and base retention grants (\$600,000); and
- (Senate Bill 2191) \$150,000 appropriation to the Attorney General for domestic violence and sexual assault examiner grants.

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

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$341,790,000	\$657,000,000 ^{\2}	\$300,000,000
Revenue:			
Transfers from general fund	\$315,210,000 ^{\3}		
Allocation of oil tax revenue	341,790,000	\$300,000,000	\$200,000,000
Total Revenues	<u>\$657,000,000</u>	<u>\$300,000,000</u>	<u>\$200,000,000</u>
Expenditures:			
Transfer to social services fund			(\$134,700,000) ^{\4}
Transfer to general fund	<u>(\$341,790,000)</u>	<u>(\$657,000,000)</u>	<u>(183,000,000)</u>
Total Expenditures	<u>(\$341,790,000)</u>	<u>(\$657,000,000)</u>	<u>(\$317,700,000)</u>
Ending Fund Balance	\$657,000,000	\$300,000,000	\$182,300,000

\1 Final revenues and expenditures per state accounting system reports dated June 30, 2015.

\2 Actual July 1, 2015 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 20 of 2017 Senate Bill 2206 provides for a transfer from the Tax Relief Fund to the Social Services Finance Fund for the state-paid economic assistance and social services pilot program for the 2017-19 biennium.

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.

The 2017 Legislative Assembly decreased the amount of the state share of oil and gas tax revenue deposited into the fund from \$300.0 million to \$200.0 million each biennium.

Tobacco Prevention and Control Trust Fund

Status Statement

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$40,654,657	\$49,341,421 ^{\2}	\$57,417,844
Revenue:			
Fiscal year 1 payments	\$11,205,876	\$11,480,889 ^{\3}	\$0 ^{\4}
Fiscal year 2 payments	11,182,354	11,426,840 ^{\3}	0 ^{\4}
Investment Income	43,462	730,000 ^{\5}	365,000 ^{\5}
Total Revenues	<u>\$22,431,692</u>	<u>\$23,637,729</u>	<u>\$365,000</u>
Expenditures:			
Tobacco Center - appropriated expenditures	(\$13,744,928)	(\$15,561,306)	\$0 ^{\5}
Department of Health:			
Local public health units			(2,000,000)
Cancer programs			(644,804)
Stroke and cardiac care			(756,418)
Physician loan repayment			(480,000)
Behavioral health loan repayment			(243,640)
Tobacco program grant			(8,453,333)
Domestic violence grant			(300,000)
Department of Human Services:			
Medicaid expansion			(13,300,000)
Medicaid cost and caseload			(22,175,000)
Increased funding for basic care			(450,000)
Tobacco prevention related activities			(75,000)
Behavioral health			(1,779,159)
Total Expenditures and Transfers	<u>(\$13,744,928)</u>	<u>(\$15,561,306)</u>	<u>(\$50,657,354)</u>
Ending Fund Balance	\$49,341,421	\$57,417,844	\$7,125,490

^{\1} Final revenue and expenditures per state accounting system reports dated June 30, 2015.

^{\2} Actual July 1, 2015 balance.

^{\3} Actual revenue received during fiscal years 2016 and 2017.

^{\4} The final payment of the strategic contribution payments occurred April 2017.

^{\5} NDCC 23-42 is repealed which dissolves the Tobacco Prevention and Control agency. Funding provided to Health: \$12,878,195 and DHS: \$37,779,159.

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 will be received.

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.

2017 Senate Bill 2024 repeals NDCC 23-42 eliminating the Tobacco Prevention and Control Program. House Bill 1015, Section 15 provides that the Office Management and Budget will administer this fund.

Tobacco Settlement Trust Fund
Status Statement

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$0	\$0 ^{\2}	\$0
Revenue:			
Fiscal year 1 payments	\$22,756,379	\$20,466,444 ^{\3}	\$20,100,000 ^{\4}
Fiscal year 2 payments	19,474,101	20,196,747 ^{\3}	20,100,000 ^{\4}
Total Revenues	<u>\$42,230,480</u>	<u>\$40,663,191</u>	<u>\$40,200,000</u>
Transfers:			
Attorney General (SB 2003) tobacco settlement agreement costs			(\$200,000) ^{\5}
Transfer to community health trust fund	(\$4,223,048)	(\$4,066,319)	(22,000,000)
Transfer to water development trust fund	(19,003,716)	(18,298,436)	(18,000,000)
Transfer to common schools trust fund	(19,003,716)	(18,298,436)	0
Total Expenditures and Transfers	<u>(\$42,230,480)</u>	<u>(\$40,663,191)</u>	<u>(\$40,200,000)</u>
Ending Fund Balance	\$0	\$0	\$0

\1 Final revenues and expenditures per state accounting system reports dated June 30, 2015.

\2 Actual July 1, 2015 balance.

\3 Actual revenues received in fiscal years 2016 and 2017.

\4 Estimated revenues based on average actual receipts during the 2013-15 and 2015-17 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 percent to the Community Health Trust Fund
- 45 percent to the Common Schools Trust Fund
- 45 percent to the Water Development Trust Fund

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

In November 2008, voters approved Measure No. 3, which created a Tobacco Prevention and Control Trust Fund. All tobacco settlement strategic contribution 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.

The 2017 Legislative Assembly, in House Bill 1012, amended NDCC Section 54-27-25 to increase the distribution to the Community Health Trust Fund to 55 percent and to eliminate the distribution to the Common Schools Trust Fund for the 2017-19 biennium.

Tuition Apportionment Fund
Status Statement

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$1,852,546	\$2,070,163 ^{\2}	\$1,458,771
Revenue:			
Fines for violation of state laws	\$14,500,522	\$12,388,608 ^{\3}	\$13,000,000
Transfer from DPI operating fund			4,282,905 ^{\4}
Transfers from common schools	130,326,000	206,134,000 ^{\5}	288,264,000 ^{\5}
Total Revenues	<u>\$144,826,522</u>	<u>\$218,522,608</u>	<u>\$305,546,905</u>
Expenditures:			
Tuition fund distributions to schools	<u>(\$144,608,905) ^{\6}</u>	<u>(\$219,134,000) ^{\7}</u>	<u>(\$305,546,905) ^{\8}</u>
Ending Fund Balance	\$2,070,163	\$1,458,771	\$1,458,771

\1 Final revenues and expenditures per state accounting system reports, dated June 30, 2015.

\2 Actual July 1, 2015 balance.

\3 Preliminary June 30, 2017 fine proceeds based on actuals through May 31, 2017 and projected June revenues.

\4 Section 4 of 2017 House Bill 1013 transfers the excess revenue that was received during the 2013-15 biennium (referenced in \6) from the public instruction fund to the state tuition fund. The appropriation for this funding is included in the expenditures amount.

\5 Common Schools Trust Fund distribution estimates provided by Department of Trust Lands.

\6 Actual expenditures for the 2013-15 biennium were \$140,326,000 but \$4,282,905 more revenue was collected in fines and was transferred to the department's operating fund rather than staying in the Tuition Apportionment Fund.

\7 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.

\8 Section 5 of 2017 House Bill 1013 appropriates State Tuition Fund moneys in excess of \$305.5 million, if they become available during the 2017-19 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

	2013-15 Actual ^{\1}	2015-17 Projected	2017-19 Appropriated
Beginning Fund Balance	\$26,550,736	\$26,929,728 ^{\2}	\$32,538,164
Revenue:			
Transfers from the tobacco settlement trust	\$19,003,716	\$18,208,436 ^{\3}	\$18,000,000 ^{\5}
Expenditures:			
Bank of North Dakota loan repayment			(\$7,500,000)
Water Commission expenditures	(\$18,624,724)	(\$12,600,000) ^{\4}	(34,949,628)
Total estimated expenditures	(\$18,624,724)	(\$12,600,000)	(\$42,449,628)
Ending Fund Balance	\$26,929,728	\$32,538,164	\$8,088,536

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

\2 Actual July 1, 2015 balance.

\3 Actual revenues received during fiscal year 2016 and fiscal year 2017.

\4 Estimated expenditures for the 2015-17 biennium, as projected by the State Water Commission.

\5 Estimated revenues based on fiscal year 2016 and 2017 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

Information Technology Department

The Information Technology Department (ITD) is responsible for providing services to state agencies, higher education, counties, cities and school districts. The Legislature approved a \$245.1 million budget with \$20.5 million from the general fund.

Two major projects are included in the approved funding:

- In conjunction with HB 1178, the legislature appropriated \$28.7 million in special funds to begin work on the Statewide Interoperable Radio Network (SIRN) project for the public safety community. The goal of the project is to create a shared integrated network that improves radio coverage for the public safety community and supports interoperability between the various public safety disciplines and jurisdictions.
- The Health Information Network Project is funded with \$48.4 million to expand the North Dakota Health Information Network (NDHIN). The NDHIN securely exchanges health information that enables health care providers to easily and efficiently view information relating to a patient's electronic medical record.

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 Legislative Assembly appropriated \$93.0 million to the Office of Attorney General, including \$44.8 million from the general fund. Funding of \$380,000, of which \$100,000 is from the general fund, was provided for information technology program upgrades to a DOS-based deposit system and the uniform crime reporting system. In addition, the Attorney General, in consultation with the North Dakota Association of Counties and the North Dakota League of Cities, was authorized to establish a cost-sharing program relating to the enhancement of the Statewide Automated Victim Information and Notification system (SAVIN). The cost of enhancements apportioned to cities and counties is \$315,000. The Attorney General will use anticipated rent savings for the remainder of the cost. Contingent funding of \$500,000 from a Department of Trust Lands grant was made available if rent savings are not realized.

House Bill 1024 provides \$15.9 million from the Strategic Investment and Improvements Fund (SIIF) for potential settlements or court ordered payments relating to PW Enterprises, Inc. v. State of North Dakota. Senate Bill 2191 provides \$150,000 from the SIIF for domestic violence grants and Senate Bill 2203 provides \$125,000 from the general fund and \$700,000 from impact grant funds for providing prevention and treatment services related to human trafficking victims.

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 was \$104.1 million, of which \$102.2 was from the general fund. The Legislative Assembly approved their budget request with only slight changes.

Commission on Legal Counsel for Indigents

The Commission on Legal Counsel for Indigents is responsible for delivery of constitutionally-required defense services to eligible clients. The agency continues to experience an increase in caseloads. As directed, the agency submitted a budget with the required reduction. However, the executive recommendation restored \$1.3 million of the decrease to enable the agency to provide constitutionally mandated services.

EDUCATION

Higher Education

North Dakota University System (NDUS)

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 institutions; two baccalaureate institutions; five community colleges; the North Dakota Forest Service; and the University System Office. The 2017-19 NDUS total appropriation is \$2.66 billion, of which \$624.9 million is from the general fund.

As recommended by the Governor, the legislature approved continuing the Higher Education Funding Formula with minimal changes. The funding formula, enacted during the 2013 Legislative Session provides a fixed rate per completed student credit hour to each institution for their operations. The per

student credit hour rate is different based on the type of institution. The 2017-19 formula funding provides over \$516.5 million from the general fund to the institutions. In addition, the minimum amount payable provision in the formula was extended to June 30, 2019.

The Legislative Assembly approved \$2.0 million to continue the North Dakota Higher Education Challenge Grant matching program, which is less than the \$10.0 million included in the executive recommendation. This program is designed to foster public and private partnerships and ignite a philanthropic spirit to support higher education. The State Board of Higher Education shall award \$1 in matching grants for every \$2 in eligible, private donations for the purpose of advancement of higher education academics.

During the 2015 legislative session, NDCC 54-44.1-04 was amended and required higher education institutions to provide all the budget information into the state's budgeting system similarly to all other state agencies. As a result of this change, additional special funds in the amount of \$2.00 billion are included in the budget. The source of these special funds are Tuition, Auxiliary and Grant and Contract funds received at each of the institutions. In addition, the state-wide full-time employee count increased by 4,337.41. However, these are not new funds or new employees, they are existing ones that had previously not been reported.

The Legislative Assembly also approved a Law Enforcement Officer tuition waiver. Any individual who is employed in North Dakota as a full-time law enforcement officer may receive a waiver of 25 percent of resident tuition from any institution of higher education. The state board of higher education is limited to a maximum of \$500,000 towards law enforcement waivers.

System Operations

- \$15.2 million for UND Medical School Residency Program.
- \$7.4 million one-time appropriation to DSU for university operations and debt repayment;
- \$2.0 million one-time supplemental appropriation to campuses;
- \$500,000 for Shared Campus Services to be used for Open Educational Resources and to research opportunities for efficiencies throughout the entire ND University System;
- Transfer of 2.00 FTE Internal Auditors to the NDUS Office from the State Auditor's Office (during the 2015 legislative assembly these auditors were moved from NDUS to SAO);
- \$230,000 in one-time funding for the Midwestern higher education compact dues;
- \$40,000 in one-time appropriation for two-year campus study; and
- the legislature directed the following deductions:
 - \$5.0 million from the Student Financial Assistance Grants line be removed from carryover;
 - 50 percent or a maximum of \$2.5 million of oil and gas tax distributions allocated to the City of Dickinson will be withheld; and
 - 50 percent or up to a maximum of \$375,000 of oil and gas tax distributions from Stark County will be withheld.

Capital Projects and Extraordinary Repairs

- \$168.5 million is slated to be invested for capital projects across the system, with funding from private donations and revenue bonds:
 - \$21.0 million for renovations and additions to UND Chester Fritz Library;

- \$70.0 million for renovations to UND Gamble Hall;
- \$39.5 million in revenue bonds for a new Residence Hall at NDSU;
- \$10.0 million in revenue bonds for University Village replacement; and
- \$28.0 million in private donations for renovations and additions to the NDSU Sudro Hall.
- The legislature approved \$22.5 million in bonding authority to construct an Integrated Carbon Plant at Valley City State University.

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 2017-19 biennium, the legislature appropriated to DPI \$2.33 billion, of which \$1.44 billion is from the general fund.

Integrated Formula Payments

The funding formula for state student aid was first approved by the 2013 Legislative Assembly. There have been minor changes made to the formula each biennium since. The funding plan provides for an integrated formula to deliver both expanded property tax relief and adequacy-based education funding. For the 2017-19 biennium, the state will provide \$1.94 billion (HB 1013) for the integrated formula, an increase of \$18.0 million from the 2015-17 level. The integrated formula is funded with appropriations of \$1.34 billion from the general fund, \$305.5

million from the State Tuition Fund and \$295.0 million from the Foundation Aid Stabilization 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 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 108 percent of the baseline funding rate for 2017-18 and no less than 108 percent for 2018-19. 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 140 percent of the baseline funding per student for both 2015-16 and 2016-17.

The integrated formula can be summarized as follows:

$$\begin{array}{ccccccc} & & & & \text{Local Share} & & \text{State Share} \\ & & & & \text{60 mills} & \text{75\%-} & \\ & & & & \text{x} & \text{100\%} & \text{of} \\ \text{Weighted} & \text{Per} & \text{Total Cost} & = & \text{Local} & \text{Tax} & + & \text{State} \\ \text{Student} & \text{Student} & \text{of} & = & \text{Base} & & + & \text{Adequacy} \\ \text{Units} & \text{Rate} & \text{Education} & & & \text{Other} & & \text{Payment} \\ & & & & & \text{Local} & & \\ & & & & & \text{Revenue} & & \end{array}$$

For the 17-19 biennium the per student payment rate in the formula was held harmless so the amount remains at \$9,646 for both 2017-18 and 2018-19.

Foundation Aid Stabilization Fund

The passage of Measure 2 in the 2016 general election allows money in the fund to be appropriated for education related purposes. The executive recommendation proposed using \$200.0 million from the fund to help cover the cost of state student aid. The legislature appropriated \$110.0 million from the fund and \$185.0 million as one-time funding for state student aid. There were also one-time appropriations for rapid enrollment grants of \$6.0 million, \$500,000 for English language learner grants, and \$100,000 for REA merger grants.

Transportation and Special Education Contracts

HB 1013 includes an increase in special education funding of \$2.0 million, to provide a total of \$19.3 million for the 2017-19 biennium. Transportation saw a decrease of \$1.6 million, to provide a total appropriation of \$55.4 million.

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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

	2015-17 Adjusted Appropriation	2017-19 Recommendation	2017-19 Appropriation	2017-19 Appropriation Change From 2015-17
School Aid/Mill Levy Reduction Grant Program				
Appropriation				
Integrated formula payment	1,916,640,000	1,937,375,000	1,935,204,163	18,564,163
Total appropriation	1,916,640,000	1,937,375,000	1,935,204,163	18,564,163
Funding				
General fund	1,697,506,000	1,436,111,000	1,334,657,258	(362,848,742)
Tuition fund	219,134,000	501,264,000	600,546,905	381,412,905
Total funding	1,916,640,000	1,937,375,000	1,935,204,163	18,564,163
Other Grants				
Appropriation				
Rapid enrollment grants	14,800,000	0	6,000,000 /1	(8,800,000)
Transportation	57,000,000	46,200,000	55,400,000	(1,600,000)
Special education contracts	17,300,000	19,300,000	19,300,000	2,000,000
College and career readiness	250,000	0	0	(250,000)
Powerschool	6,000,000	5,500,000	5,500,000	(500,000)
Adult Basic Education	4,110,411	3,290,411	3,100,000	(1,010,411)
Teacher support program	2,700,000	0	2,050,000	(650,000)
School Food and Nutrition	1,380,000	1,380,000	1,380,000	0
Gearing Up for Kindergarten	675,000	0	0	(675,000)
Teacher/principal evaluation system	240,000	0	0	240,000
North Central Council for School Television	535,000	0	238,000	(297,000)
North Dakota Governor's School	460,000	414,000	220,000	(240,000)
ND Museum of Art	435,000	0	350,000	(85,000)
Teacher Center Network	360,000	0	0	(360,000)
LEAD	267,500	240,750	0	(267,500)
Displaced Homemaker Program	225,000	225,000	225,000	0

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

	2015-17 Adjusted Appropriation	2017-19 Recommendation	2017-19 Appropriation	2017-19 Appropriation Change From 2015-17
Continuing Ed Grants for Pre-School	150,000	75,000	0 /2	(150,000)
Grants for Pre-Kindergarten Space	125,000	0	0 /2	(125,000)
Young Entrepreneur Education Program	100,000	0	30,000	(70,000)
Atlantik-Brücke (Global Bridges) Program	250,000	0	200,000	(50,000)
Continuing education grants	150,000	75,000	0 /2	(150,000)
Curriculum Alignment Grants	100,000	80,000	0 /2	(100,000)
Northern Plains Writing Project	93,000	0	10,000	(83,000)
Red River Valley Writing Project	100,000	0	10,000	(90,000)
We the People	25,000	0	10,000	(15,000)
Transportation Efficiency	30,000	30,000	30,000	0
ESPB National Board Certification	120,000	120,000	120,000	0
Pathfinders Parent Project	120,000	120,000	0	(120,000)
CPR training reimbursement grants	450,000	0	0	(450,000)
English language learner grants	1,000,000	0	500,000 /1	(500,000)
Medicaid matching grants	323,611	0	0	(323,611)
Free breakfast grants	205,000	205,000	200,000	(5,000)
Civics education grant	200,000	0	0	(200,000)
REA merger grants	0	0	100,000 /1	100,000
Leveraging the senior year	0	0	0 /2	0
Grants - Pool	0	0	1,530,000 /2	1,530,000
Total appropriation	110,279,522	77,255,161	96,503,000	(13,296,522)
Funding				
General fund	110,024,522	77,030,161	89,458,000	(20,566,522)
Special funds	225,000	225,000	7,045,000	6,820,000
Total funding	110,279,522	77,255,161	96,503,000	(13,296,522)
Grand Total - State Grants				
General fund	1,807,530,522	1,513,141,161	1,424,115,258	(383,415,264)
Special funds	219,359,000	501,489,000	607,591,905	388,232,905
Total funding	2,026,889,522	2,014,630,161	2,031,707,163	4,817,641

/1 These items are funded as one-time using the Foundation Aid Stabilization Fund.

/2 These programs were funded by the 2017 legislature as part of a \$1.53 million funding pool.

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 Legislative Assembly approved a special funds budget of \$238.5 million for the 2017-19 biennium.

Senate Bill 2134 includes \$100.0 million held in reserve in the Strategic Investment and Improvements Fund (SIIF) for mineral title disputes to be used for mineral revenue payments attributable to oil and gas mineral tracts lying entirely above the ordinary high water mark of the historical Missouri riverbed channel. The bill also includes an \$87.0 million line of credit from the Bank of North Dakota for any remaining mineral revenue or other repayments.

The Legislative Assembly approved \$35.0 million for grants to the Williston airport and \$5.0 million for a grant to the Dickinson airport. Also approved was \$3.6 million for an integrated trust lands information management system.

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 2017-19 biennium, the legislature approved a budget of \$41.6 million, of which \$29.5 million is from the general fund.

Almost \$33.0 million will be provided to schools during the 2017-19 biennium to support CTE offerings, providing more educational opportunities for students and important job skills for those students entering the workforce. The executive recommendation included \$1.4 million in funding from the general fund to restore a portion of funding that was cut in the budget reductions for grants to school districts. The legislature instead appropriated \$2.4 million from the Foundation Aid stabilization fund to restore the reduced funding. The legislature also amended NDCC 54-44.1-12 to now include the general fund portion of CTE grants to school districts as held harmless in the case of an allotment.

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, healthcare facilities and medical marijuana, and provides state forensic examination services. The legislature approved an appropriation of \$201.5 million including \$43.5 million from the general fund.

A new program established in the Health Department, Medical Marijuana, was approved by voters in Measure 5 in November, 2016. The law was further refined by the legislature in Senate Bill 2344. An appropriation of \$1.6 million and six FTE positions were provided to operate the new program. The program is funded with \$723,270 from the general fund and \$837,500 from special funds received from patient, caregiver, grower and seller fees. The bill remedies some of the challenges posed by the

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Measure, including adding decriminalization language and adding terminal illness to the list of more than a dozen qualifying debilitating medical conditions included in the original measure.

The Department of Environmental Quality (DEQ) was created by Senate Bill 2327, as a new stand-alone agency. The legislation separates the Environmental Health Section from the Department of Health effective July 1, 2019. This will enable the state to better address environmental needs and increase the visibility of this important work by elevating the DEQ to a cabinet-level agency.

The Tobacco Program received \$8.0 million additional funding as a result of the elimination of the Tobacco Prevention and Control agency. Additional efficiencies will be achieved by centralizing efforts to prevent and reduce tobacco use among youth and adults into one agency.

Tobacco Prevention and Control Center

As recommended by the governor, the Legislature repealed BreatheND and moved all tobacco prevention and control activities to the Department of Health. The Tobacco Prevention and Control Trust fund provides \$12.9 million to the Department of Health for tobacco and other cancer related programs and \$37.8 million to the Department of Human Services for medical services.

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 \$3.2 million to the Department, of which \$1.2 million is from the general fund. The budget includes

EXPENDITURE HIGHLIGHTS

\$50,000 to train service dogs to assist veterans with post-traumatic stress disorder, \$37,200 to purchase vans for transporting Veterans to medical appointments and \$1.8 million of federal authority for a federal Highly Rural Transportation grant that provides vans to rural communities to assist with the transportation needs of veterans.

Department of Human Services

The Department of Human Services (DHS) 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 Medicaid Expansion, hospitals, physicians, dentists, autism services and the Children's Health Insurance Program (CHIP)
- Child Support
- Aging Services - Older Americans Act programs
- Long Term Care – Home and Community Base Services and Nursing Homes
- Children and Family Services
- Behavioral Health
- Developmental Disability Services (DD)
- Vocational Rehabilitation - Including Disability Determination 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 \$3.97 billion for DHS, with \$1.34 billion appropriated from the general fund. This compares to a \$3.67 billion budget in the 2015-17 biennium. The budget includes property tax relief of \$160.7 million by assuming the remaining county share of social services costs as a pilot program for the 2017-19 biennium.

Other funds include funding of \$57.5 million from various trust funds:

- Health Care Trust Fund - \$1.7 million;
- Tobacco Prevention and Control Trust Fund - \$37.8 million; and
- Community Health Trust Fund - \$18.0 million.

The budget approved by the legislature provides valuable services to North Dakotans, especially the state's most vulnerable citizens including seniors and disabled individuals.

- Medicaid Grants – includes a funding increase to support cost and utilization changes for traditional Medicaid services, services for individuals with developmental

disabilities, services for individuals living in nursing homes and home and community-based care.

- Medicaid Expansion - continues the funding which provides important health coverage to about 20,000 qualifying North Dakotans and remains a vital payment source for critical access hospitals and other providers;
- Behavioral Health - provides important resources to address the state's behavioral health needs – especially the opioid epidemic – by expanding funding for substance abuse treatment and recovery support services through the Substance Use Disorder Treatment Voucher and sustaining funding for crisis intervention services; and
- Nursing Homes - restores funding eliminated by the allotment to support nursing home services for individuals who are older and who have significant disabilities.

Funding provided includes a \$169.3 million total fund increase for cost and caseload changes in Medicaid grants:

- \$91.4 million to continue the Medicaid Expansion program, which was implemented in 2014. The program benefits individuals who previously did not qualify for Medicaid.
 - Medicaid Expansion is an important source of health coverage for North Dakotans and an important source of revenue for state health care providers whose financial well-being was threatened by uncompensated care costs prior to the state's Medicaid Expansion.
 - \$18.3 million increase to meet federal requirements to provide Autism Spectrum Disorder services through the Medicaid State Plan. These newly required Medicaid State Plan services were not part of the 2015-17 appropriation.

- An additional \$4.8 million to comply with the Fair Labor Standards Act (FLSA) Home Care Rule to pay overtime incurred by qualified service providers (caregivers who assist older adults and people with disabilities who live in their own homes and need help with personal care and daily living tasks).
- Includes funding for the restoration of nursing home rate rebasing, operating margins and efficiency incentives that were previously reduced as part of the department's allotment. The increases will be effective June 1, 2017, and will be sustained during the 2017-19 biennium. The total cost is \$27.7 million.
 - \$24.9 million in the 2017-19 biennium;
 - \$800,000 in the 2015-17 biennium; and
 - \$2.0 million in total funds to increase the nursing home operating margin on January 1, 2018.

Funding also supports behavioral health needs:

- Provides \$2.8 million (\$1.0 million general fund/\$1.8 million Tobacco Prevention and Control Trust Fund) for the Substance Use Disorder Treatment Voucher program. This will allow DHS to increase access to treatment and recovery support services and begin to cover medication-assisted treatment for opioid addiction. (The voucher was first approved at \$750,000 for 12 months in the 2015-17 biennium, and is now approved at \$2.8 million for the 2017-19 biennium.)
- Provides \$4.0 million in funding authority for the department to accept the federal State Targeted Response to the Opioid Crisis grant over the next two years. The grant will support system development in order to expand treatment and recovery support services.
- Includes funding for contracted mobile behavioral health crisis services for two regions. This will enable people in

crisis to get help during evenings and weekends and will connect them to needed local services and support that may prevent or reduce hospitalizations, incarceration, homelessness, and other negative outcomes.

- Includes funding for medical detox services.
- Provides funding for hospital inpatient contracts so that people with behavioral health needs who are human service center clients can receive short-term inpatient care closer to home if needed.
- Also provides \$200,000 to sustain the services for substance use disorder in the 2015-17 biennium.
- Includes \$7.0 million from the Department of Corrections (Senate Bill 2015) to implement the Community Behavioral Health Program. Also includes \$500,000 from the general fund for strategic planning to increase behavioral health services.

House Bill 1012 authorizes 2,156.23 full-time equivalent (FTE) positions in DHS. *(This is similar to the department's 2005-07 biennium staffing level.)*

- The executive budget included a reduction of 23.85 FTE in the field services area.
 - Historically about 77 percent of DHS's FTE were located in field services.
- Lawmakers eliminated an additional 33.00 FTE department-wide. It will be up to the department to determine where staffing resources are most needed.
- FLSA funding was removed by lawmakers for DHS employees.
 - The funding that was removed equates to about 12.00 additional FTE that will be left vacant for the 2017-19 biennium.
- In addition, Senate Bill 2015 authorizes 6.00 FTE to implement the Community Behavioral Health Program.

REGULATORY

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 Legislative Assembly amended Section 57-62-02 to provide for deposit of 15 percent of monies deposited in the coal development fund to the lignite research fund, provided for a \$3.0 million allocation of oil and gas tax revenues to the lignite research fund, and authorized a \$3.0 million transfer from the Strategic Investment and Improvements Fund to the lignite research fund for advanced energy technology research and development. In addition, the Legislative Assembly provided legislative intent that the Industrial Commission consider applications for funding from the renewable energy development fund for the same purpose.

The Legislative Assembly provided contingent funding of \$221,737 from the general fund for 2.00 FTE positions, if the total number of wells capable of production and injection exceeds 18,200 at any time during the 2017-19 biennium.

Public Service Commission

The Public Service Commission (PSC) is responsible for regulating electric and gas utilities; telecommunication

companies; energy generation plant and transmission siting; railroads; grain elevators; auctioneers and auction clerks; weighting and measuring devices; pipeline safety and coal mine reclamation.

The Governor's budget recommended converting a temporary rail inspector to a full time employee. This temporary position was added during the last legislative session to begin the railroad safety program. The converted full time employee was approved by the legislature.

ND Mill and Elevator

The Legislative Assembly approved 6.00 new FTE to meet the demands of increased production. These positions are funded entirely from Mill profits. The Legislative Assembly authorized an increase in the transfer of mill profits to the general fund from 50 to 75 percent for the 2017-19 biennium only.

Workforce Safety and Insurance

Workforce Safety and Insurance functions as the sole provider of workers compensation insurance in the state of North Dakota. There are no provisions for self-insurance or private insurance for purposes of workers compensation in the state.

The executive recommendation provided \$8.9 million in special fund authority for three computer software replacement projects. The claims and policy system is entering the next phase of replacement along with two other programs that will streamline agency functions and provide enhanced services to the state's employers and injured workers.

PUBLIC SAFETY

Department of Corrections and Rehabilitation

The Department of Corrections and Rehabilitation (DOCR) 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 2017-19 biennium, the Legislative Assembly approved a budget of \$253.6 million, of which \$214.3 million is from the general fund.

The approved budget includes \$7.0 million from the general fund and an additional FTE position to develop and implement a community behavioral health program in collaboration with the Department of Human Services.

The approved budget also includes \$1.0 million and 8.00 new FTE positions for the Youth Correctional Center to comply with the Federal Prison Rape Elimination Act.

Finally, the approved budget includes \$935,907 from the Strategic Investment and Improvements Fund for an electronic medical records system.

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 North Dakotans.

The Governor recommended a \$94.7 million budget for the Department of Commerce comprised of \$31.5 million from the state general fund, \$48.3 million in federal funds, and \$15.0 million from special funds. The Legislative Assembly appropriated \$100.2 million, including \$31.3 million from the general fund. The budget includes \$2.0 million in discretionary funds, an increase of \$815,000 from the Governor's recommendation.

The Legislative Assembly authorized the use of \$1.0 million from the Research North Dakota fund including \$500,000 for tourism and \$500,000 for a grant to the Energy and Environmental Research Center for economic development and diversification of the North Dakota economy. The budget also includes \$300,000 from the general fund for homeless shelter grants.

Office of Innovation and Entrepreneurship

The Legislative Assembly continued its support of the entrepreneurship grants and vouchers program by authorizing a \$2.3 million budget, of which \$600,000 is from the general fund. The department will award vouchers and grants to entrepreneurs to procure business development assistance from the state's certified entrepreneurial centers. Of this amount, \$900,000 will provide direct grants to entrepreneurial centers in Bismarck, Grand Forks and Fargo and \$300,000 will be provided for biotechnology grants.

Other approved initiatives include:

- \$600,000 for base retention grants to the cities of Grand Forks, Minot and Fargo;
- \$2.0 million for operations of the unmanned aircraft systems test site; and
- \$3.0 million, of which \$1.0 million is from the general fund, for an enhanced use lease program. Grants will be awarded for infrastructure, research, development, the creation of software, and the purchase of equipment benefiting the unmanned aircraft system industry in North Dakota. Grant recipients are required to provide matching funds of \$1.0 million in cash, property or in-kind considerations.

Economic Development & Finance

The Legislative Assembly agreed with the Governor's recommendation to remove general fund support for the Agricultural Products Utilization Commission (APUC). The 2017-19 biennium budget consists of \$3.2 million in spending authority from the APUC fund which receives 5 percent of the State Mill and Elevator's annual profits, to provide grants to aid in the development of new and expanded uses of North Dakota's agricultural products.

Workforce Development

The Legislative Assembly continued support for the pre-kindergarten community grant program by approving \$1.5 million from the general fund which will provide grants to pre-school education programs primarily for low-income children eligible for free or reduced meals.

Established by the 2013 Legislative Assembly, 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 Legislative Assembly, in

Senate Bill 2144, provided \$500,000 from the student loan trust fund to continue the program in the 2017-19 biennium.

NATURAL RESOURCES / TRANSPORTATION

Historical Society

The mission of the Historical Society is to preserve, interpret and promote the heritage of North Dakota and its people. The Legislature approved a budget of \$20.8 million, including \$16.7 million from the general fund. In addition, the \$3.5 million authority granted in the 2015-17 biennium will be carried over to the 2017-19 biennium to stabilize the ground at Double Ditch. Funding of \$1.0 million is appropriated to replace loan authority included in the \$3.5 million appropriation in 2015-17. The \$1.0 million funding consists of \$500,000 from the Disaster Relief Fund and a \$500,000 grant from the Parks and Recreation Department.

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 \$688.7 million, with \$560.5 million from the resources trust fund and \$52.0 million from the water development trust fund. The Legislative Assembly appropriated

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\$722.2 million to the SWC, which includes \$120.1 million for water supply, \$27.0 million for rural water supply, \$136.0 million for flood control and \$15.8 million for general water projects. The Legislative Assembly continued a line of credit at the Bank of North Dakota to be used for water supply and flood control projects approved before June 30, 2019, but reduced it from \$200.0 million to \$75.0 million.

Department of Transportation

The Department of Transportation (DOT) oversees the development of surface transportation in the state including highways, rail service, and transit services. To address the need to make repairs and improvements to infrastructure at the state

EXPENDITURE HIGHLIGHTS

and local level, the executive budget recommended, and the Legislative Assembly approved, \$768.2 million in federal and matching funds as follows:

Roadway and Bridge Construction Funding*	Total (in millions)
State	\$612.9
City	97.1
County	51.1
Metropolitan Planning Organizations (MPO)	4.3
Recreational Trails	2.8
Total 2017-19 Biennium	\$768.2

*These totals do not include Missile Road, Rail Loan, Safety or Transit funding.

CAPITAL ASSETS

The capital budget summarizes the 2017-19 biennium legislative appropriation 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 appropriations for capital assets are summarized on the following pages.

The capital budget is a long-range planning document for the state's capital needs. It assists the executive and legislative branches of government by formalizing capital funding objectives, setting spending priorities, and efficiently allocating 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 – 2017-19

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
110 Office of Management and Budget	\$800,000	\$108,066	\$665,411	\$75,000	\$125,000	\$1,773,477
General Fund		108,066	665,411			773,477
Federal Funds						
Special Funds	800,000			75,000	125,000	1,000,000
112 Information Technology	\$0	\$0	\$0	\$250,000	\$33,940,000	\$34,190,000
General Fund					660,000	660,000
Federal Funds					500,000	500,000
Special Funds				250,000	32,780,000	33,030,000
125 Office of the Attorney General	\$0	\$0	\$766,012	\$1,713,910	\$262,450	\$2,742,372
General Fund			766,012		83,450	849,462
Federal Funds				1,713,910	179,000	1,892,910
Special Funds						
127 Office of State Tax Commissioner	\$0	\$0	\$0	\$0	\$6,000	\$6,000
General Fund					6,000	6,000
Federal Funds						
Special Funds						
150 Legislative Assembly	\$0	\$0	\$0	\$0	\$6,000	\$6,000
General Fund					6,000	6,000
Federal Funds						
Special Funds						
215 ND University System	\$0	\$0	\$6,605,326	\$0	\$0	\$6,605,326
General Fund			6,605,326			6,605,326
Federal Funds						
Special Funds						
226 Department of Trust Lands	\$0	\$0	\$0	\$0	\$3,600,000	\$3,600,000
General Fund						
Federal Funds						
Special Funds					3,600,000	3,600,000
227 Bismarck State College	\$0	\$417,673	\$413,900	\$519,188	\$571,800	\$1,922,561
General Fund		417,673				417,673
Federal Funds						
Special Funds			413,900	519,188	571,800	1,504,888

Capital Assets Appropriations by Category – 2017-19

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
228 Lake Region State College	\$0	\$155,367	\$0	\$503,333	\$96,300	\$755,000
General Fund		155,367		503,333	96,300	755,000
Federal Funds						
Special Funds						
229 Williston State College	\$0	\$197,801	\$1,064,167	\$0	\$0	\$1,261,968
General Fund		197,801				197,801
Federal Funds						
Special Funds			1,064,167			1,064,167
230 University of North Dakota	\$91,000,000	\$4,411,566	\$0	\$6,101,572	\$745,497	\$102,258,635
General Fund		4,411,566				4,411,566
Federal Funds						
Special Funds	91,000,000			6,101,572	745,497	97,847,069
235 North Dakota State University	\$77,505,000	\$2,732,244	\$0	\$4,829,140	\$237,720	\$85,304,104
General Fund		2,732,244				2,732,244
Federal Funds						
Special Funds	77,505,000			4,829,140	237,720	82,571,860
238 ND State College of Science	\$0	\$1,012,379	\$0	\$0	\$0	\$1,012,379
General Fund		1,012,379				1,012,379
Federal Funds						
Special Funds						
239 Dickinson State University	\$0	\$409,078	\$0	\$0	\$0	\$409,078
General Fund		409,078				409,078
Federal Funds						
Special Funds						
240 Mayville State University	\$0	\$358,992	\$70,058	\$24,316	\$18,462	\$471,828
General Fund		358,992	70,058	24,316	18,462	471,828
Federal Funds						
Special Funds						
241 Minot State University	\$2,284,000	\$899,620	\$0	\$200,000	\$0	\$3,383,620
General Fund		899,620				899,620
Federal Funds						
Special Funds	2,284,000			200,000		2,484,000

Capital Assets Appropriations by Category – 2017-19

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
242 Valley City State University	\$22,500,000	\$408,319	\$57,520	\$113,939	\$134,396	\$23,214,174
General Fund		408,319	10,016	113,939	134,396	666,670
Federal Funds						
Special Funds	22,500,000		47,504			22,547,504
243 Dakota College at Bottineau	\$0	\$86,539	\$8,000	\$0	\$0	\$94,539
General Fund		86,539	8,000			94,539
Federal Funds						
Special Funds						
244 North Dakota Forest Service	\$0	\$62,480	\$0	\$56,248	\$0	\$118,728
General Fund		62,480		56,248		118,728
Federal Funds						
Special Funds						
252 School for the Deaf	\$0	\$675,000	\$0	\$28,000	\$30,000	\$733,000
General Fund						
Federal Funds						
Special Funds		675,000		28,000	30,000	733,000
253 ND Vision Services	\$0	\$164,692	\$10,000	\$0	\$0	\$174,692
General Fund						
Federal Funds						
Special Funds		164,692	10,000			174,692
301 ND Department of Health	\$0	\$300,350	\$886,877	\$1,933,545	\$1,473,968	\$4,594,740
General Fund		62,516	455,931			518,447
Federal Funds		17,134	180,946	975,170	65,968	1,239,218
Special Funds		220,700	250,000	958,375	1,408,000	2,837,075
313 Veterans Home	\$0	\$0	\$404,503	\$148,800	\$15,000	\$568,303
General Fund						
Federal Funds						
Special Funds			404,503	148,800	15,000	568,303
321 Department of Veterans' Affairs	\$0	\$0	\$0	\$373,200	\$0	\$373,200
General Fund				37,200		37,200
Federal Funds				336,000		336,000
Special Funds						

Capital Assets Appropriations by Category – 2017-19

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
325 Department of Human Services	\$0	\$1,415,967	\$0	\$633,063	\$0	\$2,049,030
General Fund		1,415,967		623,063		2,039,030
Federal Funds				10,000		10,000
Special Funds						
380 Job Service North Dakota	\$100,000	\$0	\$20,000	\$0	\$0	\$120,000
General Fund	100,000					100,000
Federal Funds			20,000			20,000
Special Funds						
408 Public Service Commission	\$0	\$0	\$0	\$0	\$10,000	\$10,000
General Fund					10,000	10,000
Federal Funds						
Special Funds						
412 Aeronautics Commission	\$100,000	\$0	\$0	\$0	\$0	\$100,000
General Fund						
Federal Funds						
Special Funds	100,000					100,000
471 Bank of North Dakota	\$0	\$0	\$0	\$250,000	\$560,000	\$810,000
General Fund						
Federal Funds						
Special Funds				250,000	560,000	810,000
485 Workforce Safety and Insurance	\$0	\$0	\$0	\$0	\$8,933,597	\$8,933,597
General Fund						
Federal Funds						
Special Funds					8,933,597	8,933,597
530 Dept of Corrections and Rehabilitation	\$0	\$946,000	\$1,158,679	\$167,000	\$736,500	\$3,008,179
General Fund		866,000	1,158,679			2,024,679
Federal Funds						
Special Funds		80,000		167,000	736,500	983,500
540 Adjutant General	\$63,000,000	\$0	\$224,046	\$569,000	\$0	\$63,793,046
General Fund			224,046			224,046
Federal Funds	62,000,000			569,000		62,569,000
Special Funds	1,000,000					1,000,000

Capital Assets Appropriations by Category – 2017-19

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
602 Department of Agriculture	\$0	\$0	\$0	\$0	\$13,000	\$13,000
General Fund					8,000	8,000
Federal Funds						
Special Funds					5,000	5,000
628 Branch Research Centers	\$0	\$0	\$149,660	\$4,300,000	\$0	\$4,449,660
General Fund			149,660	1,050,000		1,199,660
Federal Funds						
Special Funds				3,250,000		3,250,000
630 NDSU Extension Service	\$0	\$0	\$0	\$250,000	\$0	\$250,000
General Fund				250,000		250,000
Federal Funds						
Special Funds						
638 Northern Crops Institute	\$0	\$0	\$0	\$150,000	\$0	\$150,000
General Fund				150,000		150,000
Federal Funds						
Special Funds						
640 NDSU Main Research Center	\$0	\$1,340,465	\$421,860	\$5,050,000	\$0	\$6,812,325
General Fund		1,340,465	421,860	550,000		2,312,325
Federal Funds						
Special Funds				4,500,000		4,500,000
649 Agronomy Seed Farm	\$0	\$0	\$0	\$310,000	\$0	\$310,000
General Fund						
Federal Funds						
Special Funds				310,000		310,000
701 Historical Society	\$0	\$307,357	\$1,359,296	\$81,000	\$0	\$1,747,653
General Fund		307,357	1,359,296	81,000		1,747,653
Federal Funds						
Special Funds						
720 Game and Fish Department	\$0	\$3,644,511	\$2,163,000	\$1,047,000	\$0	\$6,854,511
General Fund						
Federal Funds		1,918,420	1,022,250	694,000		3,634,670
Special Funds		1,726,091	1,140,750	353,000		3,219,841

Capital Assets Appropriations by Category – 2017-19

Agency	Capital Projects	Extraordinary Repairs	Other Capital Payments	Equipment Over \$5000	IT Equipment & Software Over \$5000	Total
750 Parks and Recreation Department	\$0	\$1,141,920	\$73,643	\$840,000	\$0	\$2,055,563
General Fund		947,794	73,643	100,000		1,121,437
Federal Funds				300,000		300,000
Special Funds		194,126		440,000		634,126
770 State Water Commission	\$0	\$0	\$112,098,442	\$96,000	\$25,000	\$112,219,442
General Fund						
Federal Funds			15,000,000			15,000,000
Special Funds			97,098,442	96,000	25,000	97,219,442
801 Department of Transportation	\$4,000,000	\$0	\$726,414,390	\$40,592,661	\$94,800	\$771,101,851
General Fund						
Federal Funds			523,750,686			523,750,686
Special Funds	4,000,000		202,663,704	40,592,661	94,800	247,351,165
Total All Agencies	\$ 261,289,000	\$ 21,196,386	\$ 855,034,790	\$ 71,205,915	\$ 48,035,490	\$ 1,256,761,581
General Fund	0	16,300,223	11,967,937	3,539,099	1,022,608	32,829,867
Federal Funds	62,000,000	1,935,554	539,973,882	4,598,080	744,968	609,252,484
Special Funds	199,189,000	3,060,609	303,092,970	63,068,736	46,267,914	614,679,229

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 – 2017-19

Agency	Capital Project	Total	General Fund	Federal Funds	Special Funds
110 Office of Management and Budget	Surplus Property	\$800,000	\$0	\$0	\$800,000
230 University of North Dakota	Gamble Hall Renovation	70,000,000			70,000,000
	Chester Fritz Library Renovation	21,000,000			21,000,000
	Total	\$91,000,000	\$0	\$0	\$91,000,000
235 North Dakota State University	University Village Replacement	10,000,000			10,000,000
	New Residence Hall	39,505,000			39,505,000
	Sudro Hall	28,000,000			28,000,000
	Total	\$77,505,000	\$0	\$0	\$77,505,000
241 Minot State University	Gordon B. Olson Library Art Center	1,400,000			1,400,000
	Herb Parker Stadium Season Dome	634,000			634,000
	Facilities Building Parking Lot	250,000			250,000
	Total	\$2,284,000	\$0	\$0	\$2,284,000
242 Valley City State University	Integrated Carbon Plant	\$22,500,000	\$0	\$0	\$22,500,000
380 Job Service North Dakota	Office renovation	\$100,000	\$100,000	\$0	\$0
412 Aeronautics Commission	Shelter Building and Security Cameras	\$100,000	\$0	\$0	\$100,000
540 Adjutant General	Federal Construction	30,000,000		30,000,000	
	National Guard Readiness Center	33,000,000		32,000,000	1,000,000
	Total	\$63,000,000	\$0	\$62,000,000	\$1,000,000
801 Department of Transportation	Land and Buildings	\$4,000,000	\$0	\$0	\$4,000,000
		\$261,289,000	\$100,000	\$62,000,000	\$199,189,000

CAPITAL PROJECTS DESCRIPTIONS

110 – Office of Management and BudgetSurplus Property

This \$800,000 special funds appropriation will allow OMB to pursue options of purchasing and improving the building currently occupied or constructing a new building.

230 – University of North DakotaCollege of Business (Gamble Hall) Renovation

This project will renovate 66,000 square feet of existing space and provide a 75,570 square foot addition using \$70.0 million in special funds. The current space in Gamble Hall no longer accommodates the increasing enrollment for the business college. The addition will provide flexible, collaborative, and adaptable learning space currently not available in the existing building. This project when completed will address \$ 17.0 million in deferred maintenance.

Chester Fritz Library Renovation

This project provides for the complete renovation of the 156,000 square foot Chester Fritz Library with \$21.0 million in special funds. The renovation will update the space to meet the needs of present-day students, faculty and staff. Operating expenses are not expected to increase and may decrease due to increased energy efficiency. This project when completed will address \$15.4 million of deferred maintenance at the campus.

235 – North Dakota State UniversityUniversity Village Replacement

This project will fund the initial phase of this campus housing

replacement. Phase I would include removing approximately eight buildings of the existing 27 and replacing them with one multi-story complex. Phase I would result in the construction of approximately 93 housing units. Special funds in the amount of \$10.0 million will be generated through the issuance of revenue bonds. Operation costs are not expected to increase and may decrease due to increased energy efficiency.

New Residence Hall

This project will provide an additional 400 beds to campus housing in an approximately 130,000 square foot multi-story structure. The campus has consistently started in the fall of each year with a housing shortage and students on waiting lists. Special funds in the amount of \$39.5 million will be generated through the issuance of revenue bonds. Operating costs are expected to increase but will be covered from the revenue generated through the residence hall.

Sudro Hall

This project would renovate approximately 26,000 square feet of existing space and provide for an approximate 94,000 square feet of new space in the form of a six-story addition. The \$28.0 million cost will be funded by special funds in the form of private donations. Sudro Hall currently houses Pharmacy, Nursing, Dietetics and Social Work. The renovation and addition will allow the university to vacate space currently leased off-campus, grow graduates in the nursing program and address \$4.0 million in deferred maintenance.

241 – Minot State UniversityNorthwest Art Gallery

This project provides a \$1.4 million authorization for a renovation in the lower level of Gordon B. Olson Library. This project is funded by privately-raised sources and will serve as the new

home for the Northwest Art Center and also provides new campus and community gathering space.

Air Supported Seasonal Dome

This project provides a \$634,000 authorization for the last phase of the seasonal dome project. The dome itself along with the construction preparation work around Herb Parker field has been completed. The last phase will complete the HVAC system and the remainder of the construction.

Facilities Building Parking Lot and Paving Project Completion

This project provides a \$250,000 authorization of special funds authority for the completion of the parking lot project. The project was funded in a previous legislative session; however, the project was bid in an unfavorable bid climate and therefore was delayed. This appropriation will complete the project.

242 – Valley City State University

Integrated Carbon Plant

This project provides authorization for the campus to bond up to \$22.5 million for the construction of an integrated carbon plant. VCSU and UND will partner with a private sector business to produce and sell activated carbon. The plant will be built adjacent to the new steam plant on campus to leverage the required steam for activation also creating a much more efficient system.

380 – Job Service North Dakota

Office Renovation

Funding of \$100,000 from the general fund is provided for renovation costs if Job Service relocates from the Bismarck central office to the Bismarck regional office.

412 – Aeronautics Commission

Shelter Building and Security

The project will provide \$100,000 in special funds for construction of a minimum maintenance shelter building and a live feed security camera for assisting pilots with real time conditions and security of the airfield and structure.

540 – Adjutant General

Federal 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 2017-19 biennium. Any increase in operating and maintenance costs will be paid within the agency's budget.

National Guard Readiness Center

This project will fulfill space requirements needed to house, support and train three newly assigned ND Army National Guard units due to Modular Force Transformation. The current space for these two items is being leased and is costly and inadequate. The funding for these projects is \$32.0 million in federal funds and \$1.0 million in special funds.

801 – Department of Transportation

Land and Buildings

This project includes section/equipment buildings, salt storage buildings, and asbestos abatement for district buildings. The locations are based on highest needs and priorities. The project includes \$4.0 million of special funds. Any increase in operating and maintenance will be paid within the agency's budget.

EXTRAORDINARY REPAIRS

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

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

The formula driven calculations may not always reflect actual repair needs. Therefore, although the formula 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 2018, the mid-year in the 2017-19 biennium. For example, if a building was built or renovated in 1973, the building age is 45 (2018-1973).

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 is 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 2017-19 biennium. The chart also compares the appropriation to the amount calculated through the building and infrastructure formulas.

Extraordinary Repairs Appropriations - 2017-19

No.	AgencyName	Building Formula	Infrastructure Formula	Total Formula	Total Appropriation	% of Formula Appropriated
110	Office of Management and Budget	\$9,846,372	\$859,712	\$10,706,084	\$108,066	1.0%
227	Bismarck State College	2,355,920	1,038,884	3,394,804	417,673	12.3%
228	Lake Region State College	885,679	619,805	1,505,484	155,367	10.3%
229	Williston State College	1,457,603	602,539	2,060,142	197,801	9.6%
230	University of North Dakota	25,260,410	9,772,041	35,032,451	4,411,566	12.6%
235	North Dakota State University	17,165,565	6,589,859	23,755,424	2,732,244	11.5%
238	ND State College of Science	5,837,082	2,319,921	8,157,003	1,012,379	12.4%
239	Dickinson State University	4,053,008	499,042	4,552,050	409,078	9.0%
240	Mayville State University	2,438,406	670,226	3,108,632	358,992	11.5%
241	Minot State University	5,817,197	1,889,237	7,706,434	899,620	11.7%
242	Valley City State University	2,627,455	807,109	3,434,564	408,319	11.9%
243	Dakota College - Bottineau	653,757	221,084	874,841	86,539	9.9%
244	North Dakota Forest Service	131,359	285,040	416,399	62,480	15.0%
252	School for the Deaf	841,050	216,806	1,057,856	675,000	63.8%
253	ND Vision Services/School for Blind	261,282	0	261,282	164,692	63.0%
301	ND Department of Health	416,776	0	416,776	300,350	72.1%
313	Veterans Home	1,523,692	497,007	2,020,699	0	0.0%
325	Department of Human Services	7,125,438	4,944,328	12,069,766	1,415,967	11.7%
380	Job Service North Dakota	846,075	0	846,075	0	0.0%
412	Aeronautics Commission	0	140,708	140,708	0	0.0%
471	Bank of North Dakota	634,382	53,545	687,927	0	0.0%
485	Workforce Safety and Insurance	921,750	102,776	1,024,526	0	0.0%
504	Highway Patrol	96,875	0	96,875	0	0.0%
530	Dept of Corrections and Rehabilitation	8,164,931	1,621,840	9,786,771	946,000	9.7%
540	Office of the Adjutant General	10,560,381	6,463,987	17,024,368	1,340,465	7.9%
640	NDSU Main Research Center	3,140,092	882,291	4,022,383	0	0.0%
649	Agronomy Seed Farm	93,436	61,067	154,503	0	0.0%
701	Historical Society	1,870,084	1,322,294	3,192,378	307,357	9.6%
720	Game and Fish Department	870,259	0	870,259	3,644,511	418.8%
750	Parks and Recreation Department	1,118,763	6,494,036	7,612,799	1,141,920	15.0%
770	State Water Commission	567,562	69,978	637,540	0	0.0%
801	Department of Transportation	4,356,442	992,625	5,349,067	0	0.0%
TOTALS		\$121,939,083	\$50,037,787	\$171,976,870	\$21,196,386	12.3%

Other Capital Payments Appropriations – 2017-19

Agency	Project Description	Total	General Fund	Federal Funds	Special Funds
110 Office of Management and Budget	Capital Bond Payments	\$665,411	\$665,411		
125 Office of Attorney General	Capital Bond Payments	\$766,012	\$766,012		
215 ND University System	Capital Bond Payments	\$6,605,326	\$6,605,326		
227 Bismarck State College	Special Assessments	\$413,900			\$413,900
229 Williston State College	Special Assessments	\$1,064,167			\$1,064,167
240 Mayville State University	Special Assessments	\$70,058	\$70,058		
242 Valley City State University	Special Assessments	\$57,520	\$10,016		\$47,504
243 Dakota College at Bottineau	Special Assessments	\$8,000	\$8,000		
253 ND Vision Services/ School for the Blind	Special Assessments	\$10,000			\$10,000
301 ND Department of Health	Capital Bond Payments	636,877	455,931	180,946	
	Improvements to Non-state Owned Property	250,000			250,000
Total Department of Health		\$886,877	\$455,931	\$180,946	\$250,000
313 Veterans Home	Capital Bond Payments	\$404,503			\$404,503
380 Job Service North Dakota	Special Assessments	\$20,000		\$20,000	
530 Dept of Corrections and Rehabilitation	Capital Bond Payments	\$1,158,679	\$1,158,679		
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		
628 Branch Research Centers	Capital Bond Payments - CGREC	56,918	56,918		
	Capital Bond Payments - NCREC	92,742	92,742		
Total Branch Research Centers		\$149,660	\$149,660		
640 NDSU Main Research Center	Capital Bond Payments	\$421,860	\$421,860		
701 Historical Society	Base Adjustment	\$1,359,296	\$1,359,296		
720 Game and Fish Department	Land Acquisition	800,000			800,000
	Payment in Lieu of Taxes	1,363,000		1,022,250	340,750
Total Game and Fish Department		\$2,163,000		\$1,022,250	\$1,140,750
750 Parks and Recreation Department	Capital Bond Payments	\$73,643	\$73,643		
770 Water Commission	NAWS and SWPP	\$112,098,442		\$15,000,000	\$97,098,442
801 Department of Transportation	Other Capital Payments	\$726,414,390		\$523,750,686	\$202,663,704
		\$855,034,790	\$11,967,937	\$539,973,882	\$303,092,970